

2022 Environmental, Social and Governance Report

ZTO Express (Cayman) Inc.



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Bringing Happiness To More People Through Our Services



About the report

Introduction

This report is the sixth Environmental, Social and Governance Report (hereinafter referred to as "this report" or "ESG report") released by ZTO Express (Cayman) Inc. As used in this report, "ZTO Express", "the Company" and "we" refers to ZTO Express (Cayman) Inc. and its subsidiaries. The purpose of this report is to provide factual disclosure of the Company's ESG performance and fulfillment practices with respect to shareholders, customers, partners, employees, the environment, communities and other key stakeholders. Unless otherwise stated, this report covers the financial year from January 1, 2022 to December 31, 2022 (the "reporting period").

References

This report is prepared with reference to the Appendix 27: Environmental, Social and Governance Reporting Guide of Main Board Listing Rules of Hong Kong Stock Exchange (hereinafter referred to as "the ESG Guide of HKEX"), the GRI Sustainability Reporting Standards released by the Global Sustainability Standards Board (hereinafter referred to as "the GRI Standards"), the China CSR Reporting Guidelines of the Chinese Academy of Social Sciences (CASS-CSR4.0), and the SDG Compass. The preparation of this report is subject to the following principles:

Materiality: The materiality of the ESG issues is determined by the Board, and stakeholder communication, identification of materiality issues, and materiality issues matrix have all been disclosed in this report.

Quantitative: The measurement standards, methodologies, assumptions and/or calculation tools of the key performance indicators in this report, as well as the source of the conversion factors used, have been explained in the report's explanatory notes.

Balance: This report presents the Company's performance during the reporting period in an unbiased manner, avoiding selections, omissions, or presentation formats that might improperly influence the decisions or judgments of readers of the report.

Consistency: Unless otherwise stated, the statistical methods and scope used in the disclosure of data in this report are consistent with those used in previous years.

To facilitate readers' reference, an index of ESG indicators is provided in Appendix II of this report.

Scope and boundary

Unless otherwise stated, the scope of the policies and data provided in this report are consistent with those referred to in the annual report.

Data source and reliability commitment

The data and cases in the report are mainly obtained from the statistical reports and relevant files of the Company, and reviewed by various departments. The Board undertakes that the report does not contain any false records or misleading statements and that Board is responsible for the authenticity, accuracy and completeness of the report.

Confirmation and approval

This report was approved by the Board on March 14, 2023

Access and contact information

Readers may access the electronic version of this report on the "Investor Relationship" section of the Company's official website at www.zto.com. If you have any comments or suggestions on the Company's environmental, social and governance disclosures and performance, please contact us through the following means:

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Bringing Happiness To More
People Through Our Services



Chairman of the Board of Directors and Chief Executive Officer **Lai Meisong**

Chairman's Message

Twenty years have passed, and ZTO Express has entered its youthful years. Since the establishment in 2002, ZTO Express has gone through the three stages of "trailing behind, catching up and surpassing", and grown into the world's largest express delivery enterprise by business scale. In recent years, we have made vigorous efforts to construct the ecosystem, and moved from the unitary business of express delivery service into a multi-dimensional network of business ecosystems. We have planned and created business segments including international, less-than-truckload(LTL), cloud warehouse, commerce, digital marketing, finance, air freight, cold chain and Tuxi, and embarked on a development path characterized by integrated ecosystem construction, reaching new highs for seven straight years in terms of the market share, service quality and operation capacity. We have all along kept in mind our founding aspiration of "benefiting ourselves, benefiting others and benefiting the society", and committed to the mission of "bringing happiness to more people through our services".

First, "benefiting ourselves". We have created a network-based cooperation mechanism featuring "collective creation, crowd-sourcing, crowd-funding and collective support", helping hundreds of thousands of families to start their own business and live a new and better life. In particular, we have helped many ZTO employees, who have just entered the workforce or migrated from rural areas to cities, find their life goals and realize their social values. We have cultivated the "ZTO family" culture, established a multi-channel and multi-layered career development mechanism, and introduced the "1+1" welfare care system. We have also set up a mutual fund in the network to help employees in need, established the practice of holding group weddings, created the ZTO Home and ZTO Academy, and leveraged multiple channels to enrich employees' cultural life, all in an effort to promote an enjoyable working atmosphere in the Company. ZTO has made dream come true for countless employees and provided a common cause for the ZTO family.

Second, "benefiting others". We are committed to doing our best to meet the needs of consumers and customers, and providing better and higher-quality services for all. The express delivery industry serves all cities and sectors. Leveraging our strengths of network operation and business scale, we have contributed to the growth of countless customers, and helped them reduce inventory, raise efficiency, bring down costs, improve services, increase benefits, create values and boost competitiveness. We are also helping to bring industrial products to the countryside, take agricultural products to the cities, and send Chinese products to the overseas markets, and established an all-round service system covering the whole process from factories to consumers, from farm fields to dining tables, and from mainland to overseas.

Third, "benefiting the society". We are actively fulfilling our social responsibilities, which have won the recognition and trust of the public. We have inspired many young people to return to their hometown and start their own business, and helped the local villagers in remote mountainous areas sell and transport agricultural products at low cost, contributing our share to poverty alleviation and rural revitalization. We have promoted the use of high-capacity and low-emission models, introduced green packaging, and made continuous innovation and breakthroughs in low-carbon and environmental protection. We have rushed to the assistance of pandemic response and disaster relief, mobilized all available resources to "secure the delivery of material supplies", and ensured the smooth functioning of supply chains vital to people's livelihood. We have offered donations for the construction of hope schools, and actively donated materials and provided voluntary services to help the disabled. We are also playing an increasingly important role in ensuring "stability on six fronts and protection in six areas" and reducing the logistics cost of the whole society.

At the age of twenty, ZTO is brimming with youthful energy and ready to set on a new journey. Looking back at the past twenty years, we have no regret for the hard struggle. What we have gained in this process is the quality of honesty, the spirit of perseverance and the unyielding resolve that define all ZTO associates. The marathon of the express delivery business has come to a critical juncture, and our golden era is just beginning. The road ahead may be long and tortuous, but step by step we will surely reach our destination. Only with actions, can we find solutions to the problems we face. Actions speak louder than words. We have to maintain strategic determination, think and act in the same direction, refrain from arrogance and impatience, and keep our feet on the ground. We must always keep in mind our original aspirations, strengthen confidence, stay resolved to gain victory, and make innovative and unremitting efforts to deliver our task. Let us join hands to work for shared success and create new glories together!

About ZTO

Founded on May 8, 2002, ZTO Express is a logistics conglomerate integrating multiple services including domestic and international express delivery, less than-truckload (LTL), commerce, warehousing, cold chain, finance, air freight and digital marketing. On October 27, 2016, ZTO Express was listed on the New York Stock Exchange (NYSE). On September 29, 2020, ZTO Express was listed on the main board of the HKEX, becoming the first Chinese express delivery company listed in both the United States and Hong Kong, China. In 2022, the Company applied to the HKEX with regards to the Primary Conversion. After the conversion took effect, the Company will be dual primary-listed on the HKEX and the NYSE.

ZTO Express is the world's largest express delivery company in terms of parcel volume. In 2022, ZTO Express grew parcel volume to 24.389 billion, up 9.4% year over year, higher than the average growth of China's express delivery industry. ZTO Express has ranked first in the industry for seven consecutive years, capturing a market share of 22.1%.

ZTO Express has the largest network with the most extensive, the most intensive and the deepest coverage among the private operators in China. As of the end of 2022, ZTO Express had over 31,000 service outlets, 98 domestic sorting hubs, 458 sets of automated sorting equipment, around 5,900 direct network partners, over 11,000 line-haul vehicles, including 9,700 high-capacity trailer trucks, over 3,750 line-haul routes, as well as a network reaching more than 99% of the county-level cities, and covering over 94% of the village-level cities.



Parcel volume 24.389 billion	ZTO service outlets 31,000+	County-level cities coverage 99%+
Domestic sorting hubs 98	Direct network partners 5,900	Self owned line-haul vehicles 11,000+

Core Philosophy

<p>Corporate mission Bringing happiness to more people through our services</p>	
<p>Corporate vision Becoming a respected enterprise with dignity, sustainability, and longevity for centuries to come</p>	
<p>Core values Shared success, trust and accountability, innovation and entrepreneurship</p>	
<p>Corporate spirit Persistence, focus, and perseverance</p>	
<p>Management philosophy Fair, efficient, and result-oriented</p>	
<p>Operation philosophy Integrity, transparency and win-win results</p>	
<p>Development philosophy Stable, strong, ambitious and change-seeking</p>	
<p>Talent philosophy Talents are the hard power</p>	
<p>Safety philosophy Safety is benefit</p>	
<p>Service philosophy All around outlets, and all for customers</p>	

Honors & Awards 2022

During the reporting period, the Company received the following awards:

Honors (incomplete list)	Award institution
National Model Case of Consumption Supporting Rural Revitalization 2022	National Development and Reform Commission
National Demonstration Post of Youth Safety Production in the Post and Express Delivery Industry 2022	State Post Bureau
Enterprise Donation Award, First "Shanghai Charity Award" 2022	Shanghai Municipal People's Government
Model Express Delivery Service Provider of Shanghai 2020-2021	Shanghai Postal Administration
Women Pioneer Post of Shanghai 2021	Leading Group of the Women Pioneer Campaign in Shanghai, Shanghai Women's Federation
Top Ten Service Enterprises of Qingpu District 2022	Shanghai Qingpu District People's Government
Outstanding Innovation and Entrepreneurship Talent Team of Qingpu District 2022	Shanghai Qingpu District People's Government
Top 100 Enterprises of Excellence of Qingpu District 2022	Shanghai Qingpu District People's Government
Top 500 Chinese Private Enterprises 2022 (397th place)	All-China Federation of Industry and Commerce
Top 500 Private Enterprises in R&D Investment and Invention Patents 2022 (183rd place)	All-China Federation of Industry and Commerce
Third Prize, CFLP Science and Technology Progress Award	China Federation of Logistics & Purchasing (CFLP)
Top 50 Chinese Logistics Enterprises 2022 (13th place)	China Federation of Logistics & Purchasing (CFLP)
Top 50 Chinese Private Logistics Enterprises 2022 (6th place)	China Federation of Logistics & Purchasing (CFLP)
Kantar Brandz™ Top 100 Most Valuable Chinese Brands 2022 (42nd place)	Kantar
Fortune Global 2000 in 2022 (1601st place)	Forbes Group
Fortune China 500 in 2022 (396th place)	Fortune (Chinese Edition) CICC Wealth Management
Best ESG Award of the Forum on Global Investment Trend 2022 & sixth Golden Hong Kong Equities Awards	Zhitong Finance, RoyalFlush, China Galaxy Securities, CGS
Most Valuable Enterprise in Logistics Industry 2021-2022	People's Transportation Magazine, Logistics Investment and Financing Network, IT Orange
Most Valuable Chinese Stock, seventh Zhitong Finance Chart of Listed Companies 2022	Zhitong Finance, RoyalFlush
SFEO List of Most Valuable Production Service Brands of Shanghai (1st place)	Shanghai Federation of Industrial Economics and Shanghai Federation of Economic Organizations in collaboration with Shanghai Institute of Corporate Culture & Brand
Top 100 Enterprises in Shanghai 2022 (55th place)	Shanghai Federation of Enterprises, Shanghai Entrepreneurs Association, Shanghai Federation of Economic Organizations, Jiefang Daily
Model Enterprise, "Shanghai CSR Report Model Enterprise Certificate"	Shanghai Federation of Economic Organizations and Shanghai Federation of Industrial Economics
Huapu Award, 16th China Brand Festival of Brand Alliance 2022	Brand Alliance

ESG management

"Bringing happiness to more people through our services" is the mission of ZTO Express. We believe that sound Environmental, Social and Governance (ESG) management is an important driving force for achieving this mission. Therefore, we continue to improve the ESG management system, focus on the coordinated and sustainable development of upstream and downstream industries, build ESG standards that are in line with international standards and have Chinese characteristics, and contribute ZTO's wisdom to the sustainable development of the express delivery industry.

ESG management structure

ZTO Express deeply understands that ESG is a yardstick for measuring the value, responsibility, and risk of an enterprise, and that improving ESG management is the only way toward the goal of "becoming a respected enterprise with dignity, sustainability, and longevity for centuries to come". The Board of Directors is the highest decision-making body of the ESG management system. The ESG Committee under the Board is responsible for assisting the Board in reviewing and evaluating the overall development and implementation of the Company's ESG, reviewing the ESG work outcomes and reports, and proposing suggestions for improvement; the ESG Working Group is the main executive body of ESG policies, providing advice and assistance to the Board on ESG-related matters, and coordinating various centers and functional departments to jointly carry out ESG work. We ensure that an ESG meeting is held every year to integrate ESG planning into the entire process of enterprise operation and management and promote high-quality development of the enterprise.



ZTO Express' ESG management structure

During the reporting period, the Board discussed a range of important ESG topics, including carbon targets and climate risk identification, further clarified future ESG goals, and linked the progress of ESG goals to the remuneration of Board members. Through timely and accurate analysis of current progress, the Board makes regular adjustment of strategies, and develops improvement plans to make sure that the ESG strategy can function effectively in the operation of ZTO Express, and create distinctive and meaningful ZTO solutions based on practice.

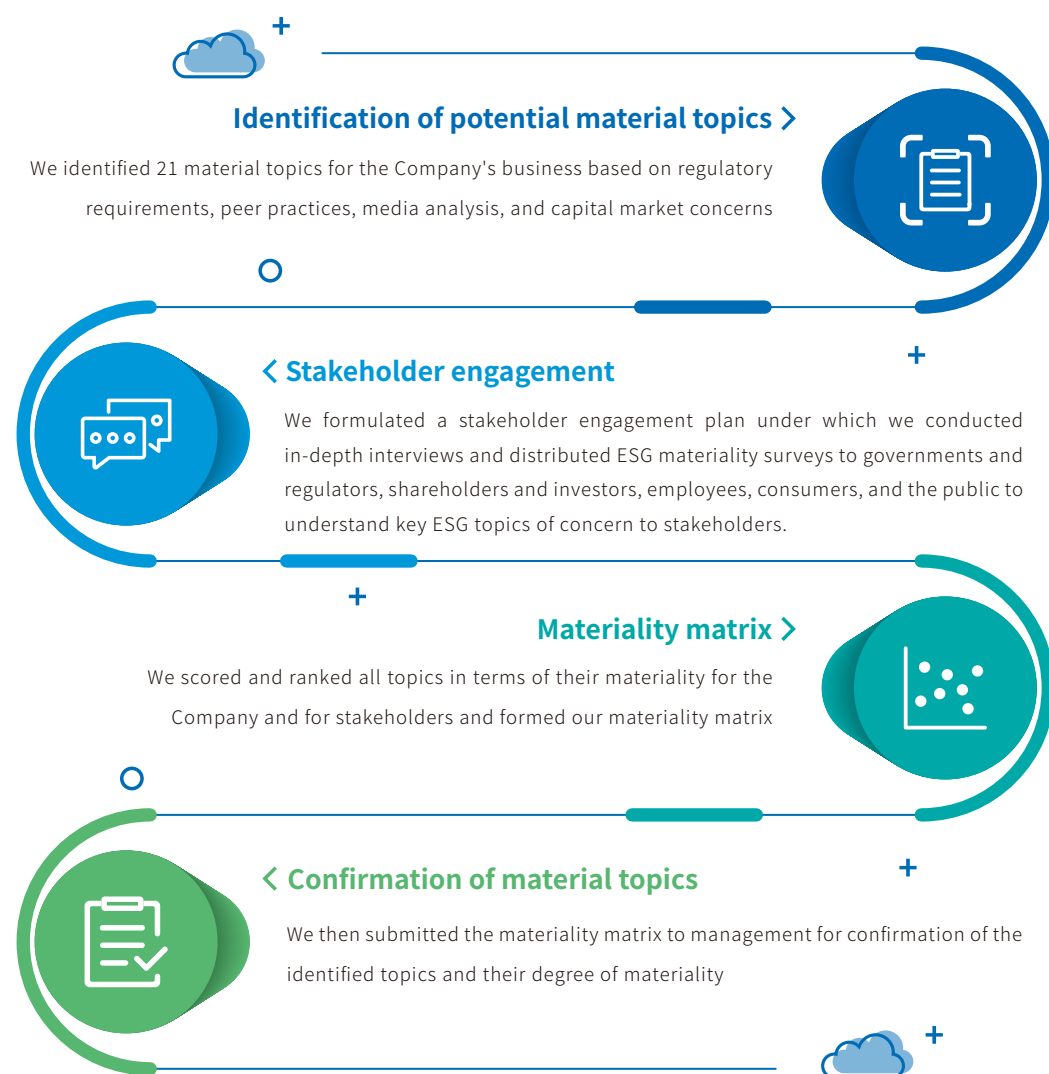
Stakeholder engagement

ZTO Express focuses on establishing a long-term and effective communication mechanism with stakeholders, and endeavors to learn about their opinions and values in time, and provide effective responses to protect the long-term rights and interests of stakeholders. We identify ESG issues that are of concern to all parties, integrate them into the Company's operation and management process, and strive to create shared values and pursue win-win cooperation with our stakeholders.

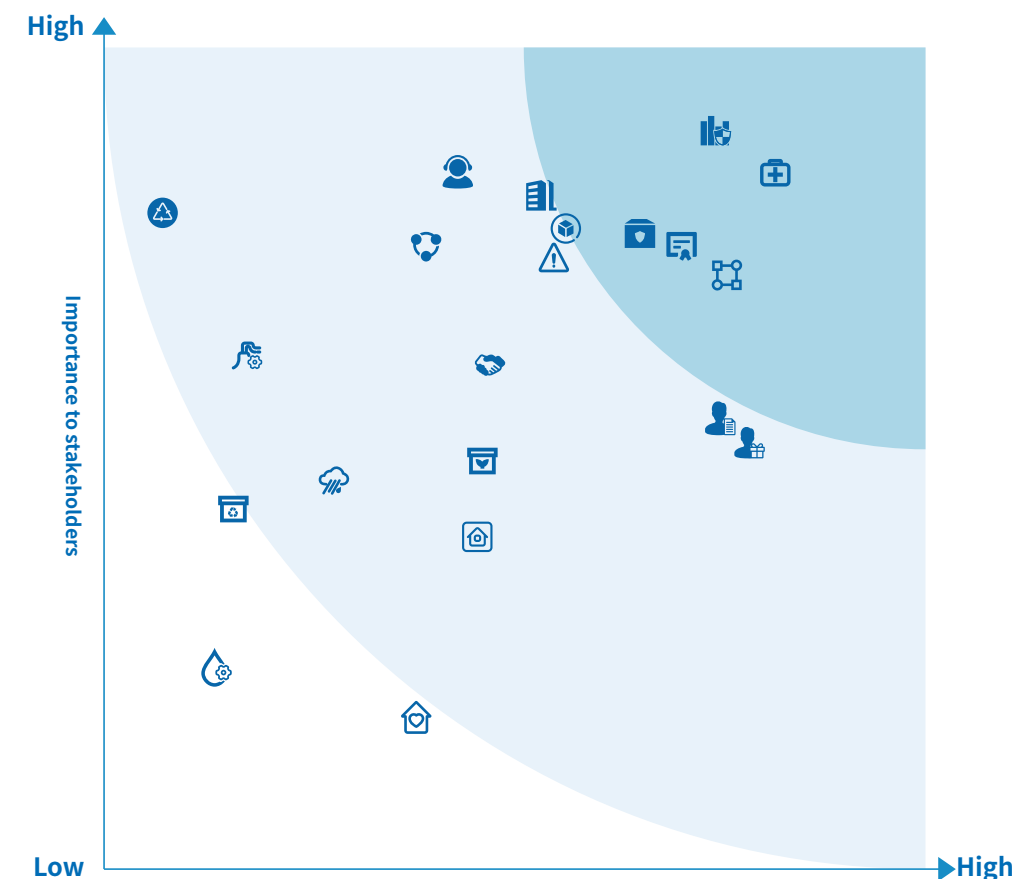
Stakeholder category	Topics of interest	Communication channels
Government and regulatory agencies	<ul style="list-style-type: none"> Compliance Rural revitalization Green development Support for community development 	<ul style="list-style-type: none"> Submission of official documents Thematic session Regular announcement Reception of government research team
Shareholders and investors	<ul style="list-style-type: none"> Operational risk management Regulating corporate governance Data privacy and security Investor rights 	<ul style="list-style-type: none"> Shareholders' meeting Release of corporate earnings Press release, announcement and road show
Customers and Consumers	<ul style="list-style-type: none"> Secure delivery and transportation Product and service optimization Data privacy and security 	<ul style="list-style-type: none"> Satisfaction survey Regular communication and talks Customer survey
Employees	<ul style="list-style-type: none"> Compensation and benefits Secure delivery Health and safety Career development 	<ul style="list-style-type: none"> Employee communication Staff training Employee activity
Franchise outlets	<ul style="list-style-type: none"> Customer satisfaction Support for outlet development 	<ul style="list-style-type: none"> Outlet assessment Outlet visit
Suppliers and Contractors	<ul style="list-style-type: none"> Supply chain ESG management 	<ul style="list-style-type: none"> Supplier assessment Supplier visit
Partners	<ul style="list-style-type: none"> Progress of industry Business integrity 	<ul style="list-style-type: none"> Open and transparent bidding process Industry exchange Field survey
Community	<ul style="list-style-type: none"> Community development Rural revitalization 	<ul style="list-style-type: none"> Charity campaign Volunteer service
Media	<ul style="list-style-type: none"> Support for community development Rural revitalization Technology innovation 	<ul style="list-style-type: none"> Press release Media communication Social responsibility and sustainability disclosure

Assessment of materiality issues

In accordance with the ESG Guide of HKEX, with reference to the GRI standards, SASB and issues of concerns to the capital market rating agencies and peers, and taking into account industry characteristics and corporate culture, ZTO Express has identified 21 materiality issues that are highly relevant to the Company. Through interviews with internal and external stakeholders, questionnaire surveys, and feedback of the management team, we have ranked these issues based on their importance. Among them, there are 5 topics of high importance, 13 topics of medium importance, and 3 topics of low importance. The topics of high importance constitute the key part of this report, and we will disclose the relevant contents in detail in this report.



Process of Identification and Assessment of Material Topics



Importance to the sustainable development of ZTO

Degree	Issues
Critical topics	Occupational health and safety
	Diversity and inclusion
	Data and privacy safety
	Delivery safety
	Compliance and business ethics
Important topics	Energy management and GHG emission
	Reduction of pollution
	Use of packaging materials
	Response to climate change
	Staff training and development
	Employee rights, interests and benefits
	Supply chain management
	Quality customer service
	Rural revitalization and common prosperity
	Product service and innovation
	Win-win cooperation
	Corporate governance
	Risk management
General topics	Water resources management
	Waste management
	Community participation

Materiality matrix of ZTO Express

Corporate governance

Compliance is the foundation of the Company's development, and integrity, transparency and win-win results are ZTO's business philosophy. ZTO Express follows the principles of honesty and credibility in business ethics, continuously strengthens its risk control system, improves its ability to conduct sound operation and governance, and endeavors to keep the Company on the track of sustained and steady progress.

Compliant and clean operation

ZTO Express has internalized compliance in its DNA and externalized it in actions. We observe business ethics, and have established a full-fledged compliance system and strengthened compliance training. The requirements of legal compliance not only cover all employees of ZTO Express, but also draw the bottom line for franchisees, suppliers and partners. Internally, we have formulated a series of compliance codes of conduct based on the Employee Handbook and relevant business management policies, and provided supervisory guidance to employees through compliance surveillance and training; externally, we have introduced clear provisions, restrictions and supervisory measures for compliance and business ethics in contract terms, supplier access requirements and franchisee requirements to foster a clean and upright atmosphere of cooperation and ensure the healthy and sustainable development of the Company.

• Business ethics and anti-corruption

ZTO Express strictly abides by the Company Law of the People's Republic of China, the Law of the People's Republic of China against Unfair Competition, the Law of the People's Republic of China against Corruption and Bribery, the Criminal Law of the People's Republic of China, the Supervision Law of the People's Republic of China and other laws and regulations. During the reporting period, ZTO Express revised and issued the Implementation Regulations on Integrity Supervision, which set clear constraints on acts such as corruption, bribery, fraud, money laundering, unfair competition and conflict of interest, optimized the work management process, clarified and refined the auditing standards, and gradually put in place a business ethics management system with scientific content, rigorous procedures and full supporting measures. We incorporated the business ethics and corruption risks in our operations into audit supervision, and completed internal auditing covering all operating locations on a regular basis. The Company has also launched a clean business campaign to cultivate the clean business culture, promote the ethos of "pride in honesty and shame in corruption", and tighten the "safety valve" in all aspects of operation regulations. In addition, the Company published the Code of Business Conduct and Ethics on its official website and promulgated the new Regulations on Network Supervision Management, further refining the code of conduct, binding requirements and principles of treatment and punishment for management personnel, service outlets and suppliers. The acts of non-compliance will be investigated on an on-going basis, and dealt with in accordance with relevant policies, laws and regulations. During the reporting period, the Company conducted various forms of integrity awareness campaigns targeting at Board directors, employees, outsourced personnel and contractors; there were no major violations or disputes regarding business ethics and anti-corruption for the Company and its employees.

• Reporting mechanism and whistleblower protection

ZTO Express has zero tolerance for violations of integrity regulations. We have opened up channels for public supervision, encouraged employees to exercise their right to supervision, strengthened internal management and constraints, established all-weather reporting channels including emails, hotlines and direct feedback to the supervisory department, and published the English version of reporting channels on our official website. We actively guide and handle issues reported by employees in accordance with the Measures for Rewarding Whistle-blowing, focus on clue investigation as well as inspection and supervision, and provide good services for redressing the dishonest behavior and problem of corruption affecting our employees. At the same time, we attach importance to the protection of whistleblowers. We have put in place the relevant protection system to safeguard their privacy and safety, deny any possibility of retaliation against whistleblowers, and provide strong guarantee for the creation of a clean and honest working environment.



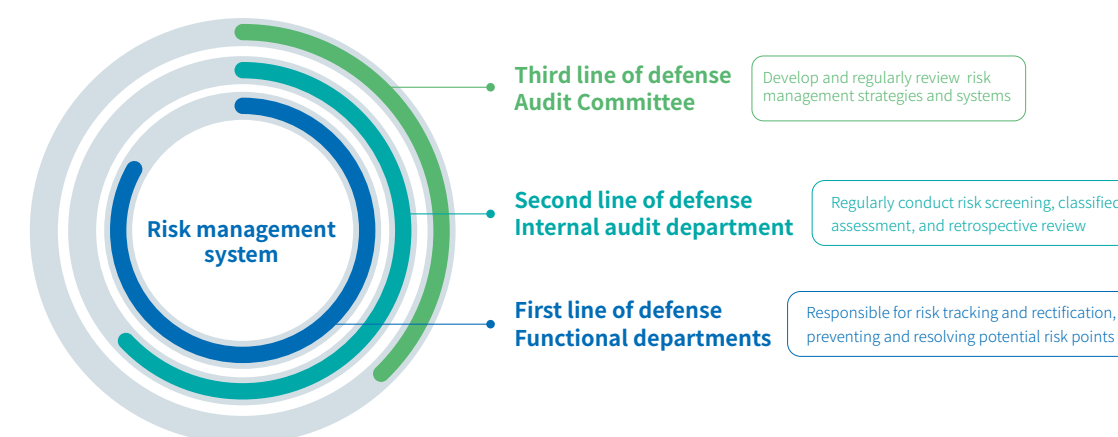
ZTO's complaint reporting channels

Line of defense for risk management

Focusing on the three links of identification, prevention and control, ZTO Express has made effective efforts to identify the potential risks in all aspects of operation, and strengthen education, supervision and system construction. We have put in place three lines of defense to make sure that every ZTO Express employee firmly establishes the awareness of operation compliance and efficient performance of duties, actively identified and continuously controlled potential risk points to minimize the occurrence of risks, and cultivated a sound risk management culture within the enterprise.

• Risk management structure

ZTO Express has established a standardized and effective risk management system, with the Discipline and Supervision Committee providing direct leadership, and the Audit Committee supporting the work of risk screening, classified assessment and retrospective review. Meanwhile, we have invited third-party institutions to carry out risk assessment and audit, and tasked all the operation departments and outlets in various centers to implement risk tracking and rectification, thus extending risk control to all aspects of operation to ensure effective prevention and resolution of potential risk points. During the reporting period, we strengthened the whole process of risk prevention in strict accordance with the requirements of Sarbanes-Oxley Act (SOX) to ensure prevention beforehand, ongoing supervision and follow-up control, taking our risk management work up to a new level.



ZTO's risk management system

• Risk training

ZTO Express conducts risk management training for all employees, including the basic concept of risk control, risk audit process and optimization, and continuously enhances employees' crisis awareness in practice. At the same time, the Company actively carries out research and discussion on risk prevention and early-warning mechanism, mobilizes employees' initiative through field research, and guides them to discover, collect and avoid risks. We have set up a risk reporting hotline and added the "Risk Control Guardian Award" to encourage all employees and external partners to voluntarily identify and report risks, so as to boost the initiative of risk prevention, push for the transition from passive to active management in risk prevention, and improve the Company's risk management performance.

Topic 1

Bringing express delivery services into villages, building business-friendly and beautiful cities and countryside

On February 22, the Opinions of the CPC Central Committee and the State Council on the Key Work of Comprehensively Promoting Rural Revitalization in 2022 (Central Document No. 1 of 2022) proposed to accelerate the expansion of rural network of logistics and express delivery services, implement the "express delivery into village" project, focus on industry to promote rural development, and advance the building of the county-township-village logistics systems. Responding to the call of the state, ZTO Express actively worked to bring "express delivery into village" with efforts in organizational leadership, network layout, policy support and resource integration, and pushed for the construction of the rural logistics system to support rural revitalization. During the reporting period, the State Post Bureau announced 117 gold medal projects of express delivery services for modern agriculture with annual shipment volume exceeding 10 million pieces. According to statistics, ZTO covered 12 such projects, playing an increasingly visible role in boosting rural revitalization.

1 Strengthening the network for bringing express delivery into villages

ZTO Express continues to promote the "express delivery into villages" project, and strengthen the rural express delivery network, incorporating more and more villages into the modern logistics network. In this process, we have comprehensively improved the performance of express delivery services in rural areas by addressing problems such as high delivery costs, long delivery distances and insufficient orders, and expanded consumption to second- and third-tier markets, further satisfying the production and livelihood needs of rural residents, unlocking the consumption potential of rural areas and turning rural areas into a new growth pole of the express delivery industry. In terms of dispatch, during this year's "Double Eleven" (from 20:00 on October 31 to 24:00 on November 11), the parcels received by ZTO from rural areas rose by 17.5% compared with last year. Most of the agricultural products ended up on the dining tables of the residents of Shanghai, Beijing, Guangzhou, Shenzhen and Hangzhou, which are the Top 5 destination cities of ZTO parcels from the countryside. In terms of delivery, the volume of parcels sent to the rural areas in the second half of the year was five times that of the same period last year.



CASE Opening a "showroom" of rural express delivery services, unfolding a new chapter in bringing express delivery to villages

In January 2022, ZTO launched a pilot program in Luchuan County, Guangxi, and built it as a "showroom" of rural express delivery services, setting up 103 village outlets in just one month; in addition, we introduced an app for rural outlets through cooperation with upstream e-commerce platforms to increase the parcel volume, which helped fix the problem of low volume and high cost. At present, the courier coverage rate in Luchuan County has reached 100%, and the business volume is 40% higher compared with the past.



CASE Breaking the bottleneck in last-mile delivery, express delivery covering all villages in Shenyang, Liaoning Province

Leveraging its catalytic effect as a champion company, ZTO Express continues to promote the "express delivery into villages" project in Shenyang, Liaoning Province, addressing the problems of immediate concerns to the people, and breaking the bottleneck in last-mile delivery. We further expanded the coverage of rural logistics network, provided diversified express delivery services for rural residents, further opened up the upward channel for agricultural products, and accelerated the construction of supply chain delivery services, sending agricultural products to all parts of the country through our logistics network. During the reporting period, the volume of parcel delivery in Shenyang continued to climb, and the coverage rate of villages reached 100%.



2 Promoting the prosperity of county business

Building on the project of "express delivery into villages", ZTO Express is also promoting "express delivery based in villages". Through its balanced distribution of resources, ZTO has facilitated the export of products from counties and villages and generated stable sources of income for rural outlets. In the meantime, ZTO also brings business and employment opportunities to the countryside, and attracts more and more villagers to return to their hometowns, realize their dreams of entrepreneurship, and make greater contributions to the prosperity of their hometowns, paving the way for high-quality development of the county economy.

CASE From "express delivery into villages" to "express delivery based in villages", empowering the high-quality development of counties

The sustainable operation of Tuxi outlets in the villages is attributable to the hard work and persistence of all the managers and business teams. Feng Yinquan, head of the ZTO network in Rong County, Guangxi, actively engaged with the supply chain channels of supermarkets. In the stage of site selection, he conducted detailed field research, and determined the size and location of each outlet according to the research results. He made vigorous efforts on the building of supply chains for supermarkets, and established the "express + business" model to ensure sufficient products for all village outlets. He also took steps on cost reduction to ensure the outlets' efficient operation. The outlet in Yangyuan County, located in the deeper valleys of the Daliang Mountains in Sichuan Province, chose the approach of cooperation with the local village committee, and turned supermarkets that provide express delivery services into a collective economic project of the village, thus overcoming the challenge of high cost for bringing express delivery into villages. Haiyan in Zhejiang Province, Shouguang in Shandong Province, and Tonglu in Hangzhou all introduced their own "express delivery based in villages" operations, and continued to explore new and locally distinctive models for transitioning from "express delivery into villages" to "express delivery based in villages", build stable and profitable rural outlets, and promote the development of county business.



CASE ZTO Express helps bring "Guizhou products out of mountains", Longli takes on a new look

ZTO Express is promoting the "express delivery into villages" project in Longli County and helping more and more "Guizhou products" get out of the mountains. The agglomeration effect of logistics and trade products has brought convenience to the development of industries in the surrounding areas and saved costs. As a result, industries such as furniture production and processing of agricultural and sideline products all developed at a faster pace. On average, more than 4 million parcels were sorted and processed by ZTO on a daily basis, creating nearly 9,000 jobs in Longli County. At the same time, Longli County accelerated the integration of big data and the real economy in the logistics, industry and other sectors, focused on promoting the digital operation of restaurants, scenic spots, parking lots and other places to provide benchmarks and pilot demonstrations for the industry, and pushed for the in-depth integration of big data and the real economy on all fronts to drive Longli's social and economic prosperity.



3 Empowering farmers to expand sales and increase income

ZTO Express has opened a green channel for fruits delivery, and provides a series of services for local farmers such as picking, packing, and transportation. With our "one-on-one" services for farmers, we have created a smooth delivery channel, and helped bring more agricultural products out of the mountains.

CASE Solving the difficulty of fruit transportation, "from farm fields to dining table"

In May, due to the impact of the pandemic, a large number of seasonal fruits such as cherries, peach, apples and pears in Shanxi were unable to be transported. To help solve the problem, ZTO immediately set up pickup points in the main fruit production regions of the province to support the upward mobility of agricultural products. The couriers of ZTO Express walked into the fields and helped the fruit farmers pack and put the fruits in the box. Considering the high requirements of cherry preservation, ZTO specially dispatched refrigerated transport vehicles, and launched a cold-chain transport service covering the whole country. In Shanxi Province alone, six cold-chain lines were opened. In one of the online livestreaming sessions, over 2,500kg of cherries were sold, and all the cherries sent out on the same day were provided with the "standard express" service, which further improved the efficiency of delivery, ensured the delivery of fresh agricultural products from farm fields to dining tables, and greatly protected the interests of the fruit farmers.



CASE Sending delicacies to all corners, Wushan crisp plums become the "golden fruit"

July is the harvesting season for the 130,000+ mu of crisp plums in Wushan County of Chongqing City, and ZTO Standard Express, a time-definite product of ZTO Express, entered Wushan, Chongqing, the "hometown of Chinese crisp plums". ZTO created an exclusive delivery route for Wushan crisp plums, and provided time-definite, customized packaging and cost-effective price-guarantee solutions to help send the fresh and crispy delicacies from the deep mountains to all corners. During the reporting period, the output of crisp plums in Wushan County was about 130,000 tons, with an output value of about 1.7 billion yuan. The crisp plums paved the way for the building of the rural industrial chain and enabled more than 150,000 farmers to earn a higher income. The Company is now implementing the "express delivery into villages" in Wushan County through "express delivery-shuttle bus cooperation", the establishment of last-mile stores and other means, and the coverage rate of villages has reached 95%.



CASE Yam plantation in Wen County, turning "small yam" into a "big industry"



In the golden autumn season, ZTO Express brought the express delivery vehicles into the yam plantation of Daquhe village of Wen County. The villagers cleaned the yams in the river, put them in gift boxes, and loaded them directly to the vehicles, solving the problems such as marketing difficulties, low prices, and market domination by fake "Wen County yams". With express delivery, the prices are less affected by market fluctuations, and the yams also sell better in the market. As a result, farmers can get paid with an income matched with their labor, and the villagers can land jobs in their hometown. With the help of ZTO, Wen County expanded its product line, extended the yam industrial chain, increased the added value of yams, and raised the daily shipment from some 10 parcels in 2012 to almost 10,000 parcels today.

Topic 2

Red engine, unleashing new drivers for high-quality development

The report of the 20th Communist Party of China ("CPC") Congress points out that party organizations at all levels should perform the duties entrusted to them by the CPC constitution, implement the CPC's lines and policies and the decisions and deployments of the Party central authorities, and mobilize the masses in various fields. The report also puts forward the requirement of strengthening CPC membership building in mixed ownership enterprises and non-public ownership enterprises, and motivate Party members to play a pioneering and exemplary role.

ZTO Express attaches high importance to the pivotal role of Party building, and takes it as an important way to steer the direction, strengthen the foundation and empower the high-quality development of the enterprise. The Party Committee of the Company endeavors to find the areas where Party building can be connected to ZTO's development, and aligned with regional development, to foster an advanced corporate culture, and gather positive energy for business growth. We have cultivated an innovative Party building brand, "Happy ZTO Express". Through political, ideological and organizational leadership, our Party building efforts have created a favorable internal environment for the growth of the enterprise and developed a culture of happiness that is recognized by all our employees. We have cultivated a "red engine" to promote high-quality business development, so that our Party members will stay committed to their original aspiration, the Company will keep people's interests in mind, and our employees will embrace the spirit of craftsmanship and contribute their share to the society.

01 Gathering consensus and pooling strengths

"Wherever our business goes, the Party organization will be built and the Party discipline will be observed" - this is the guiding principle for the Party Committee of ZTO. To promote the "red gene", build consensus and strengthen unity, the Party Committee of ZTO has organized more than twenty study sessions on Party history, and carried out a series of thematic lectures and training on Party history in the ZTO network, covering subjects such as the reasons for learning from the Communist Party, the charm of Party history learning, the fine work style of the Party and the positive impact of Party building on business development, to bring the voice of the Party to all employees.



❖ Special study session in the headquarters



❖ Special study session on "learning from Mao Zedong" in the Chongqing Management Center



❖ Special training session on Party conduct education in the Sichuan Management Center



❖ Special study session on "learning from Liu Hulan and other revolutionary women" in the ZTO headquarters

02 Cultivating new drivers for growth through Party building

The year 2022 is the year of the 20th CPC National Congress. The CPC Committee of ZTO organized the whole network to study the decisions made at the 20th Party Congress, get clear instructions from the Party for the new era, and seek motivation and inspirations through learning. Focusing on the guidelines for the development of the express delivery industry such as building a strong transportation country, connecting internal and external circulations, rural revitalization and green development, we aim to combine the implementation of the decisions of the 20th Party Congress with the practice of high-quality development of ZTO Express.



❖ Group study session in the ZTO headquarters on the Report of General Secretary Xi Jinping to the 20th Party Congress



❖ Party members of the Jiangsu Management Center watching the live broadcast of the 20th Party Congress



❖ Party members of the Anhui Management Center watching the live broadcast of the 20th Party Congress



❖ Young Party members of the Chaoshan Management Center watching the live broadcast of the 20th Party Congress

03 Strengthening cultural leadership to drive development

ZTO Express resolutely implements the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, firmly follows the "red direction", and actively explores the means and pathways for integrating Party building with regional operations. Through "online + offline" essay and speech contests, Party-themed team-building events and other diversified forms of Party building activities, we have linked the Party building in the headquarters and regional operations, forged a stronger soul of ZTO, and further motivated the ZTO team.

• Promoting the development of diversified Party building activities

Taking the 101st anniversary of the founding of the Party as an opportunity, ZTO Express held a variety of Party building activities across the country under the guidance of local Party committees.



❖ ZTO held the annual award ceremony of Party building work & "I love ZTO" speech contest



❖ Jiangsu Nanjing Center held the "Ode to the Party" singing contest



❖ ZTO Party branch in Jinan organized a Party history learning session at the former site of the CPC Shandong Provincial Work Committee



❖ ZTO Party branch of the Chaoshan Management Center visited Ye Jianying Memorial Hall in the Sanheba Memorial Park



❖ ZTO Party branch in Inner Mongolia visited Daqingshan Red Culture Park



❖ Hubei ZTO Express, LTL and Cloud Warehouse jointly visited the Memorial Hall of the Revolutionary Martyrs in the Hubei-Henan-Anhui-Jiangsu Area and the former residence of Li Xiannian

● "Red Express" serving the grassroots of society

In carrying out theme education, "four histories" learning and education, Party history learning and education, ZTO Party Committee stresses the importance of combining "learning" and "application". Through the "doing practical work for the people" campaign, we endeavor to translate the results of learning into motivation for our work, and encourage our Party members to take part in the governance projects of the local communities.



❖ Party building service center of the ZTO outlet in Dongcheng District, Beijing



❖ Young Party members volunteer service team of ZTO Party branch in Hefei

Serving Customers with Heart

The Development Plan for the Express Industry in the "14th Five-Year" Period released by the State Post Bureau stresses the importance of deepening structural reform on the supply side to "bring express delivery services to villages and factories and to the overseas markets", promoting direct service sales, and pushing for innovation in services and technologies to transform and upgrade the industry. With the mission of "bringing happiness to more people through our services" and the pursuit of excellence and innovation, ZTO Express is committed to building a comprehensive logistics service platform by promoting digital smart logistics across the service chain, continuously improving the customer service system, and ensuring the security of customer information and privacy.

Topics addressed in this chapter

- Quality customer service
- Data and privacy security
- Product and service innovation
- Secure delivery

SDGs addressed in this chapter



Our actions

- Protecting the security of customer privacy and optimizing customers' service experience through technology-service integration
- Deepening the application of digital technologies with a focus on transformation and efficiency, and meeting diversified customer demands through product and service innovation



Providing quality services

Committed to the service philosophy of "all around outlets and all for customers", ZTO Express adopts the model of technology-service integration to improve the standards of customer services, and listens to customers' opinions and suggestions. We have put in place a comprehensive and well-functioning information security protection system and strengthened the information risk awareness of our staff to ensure customers' service experience and the protection of their rights and interests.

Quality customer services

ZTO Express strictly abides by the Law of the People's Republic of China on the Protection of Consumer Rights and Interests. We have set up the Service Quality Center, and made sustained efforts to strengthen our customer service mechanism, explore technology-assisted services, and improve the quality of our services. We also actively conduct satisfaction surveys to raise customer satisfaction. During the reporting period, we updated the Management Regulations of the Service Quality Center and optimized the subjects and rules of penalty and other contents.

• Management initiatives

ZTO Express is committed to building a complete, comprehensive and scientific customer experience monitoring capability. We continue to optimize our service model by developing intelligent and efficient services, and focus on improving customers' logistics experience and meeting diverse customer demands with precision and efficiency to continuously improving customer experience.

Intelligent service robot in all channels

The Company's intelligent robots are now used in all channels and applied to more than 300 business scenarios such as order checking, order placing and consulting, etc. When customers are connected, they will first be received by robots, which raises the efficiency of problem acceptance, enhances the service capability of the network, and reasonably reduces manpower costs.

Intelligent processing

The Company has put in place an intelligent handling process, and adopted a closed-loop approach to processing customer requests in all channels and helping customers solve problems. We also provide customers with "one-stop" services to deliver services with greater efficiency.

Intelligent quality inspection

The Company has established an intelligent quality inspection system to supervise and manage 95311 calls and online communication texts. Through service tracking and automatic scoring of the system, we can efficiently and accurately locate the explicit and potential problems in our services, and make timely intervention to redress the problems. At the same time, through multi-dimensional data analysis, we are able to identify customer expectations and demands, and make informed decisions on performance improvement across the whole process.

Intelligent arbitration

Through intelligent applications, the Company is able to capture network data in a timely manner, track the whole service process on a real-time basis, and look for the causes of parcel abnormalities in the process. This has provided our service network with the tools of decision-making and management, and increased the timeliness of our services.

ZTO's intelligent customer service initiatives

Encourage outlets to pick up, dispatch and deliver parcels more frequently

We encourage our outlets to pick up, dispatch and deliver parcels more frequently, and avoid centralized operation of all parcels to relieve the pressure of outlets and centers, and reduce the time spent by outlets in parcel pickup, delivery and signing.

Encourage outlets to take direct route

In order to reduce the overall time of parcel delivery, we encourage our outlets to change the mode of parcel dispatch, choose direct routes and send parcels directly to last mile posts or dispatch outlets to improve the time efficiency.

Improve sorting and ex-warehouse efficiency

To improve sorting efficiency, we require outlets to make reasonable site and capacity planning according to their own parcel volume, install suitable sorting equipment, and make available the corresponding number of operators to ensure timely sorting and ex-warehouse operations.

Reduce the volume of lost, damaged and "untraceable" parcels

We have set up a special task force for the management of "untraceable" parcels to reduce the incidence rate of such parcels. We have also introduced the practice of shift operation, and require outlets to arrange for the drivers or accompanying personnel to sort and load the parcels in time after their arrival, so as to make sure that no parcel is stranded or left behind.

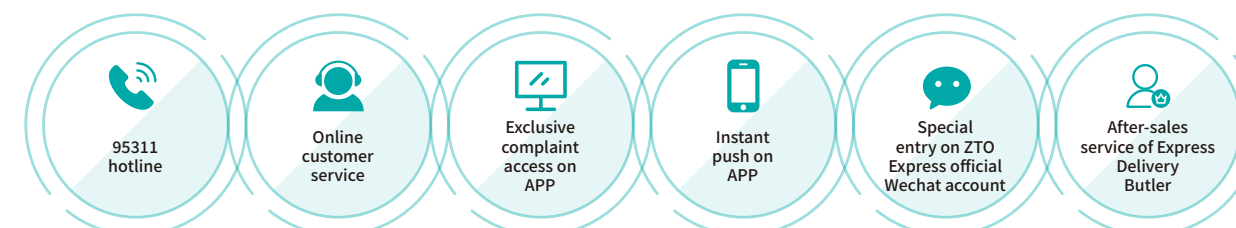
Improve customer satisfaction with on-demand delivery

Through customer profiling, we are able to provide targeted and personalized delivery services for them, and introduce on-demand delivery to improve customer satisfaction.

Initiatives for efficient parcel delivery

• Customer feedback

ZTO Express provides customers with smooth complaint channels, and customers can make inquiries and give their feedback through multiple channels such as 95311 hotline, online customer service, App and official Wechat account. The Company has formulated the "Service Supervision and Management Regulations" and other systems, and established a closed-loop mechanism for handling after-sales complaints. We listen to customers' opinions, and make return visits and follow-ups in time to ensure the quality of our services. At the same time, the Company carries out supervision and tracking in the process based on the indicators of the service quality evaluation system, closely follows the abnormalities in the network, and intervenes proactively to reduce the impact of abnormalities and service failures. During the reporting period, the customer complaint response rate and handling rate reached 100%.



Channels for customer complaints

ZTO Express listens carefully to the voices of various types of customers, and regularly conducts nationwide satisfaction surveys on our business and individual customers through qualitative interviews, quantitative placements and field visits to collect customer feedback on our brand, products, services and other factors that affect customer satisfaction. Based on the survey results, we focus on analyzing factors affecting customer experience and satisfaction, and propose targeted measures to further improve the quality of customer services. During the reporting period, our customer satisfaction rate continued to rank top in the industry.

• Customer service training

In order to help our front-line staff foster a stronger service awareness, improve their professional knowledge, competence and work efficiency, and do a better job in providing standardized and professional customer services to enhance customer experience, the Company organizes and conducts trainings on different topics for different roles in the network. During the reporting period, we provided trainings for couriers and customer service assistants of the outlets, new recruits of functional departments at all levels under the Service Quality Center and primary-level managers, covering subjects such as professional communication skills, ability to handle requests, standard service procedures for pickup and dispatch, and emotion management, to empower employees in all dimensions and aspects. A total of 334 training sessions were conducted throughout the year, with 15,460 participants and a satisfaction rate of over 97%.

Orientation training

Stage 1: After the customer service assistants join the company, the Company will organize an orientation training on corporate culture, the Company's internal systems, safety and other subjects;
Stage 2: After entering the business department, the customer service assistants will receive a training on the basics of the express delivery industry and the relevant systems of the industry through a combination of theories and practices;
Stage 3: After the training is completed, the employees will take part in an exam and only those that can pass the exam can start their work.

Daily training

Care-for-growth training: The Company regularly organizes training on psychological counselling, emotion management, skill enhancement and other related subjects;
Online learning: The Company has developed an online learning platform for customer service assistants, with rich and diverse learning resources on subjects such as skill enhancement and emotion management.

Contents of training for customer service assistants

In addition, in order to further enrich the content of training courses, facilitate the learning of customer service assistants and couriers, and improve the efficiency of front-line empowerment, the Company has specially constructed a learning platform for couriers and customer service assistants. By the end of 2022, a total of more than 200 exclusive courses had been launched, with over 6,000 minutes of online courses, and accessed more than 14 million times. Meanwhile, in terms of training format, we have designed a unique "daily quiz" learning module, which adds to the fun of training while spreading professional knowledge.



Customer service training

Delivery safety management

ZTO Express strictly implements the "three safety requirements", and strengthens the management mechanism by developing security management systems and equipment. We have reinforced security management in all links and continuously improved the level of security to ensure the safety of delivery.

• Implementation of the three safety requirements

ZTO Express conscientiously implements the Postal Law of the People's Republic of China, the Postal Industry Safety and Supervision and Management Measures, and the Express Delivery Safety Operational Regulations, and strictly implements the three safety requirements of real-name pickup, open-box inspection and machine examination to strengthen the safety management in all links and ensure the safety of parcel delivery. During the reporting period, the Company introduced special control measures on prohibited parcels, battery-type restricted parcels and real-name pickup to continuously improve the safety management of parcel delivery.

Control of prohibited parcels

- **Adding an online alert function:** We have added a reminder in the APP that will alert the customer if he types in a prohibited goods, to intercept the parcel directly at the front end; we have also added a similar alert function to the courier platform (Zhangzhongtong), through which the courier can check the list of prohibited goods in real time.
- **Promoting public education of prohibited goods:** We launched three learning courses on prohibited goods during the reporting period to help the couriers and outlets gain a deeper understanding of prohibited goods.
- **Test on the knowledge of prohibited goods:** We added a test on the prohibited goods in the courier platform, and assessed the couriers' grasp of the relevant knowledge based on the test results to make the learning more targeted.
- **Spot check of prohibited goods:** We sent grid manager to check the implementation of open-box inspection at the outlets, and request the outlets and couriers to strictly implement the three safety requirements.

Control of battery-type restricted parcels

The Company conducts in-depth studies on the conditions of battery-type outlets, and imposes strict control and analysis of battery-type goods. We have established a record-keeping process for battery-type risky goods, and strictly reviewed customer qualifications for battery-type products to ensure maximum safety of lithium battery business.

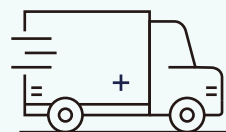
Real-name delivery

During the reporting period, the Company launched a rectification campaign on the irregularity of real-name information of the contracted customers of outlets and couriers in the system, and redressed a total of 322,671 customer accounts nationwide, achieving 100% coverage in the rectification of abnormal real-name information of all customers in the network.

The Company's main initiatives for the implementation of the three safety requirements in 2022

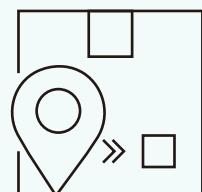
• Ensuring transportation safety

While complying with the three safety requirements, ZTO Express pays attention to the safety of vehicles and parcels in transportation, and strengthens the management and supervision of the transportation process in an effort to reduce related risks and avoid safety accidents.



Vehicle management

- Classified maintenance for different vehicle models and components;
- Timely adjustment of the maintenance cycle of the trailer box;
- Regular inspection of key components of the trailer box.



Route management

- Setting specific transit time for different routes, taking into account the route mileage, road environment, weather and other natural factors affecting the transportation by the shuttle trucks, to ensure driving safety;
- Binding parcels with truck labels, trailer boxes and truck headers throughout the transportation process to track the movement of parcels in transportation.
- For all parcels that are bound with truck labels, the information of the truck drivers can always be accessed, to assign the responsibility for every parcel to a specific person.



Personnel management

- Keeping the drivers of delivery trucks under watch throughout the transportation process, and initiating the alarm function. The combination of constant reminder and management supervision substantially reduces the probability of safety accidents;
- Putting vehicles, drivers and trailer boxes into different groups, and binding experienced drivers with vehicles in good conditions for routes in mountainous areas to improve driving safety in mountainous areas;
- During the reporting period, the Company organized training on topics such as "Road Safety" "Mountain Road Driving Skills" "Road Safety Emergency Measures" and "Spontaneous Combustion Prevention and Self-Rescue", achieving a 90% training coverage and the participation of 178,000 trainees (person-times), notably improving drivers' safety awareness.

Initiatives for ensuring transportation safety

Information and data security

ZTO Express strictly abides by the Data Security Law of the People's Republic of China, the Cyber Security Law of the People's Republic of China, the Personal Information Protection Law of the People's Republic of China, the Regulations on the Security Protection of Critical Information Infrastructure and other relevant national and industry laws and regulations, and has promulgated the Data Security Management Policy, the Measures for Security Incident Management, the Measures for Site Security Management, the Measures for Outlet Security Management and other systems. We have gradually improved our management system for information security and privacy protection. During the reporting period, we formulated and issued the Data Confidentiality Management Policy, with clear provisions for data classification and grading, confidentiality initiatives, management and improvement, responsibilities and penalties, to ensure information and data security.

2022 Target

Securing the top three and aiming for the first place in the Cainiao Security Index ranking

Ensuring the effective implementation of the security empowerment programs for all companies in the ecosystem

Raising the information security awareness of the employees and the influence of SRC

2022 Progress

We ranked the first place in the Cainiao Security Index for 80% of the days in the year.

We completed more than 10 programs, including security empowerment of the ecosystem, host security empowerment, honeypot and compliance, and helped companies in the ecosystem deal with 666 security risks.

We organized a series of education and training activities on information security.

• Security management

ZTO Express attaches great importance to information security. The Group's Work Safety Committee is responsible for the Company's overall information security work, and the Company's Vice President of Information Technology is responsible for overseeing the work on information security and privacy protection. Through the implementation of initiatives on risk monitoring, security event response, personnel verification and system standardization, the Company has put in place a management system covering the whole process of advance prevention, ongoing monitoring and follow-up tracing to ensure the security of the Company's information and data. At the same time, the Company has released its public contact information and email address, through which the employees and the public can report any information security incident, and punishments will be made for information security and privacy leakage in line with the relevant policies according to the seriousness of the circumstances.

Work Safety Committee of the Group

Responsible for the main security duties of the Company, including information security control.

Safety Management Center Information Security Control Department

Responsible for the main data protection duties of the Company, including formulating and implementing data security protection strategies, dealing with information security-related incidents and conducting incident investigation, collaborating with and supervising the implementation of relevant departments, auditing their implementation results, and communicating with external stakeholders on their data protection needs, etc.

Technology and Information Center

Performing the duties and obligations of user data security protection, and implementing the measures required by the data protection procedures.

Information security management mechanism of the Company

Risk monitoring

- Implementing initiatives such as external monitoring, security alert cycles, intelligence sharing with external companies, collection of vulnerability intelligence, public opinion monitoring, identification of society-level issues, and dark web monitoring;
- Intercepting high-risk logins or requiring secondary authentication based on events, environment, frequency and other factors to ensure the security of information queries, logging records for each query, and conducting regular log audits to track and deal with identified problems.

Vulnerability assessment

- Developing a scoring system for privacy vulnerability assessment, collecting privacy issues and carrying out rectification;
- Conducting security vulnerability assessment, and completing the emergency repair of the vulnerabilities to close the loop.

Handling of security incidents

- Formulating the Measures for Security Incident Management, with clear procedures for incident grading, corresponding initiatives, reviewing, etc.
- Developing the main process of emergency response, and regularly handling emergency incidents at both command and event levels.

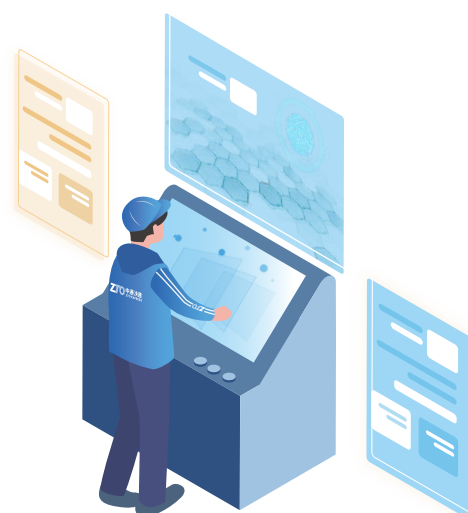
Personnel verification

- Couriers can only register their account after completing personnel registration. Identity verification is required for account registration, and customer information is only accessible after the registration is complete.

System standardization

- Establishing a unified personnel and dispatch system;
- To hide identity information, the export function is disable for customer information.

Initiatives for information security and privacy protection



The Company regularly evaluates the management of user information security. The Company has passed the certifications of ISO 27001, ISO 27701, GB/T 22080 and other information security systems, covering demand collection and analysis, design and development, application systems and IT infrastructure operation & maintenance services for the Company's core business systems. During the reporting period, we received the accreditation marks of the United Kingdom Accreditation Service (UKAS) and China National Accreditation Service for Conformity Assessment (CNAS). At the same time, the Company regularly conducts audits on contents related to information security and privacy protection, and completed 12 monthly security risk audits during the reporting period.



Information security management system certifications

During the reporting period, the Company introduced a series of optimization measures, issued the Rules for Site Security Management, reinforced the management and control of part-time workers, and actively promoted the use of privacy. By the end of 2022, the utilization rate of privacy waybills rose to 50%.

• Training and education

ZTO Express attaches great importance to cultivating employees' awareness of information security. We have established an information security training system, and regularly organize education campaigns, training programs and examinations on information security across the Company and the ecosystem to help our employees expand their knowledge on the subject and strengthen their security awareness.

Training activities	Training participants	Training results
Special campaign - "Information Security Enhancement Month"	All personnel of the network and the ecosystem	11,138 copies of information security pledges signed
Special campaign - "Cyber Security Awareness Week", including live streaming lecture on "personal information protection", cyber security quizzes, etc.	All personnel of the network and the ecosystem	Nearly 10,000 copies of promotion materials on information security distributed 22,830 participants (person-times)
Special training on phishing	Functional staff of the network and the ecosystem	10,383 participants (person-times)
[Information Security Education] section of the service number of the ZTO Information Security Department	All Company employees	22 posts published through the year, which were read more than 700,000 times
"Security Test Training" and training assessment	All Company employees	Three sessions

Information security training of the Company in 2022

Innovative business development

Taking technological innovation as the driving force, ZTO Express is committed to promoting the digitization of the whole process of express delivery, and increasing the application and dissemination of new technologies and equipment, while ensuring the security of the whole process of parcel delivery, and achieving the high-quality development of the enterprise.

Technological innovation

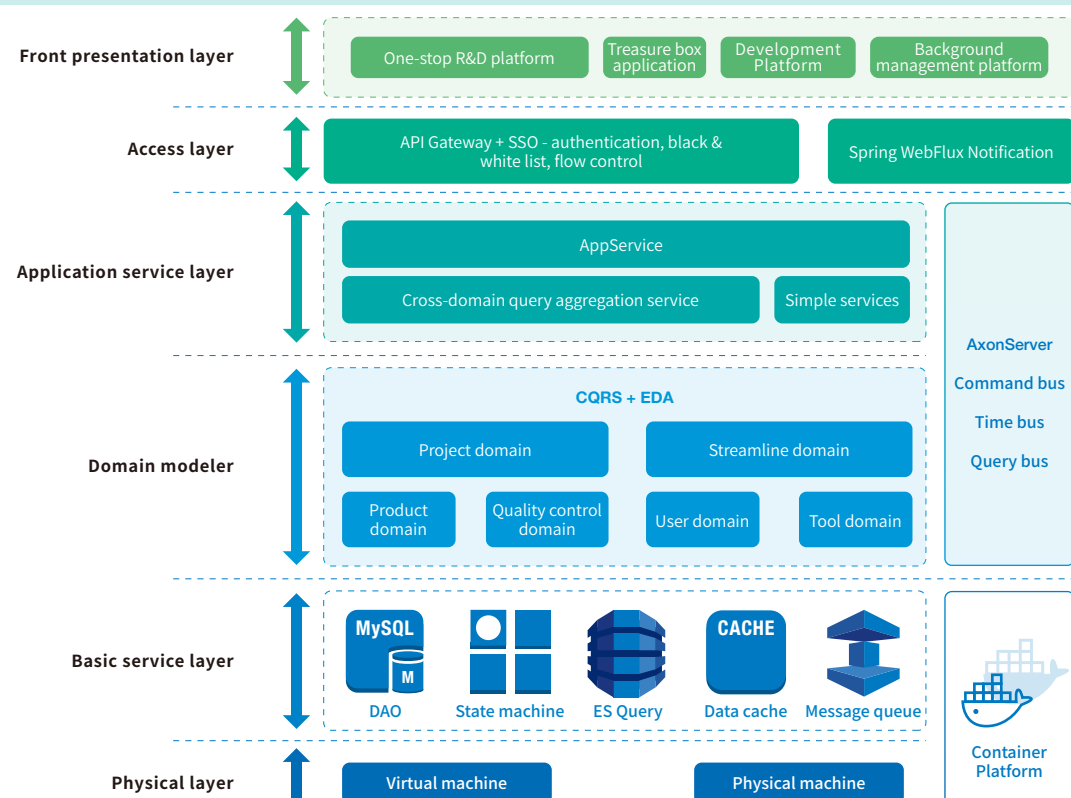
ZTO Express closely aligns technological innovation with the Company's strategy and business, actively carries out independent R&D, adopts digital technologies to cover multiple scenarios of the express delivery business, and continuously expands product categories through innovation in R&D to meet diversified customer demands.

• R&D innovation management

ZTO Express attaches high importance to automated, technology-powered and intelligent business development. We have established a research team and scaled up R&D investment to promote the deep integration of advanced technology and the Company's business, boost the end-to-end high-quality service and rapid delivery, and continuously improve the Company's research strength and comprehensive service capability.

• One-stop R&D platform, connecting the whole process of production and research

ZTO Express is committed to promoting the construction of the relevant work platforms in the production and research process. By transitioning from decentralized construction at the department level to unified construction at the corporate level, we have launched a one-stop work platform (DevOps), which provides the functions of the whole process of production and research such as demand management, defect management, task management, version iteration management, project management, test management, target management, application and cluster management, release management, etc. Based on the mainstream open-source distributed architecture system in its design, the platform provides flexible elastic storage expansion solutions. Covering the whole process of production and research, and breaking the information boundary, the platform paves the ground for open and efficient collaboration, and improves the business agility and R&D efficiency of products in all business lines.



ZTO Express' one-stop work platform of the production and research process

• Iterative optimization of the system platform, raising operation and management efficiency

With the further increase in the number of orders, equipment and personnel in management centers, the disadvantage of manual aggregation of operation data has become increasingly visible. During the reporting period, ZTO Express designed and developed digital tools such as Double Eleven Data Big Screen and Smart Park to track operation data in real time, leading to greater efficiency in operation management.

- The Double Eleven Data Big Screen provides an overview of real-time business volume, status of center operators, status of vehicle transportation, forecasted order volume, number of days for parcel clearance projected by the stress warning center and other information, providing a full range of digitized information support for decision-making by the HQ and provincial/district management teams.
- Smart Park creates, in a top-down fashion, digital files for the parks, buildings, floors, areas, platforms and equipment of the management centers, providing a reliable data basis for the establishment of digital models of all the transit centers and for the further implementation and optimization of operator performance at the centers.

During the reporting period, the Company won the third prize of the CFLP Science and Technology Progress Award, the award of Outstanding Innovative Enterprise in the Digital Transformation of Chinese Logistics Industry and other awards, and passed the CNAS certification for national measurement laboratory.



R&D innovation awards of the Company

• Digital transformation

Guided by the "Internet+logistics" philosophy, ZTO Express has created digital tools covering various scenarios and links on the service chain for the ecosystem business, and advanced the application of digital transformation in the whole life cycle of pickup, sortation, transportation and delivery to provide customers with high-quality service experience. During the reporting period, the Company continued to optimize and improve its information system, and released Center 360, Outlet 360, attendance management system, digital billboards, etc., to expand the scenarios of business services and improve the overall management efficiency and digitization level of the network.

Center 360

Providing operation information, business information, service quality, basic information, center comparison and other functions to center and operation managers to give them a comprehensive picture of real-time and historical data, and support the data necessary for reducing center costs, improving operation efficiency and strengthening service capabilities.

Outlet 360

Providing managers with basic information of outlets, business development, daily operation, last mile presence, cost policy and other related information, and helping front-line managers quickly locate and understand the situation of outlets through 360-degree panoramic data coverage.

Attendance management system

Completing a series of tasks, including the review of facial sign-in services, software development and hardware debugging of the attendance device, and development of backstage management functions of the attendance system, and enabling the operator attendance function in centers of the network.

Digital billboard

Gathering information on the transshipment capacity of all network centers, information on park scale, timetable data of the whole chain, data on service quality, inbound and outbound vehicles, data on the operation volume of the centers and data on large and small equipment, enabling real-time monitoring of operators and high-capacity trailers in the network all at once.

Digital transformation

• Protection of intellectual property rights (IPR)

ZTO Express strictly complies with the requirements of the Trademark Law of the People's Republic of China, the Copyright Law of the People's Republic of China, the Patent Law of the People's Republic of China, the Law of the People's Republic of China against Unfair Competition and other laws and regulations to strengthen the management and protection of patents, copyrights and other IPRs, and has obtained the certification of GB 29490 IPR Management System. During the reporting period, the Company updated the IPR Management Policy and revised the provisions on patent application, implementation process and other related items, further standardizing the Company's IPR management. During the reporting period, the Company obtained 65 patents, 19 software copyrights, and 139 trademarks, and invested over 1.19 million yuan in total on IPR.



Certification of IPR management system

In addition, in order to boost the IPR awareness of employees, unlock the energy of innovation and strengthen the capacity for IPR transfer and transformation, the Company regularly invites senior and professional lecturers to provide training on IPR, trademark and copyright protection and innovation to employees. At the same time, the Company encourages employees to independently apply for patents and implements a patent incentive system to provide awards for inventors and their teams based on the quantity and quality of submitted patent applications.

Product innovation

ZTO Express has established a well-functioning system of express delivery products, and expanded the product lines on a continuous basis. We have developed ZTO Standard, ZTO Expedited, ZTO Premium and other products in response to diversified customer demands, such as "guaranteed on-time delivery, delivery on demand, and compensation for late delivery", and provided personalized value-added services and customized products for platform or specific customers. At the same time, in response to the call of the State Post Bureau for "bringing express delivery services to villages and factories and to the overseas markets", we have expanded express delivery channels into factories and outbound express delivery channels, and actively built our last-mile presence to meet diversified and personalized market demands.

Express delivery products	ZTO Standard	In 2022, we focused on promoting ZTO Standard in medium and high-end e-commerce, auto parts, medicine, clothing, 3C electronics, fresh and frozen foods industries. Under the current 3.0 version, we have adopted closed-loop management to last-mile services, and updated the means of last-mile dispatch based on different pickup scenarios, gradually shifting from product-centered to customer-centered.
	Value-added products	<p>Simultaneous dispatch</p> <p>We provide our contract customers with the personalized service of simultaneous dispatch of parcels with multiple waybill numbers in the same sales order.</p> <p>Freshness guarantee</p> <p>We have launched the freshness guarantee service for fruits and vegetables that need to stay fresh. For fresh product whose outer packaging is intact but $\geq 20\%$ of the inside is damaged, compensation amounting to the product's actual value will be provided.</p>
Targeted services	On-demand delivery	We are working with ByteDance to provide consumers with services including delivery appointment by telephone and delivery to the door on demand.
	Simplified interception	We are working with platforms to intercept or enable individual customers to initiate interception on their own. Having skipping the step of communication with outlets, such a practice has simplified the operation at the platforms and outlets, and improved the platforms' interception efficiency in user refund and pandemic scenarios.
	Address modification function for individual customers	Launched in February 2022, the new function makes it easier for individual customers to initiate interception on their own.

Innovative products and services launched by the Company in 2022

• Bringing express delivery services to factories

ZTO Express continues to promote the "Express Delivery into Factories" project and advance the integration of the industrial chain. Through our "one-stop" delivery services, we have continuously optimized the supply structure of the industry, and pushed for win-win cooperation with upstream and downstream enterprises.

• Joint construction of warehouse, creating a new model of express delivery into factories



Beijing No.1 Logistics Center Warehouse

ZTO Express and Foton Cummins Engine Co., Ltd. carried out in-depth cooperation on the parts logistics center warehouse project and jointly built Beijing No. 1 Logistics Center Warehouse. The warehouse enabled a switch from the original model of storage inside the factory to the out-of-factory model of centralized storage and management, quality inspection and order-based delivery, and upgraded the original approach of decentralized management by suppliers to unified and centralized management of suppliers' inventory through the advanced warehouse management system.

By changing the warehouse model, the Company has freed its limited space for material storage and operation, and provided the needed space for the factory to adopt more automation and intelligent applications. In the meantime, the use of centralized management has helped the Company to further improve its management efficiency and reduce operating costs.

• Bringing express delivery services to overseas markets

Actively responding to the "going global" development strategy and aiming for the goal of "becoming a world-class integrated logistics service provider", ZTO Express has integrated the supply chains of overseas warehouses, special lines and cross-border e-commerce based on ZTO Global Logistics, and developed a "multi-channel, diversified and all-round" service model to promote the internationalization of products and services, and provide customized one-stop logistics supply chain services.

Cross-border services

Cross-border export: Cross-border parcel delivery to more than 220 countries and regions worldwide;
Cross-border import: Full-chain delivery services from overseas destinations to the Chinese mainland;
Transit and warehousing: Customizable, secure and speedy transit services from China to the rest of the world.

Local services in overseas destinations

We have local transportation networks in six ASEAN countries, the ROK and five African countries, providing cross-border import and local delivery services.





Local services in China's Hong Kong, Macao and Taiwan regions

We provide local warehousing and delivery as well as import & export transit services in China's Hong Kong region.

Special products

We provide special services such as collection on delivery, cash on delivery, and time-definite parcels to meet the logistics demands under different scenarios.

Products and services of ZTO International

 <p>Air freight</p> <p>China-New Zealand air freight service fully upgraded Air cargo services from China to 14 European countries officially launched</p>	 <p>Cold Chain</p> <p>Cross-border (China-Cambodia) cold chain service officially launched Cold chain logistics service for flowers launched between China (Kunming) and Thailand (Bangkok)</p>
 <p>Ocean freight</p> <p>Ocean freight line to Australia officially launched</p>	 <p>Warehousing</p> <p>New cold storage service launched by ZTO Cambodia Ruili International Warehouse of ZTO Myanmar officially put into operation Transshipment warehouses added in nine Chinese cities, including Shanghai, Kunshan, Shenzhen, Changsha and Guangzhou</p>

Landmark events of ZTO Global Logistics in 2022

● **Speedaf Express and Yunquna enter into strategic cooperation to strengthen cross-border e-commerce logistics services in emerging markets**

On November 6, 2022, at the 5th China International Import Expo, Speedaf, an overseas express delivery brand invested by ZTO Express, entered into strategic cooperation with Yunquna, a leading one-stop international logistics online service platform. The two sides will leverage their strengths to jointly develop full-chain digital intelligence services for cross-border e-commerce logistics in emerging markets such as Africa, the Middle East and South Asia.

Going forward, the two sides will share resources and complement each other's capabilities, optimize end-to-end logistics costs through technology-enabled logistics, continuously improve customer experience, create more values for customers, create ultimate cost-effective services, cultivate one-stop, full-chain, visualized and integrated logistics service capabilities in emerging markets, and jointly build a high-end intelligent international logistics ecological environment.



Strategic cooperation with the one-stop international logistics online service platform Yunquna

● **Tuxi Living Service Center+**

ZTO Express strives to build its own last-mile delivery services. To establish stable service outlets in local communities and resolve the problem of last-mile delivery, ZTO Express has launched its new brand Tuxi. Capitalizing on the demand of self-pickup, Tuxi empowers community stores with the rigid demand of high-frequency visits by express delivery customers. Following a collaborative approach, our goal is to build a network of community stores with a consistent image and diversified service capabilities. Through data-driven and technological innovation, we aim to improve the express delivery experience of our customers, and establish a new type of community-based retail infrastructure that are closest to consumers based on family demands.

Tuxi Living Service Center+

Providing diversified last-mile services at flagship stores, communities, campuses and ZTO sign-in stations, saving the dispatch operation of couriers, reducing the possibility of courier fines due to customer complaints on parcel signing, competing for market share in last-mile delivery, and increasing the revenues of outlets.

Tuxi courier cabinet

Providing terminal devices for parcel pickup and delivery to schools, communities, townships, property management centers, etc. through the application of Internet of Things, big data and other technologies, offering pickup/delivery services on a 24/7 basis, and using intelligent delivery, combined with OTP cabinet opening, to remind the parcel receivers to collect the parcels in time.

Tuxi distribution

Providing last-mile delivery solutions for parcels sent by multiple courier brands, empowering outlets with reduced costs and higher efficiency, and providing intelligent identification and logistics tracking capability upon the arrival, delivery, dispatch and signing of parcels of multi courier brands. Sending sound and text alerts on value-added intercepted parcels, and enabling bulk registration of problematic parcels.

Tuxi products and services



Smart logistics

Guided by the philosophy of "Internet + logistics", ZTO Express has independently developed a series of technological products, gradually put in place a digitized, connected and intelligent business pattern covering various scenarios and links, cleared the obstacles in the digital loop of the logistics sector, and cultivated a digital and intelligent logistic system running through the whole process of "convenient order placement - efficient pickup - smart transportation - automated sorting - intelligent delivery".

ZTO Express digital twin platform, empowering intelligent management of logistics parks

Building on its digital platform, ZTO Express has worked with its ecosystem partners to create the solution of ZTO Express Smart Ecological Park by connecting data on various system platforms through technologies such as Internet of Things, big data, artificial intelligence and 3D visualization. Through the application of the digital twin technology, we have constructed the digital base of the ZTO Express HQ, enabling all-dimensional, visualized digital twin governance and operation of vehicles, offices, security, production and other aspects of our business. We have also established an intelligent management platform featuring complete structure, data visualization and standard operation, which provides all the five functions of logistic park management, i.e. perception, analysis, service, command and monitoring. The digital twin platform has addressed the pain points of insufficient service, weak security, low operation efficiency, high management cost and difficulties in business innovation.



ZTO's digital twin platform

Zhongzhi IoT Service Platform, ensuring vehicle safety throughout the transportation process

ZTO Express has set up a production and research department for vehicle platform, and built its own IoT platform "Zhongzhi IoT Service Platform", which provides terminal-device access and self-management, vehicle and alarm data collection and notification, and support for vehicle operation and vehicle security scenarios. Through data collection on vehicle operation and driving behavior, and abnormality monitoring and alarm notification, the platform ensures vehicle safety throughout the transportation process.

- **Refined management:** The platform uses graphics to display the different status of vehicles, and allows the users to accurately grasp the vehicle conditions and potential problems. Having overcome the technological barriers in controllability, the Company has achieved technological independence and enhanced core competitiveness.
- **Accurate business analysis:** Base on the system data, the platform uses AI to analyze vehicle operation, driving behavior and other information, and provide the assessment results of vehicles and drivers, thus simplifying the settlement process.
- **Safety warning:** The platform monitors the driver's dangerous driving behavior and warns the driver by sending abnormality alarm to ensure the safety of people, vehicles and goods.



Zhongzhi IoT Service Platform

In addition, ZTO Express provides digitized scientific guidance on various aspects of vehicle management, including forecast of cargo volume at the centers, schedule planning, vehicle dispatch, parcel integration, vehicle tracking, and cost analysis, to discover problems in advance and make timely adjustments in line with real operation scenarios, thus realizing efficient logistics management.

Vehicle management

- Transforming the maintenance process and processing the vehicle worksheet online to increase the efficiency and convenience of vehicle maintenance;
- Conducting dynamic route planning to increase vehicle utilization and maximizing the use of vehicle resources;
- Setting up the operation command center to ensure 24/7 monitoring of the whole process from parcel pickup to vehicle dispatch. A special webpage for vehicle dispatching has been developed to help the command center monitor the dispatch in real time and assist the front line to locate and solve problems at the earliest possible opportunity, thus completing the close loop.

Talent cultivation

- Training is provided in two ways, i.e. face-to-face training and job rotation at HQ, to enable talent cultivation in the whole network;
- During the reporting period, the Company carried out a six-month fleet/dispatch training to improve the dispatch center's comprehensive control over routes, costs and timetables.

Digitized scientific guidance on vehicle management

Hand in Hand with Partners for Win-win Results

The express delivery business is well-equipped to connect production with consumption, and link products to their users. ZTO Express is taking full advantage of its bridging role and riding on the trend of integrated business development to strengthen collaboration with related industries. Based on the shared-success culture, ZTO Express has integrated the competitive resources of all stakeholders, established the link between upstream and downstream, empowered the last-mile outlets, advanced the cooperation and communication among industries, and joined hands with partners to build the ecosystem and promote the sustainable development of the express delivery and logistics industry.

Topics addressed in this chapter

- Supply chain management
- Win-win cooperation

SDGs addressed in this chapter



Our actions

- Promoting all-round empowerment and strengthening the frontline outlets
- Acting on the principle of sustainable procurement and improving the supply chain management system
- Connecting upstream and downstream and pursuing win-win cooperation with partners



Empowering network partners

Committed to the principle of "all for outlets" in its services, ZTO Express has adopted technology and training empowerment to strengthen outlet capabilities and reinforce the service advantages of the network, thus improving the brand competitiveness of the Company's delivery business.

• Promoting the digital transformation of outlets

ZTO Express has adopted digital management tools to empower franchised outlets, promote their standardized development, and improve the management and operation efficiency of outlets.

Optimization of management tools at the outlets

Improving the management of outlets by optimizing inbound and outbound parcel tracking, downward settlement, cost-volume-profit, quotation transformation, upgrade of personnel operation process, etc.

Optimization of automated sorting

Using innovative address cutting to generate address piles of agent outlets, matching automated sorting equipment with agent outlets, and assigning automated sorting to courier stations. By the end of 2022, automated sorting equipment had been introduced in 52 outlets, covering more than 1,000 last mile posts. This has further raised the efficiency of sorting and reduced the sorting costs of outlets.

Promotion of four-segment code

Joining hands with partners such as Cainiao and PDD to realize algorithm learning and printing of the four-segment code. By reading the code, the couriers are able to locate the outlet for the parcel in the sorting process, thus creating a new delivery model of direct sorting and direct delivery. By the end of 2022, the accuracy rate of the four-segment code had exceeded 93%, and over 800 outlets are now using the code.

Optimization of courier tools

- Reconstructing core workflow through RN technology scenario, leading to a 20% increase in the efficiency of pickup and delivery operations;
- Reducing the time gap between different versions of courier app, leading to a 30% increase in business efficiency;
- By setting out online fulfillment requirements, including pre-delivery appointment with customer by phone and home delivery service, we have increased the efficiency of fulfillment control by 50%;
- By developing customer operation tools and carrying out marketing activities, we have formed a closed loop covering the whole process of issuing coupons to attract new customers, customer access, classification, quotation and reconciliation.

ZTO's Digital Management Measures to Empower Service Outlets

• Improving outlet management

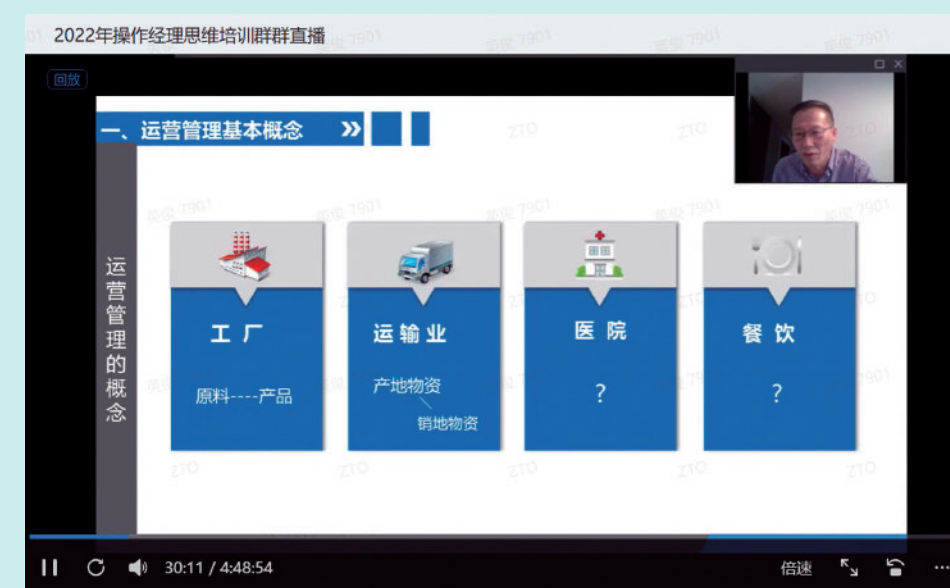
ZTO Express pays high attention to the needs of outlets and has set up service hotlines to collect the opinions of outlets and couriers, and address their reported problems in time. At the same time, the Company has delegated a third-party professional institution to prepare the Research Report on the Healthiness & Survival and Development Status of Frontline Outlets. Using a combination of telephone interviews and field visits, the project monitors the healthiness index of the outlets, and learns about the current status and factors affecting the survival of frontline outlets. To address the current situation of the outlets, the Company promptly provided an interpretation of the report. During the reporting period, we stepped up efforts on policy fairness and inclusiveness and protection of the rights and interests of frontline outlets, implemented the last-mile policies of the network, and further improved the management performance and capability of the outlets through business governance, business model adjustment, capacity building and other initiatives.

• Assisting outlets with skills training

Committed to supporting the team-building efforts of outlets, ZTO Express carries out regular training activities to improve the business skills of relevant outlet personnel. In the meantime, to address the existing problems in the outlets, we provide regular empowerment, assisting outlets to improve their management by conducting data analysis, identifying key causes, providing corresponding solutions, etc., and follow up on the execution and results of above implementation.

• Training on management mindset, strengthening the foundation of management

To help our operation managers in the network refine their way of thinking, establish the cost and quality mindset, and adopt a more refined approach to management, we introduced a training program on management mindset for the operation managers during the reporting period, which mainly included courses such as "Teaching Power Improvement for Managers", "Basic Mindset of Operation Management" and "Problem Mindset", which totaled 7.5 training hours and 108 managers in total attended the training.



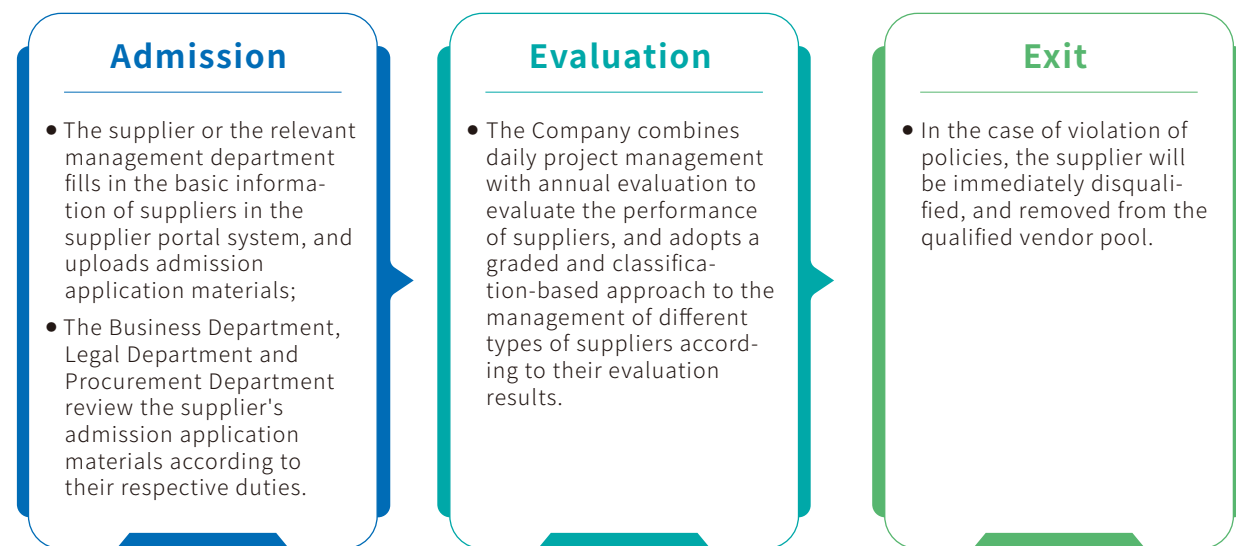
Training courses for outlet managers

Strengthening supplier management

ZTO Express continuously optimizes its management system and implements strict assessment standards for supplier admission. While ensuring the quality of products and services, we also pay attention to suppliers' performance in aspects such as business ethics and environmental protection, in order to reduce the risks on the supply side and improve the overall management of the supply chain.

• Supplier management system

With strict reference to the supplier management measures issued by the government, ZTO Express has adopted a series of internal policies, including the Dynamic Supplier Management Policy, the Implementation Rules for Local Sourcing under the Procurement Management Policy, and the Management Measures for Bidding and Tendering of Transit Equipment, with clear procedures covering the full life cycle of supplier management, i.e. introduction, evaluation and exit, and put in place a standardized, fair and unified supplier management system. We actively identify and evaluate the risks of suppliers, and take into full account the qualification, service capability and stability of suppliers in the admission and evaluation process. In the meantime, we have set out clear response measures for specific non-compliance events in the contract to minimize the risks of suppliers. In addition, we define suppliers that cooperate with the HQ on centralized procurement, which covers most raw materials, transit equipment, engineering parts, vehicles, and security items, as our key suppliers.



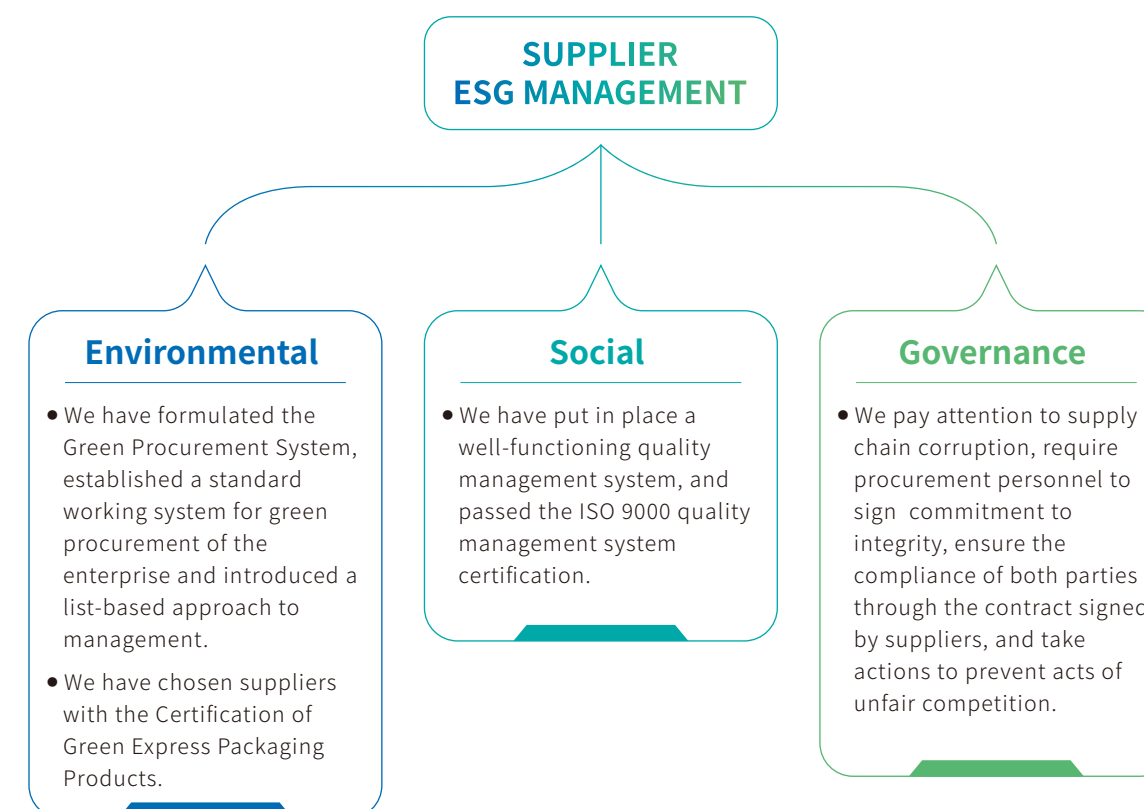
Supplier management process

ZTO Express continuously strengthens supplier management, and endeavors to establish a transparent, dynamic, traceable and accountable supply chain system. During the reporting period, we continued to promote online supply chain management, and successively launched the local sourcing system, the online payment platform, and the online acceptance form for transit equipment, to further improve the efficiency of supply chain management.

Key performance indicators	2022 (Unit)
Total number of suppliers	6,624
Chinese mainland	6,597
Overseas regions	27
Number of local suppliers (Shanghai area)	311
Number of newly hired suppliers	4,611
Total number of supplier reviews conducted in 2022	300

• Supplier ESG Management

The Company upholds the principle of sustainable procurement and actively integrates the ESG concept into supplier management. We have incorporated elements such as environment protection, quality management, business ethics and labour rights into the process of supplier admission and evaluation, and encouraged suppliers to continuously strengthen their ESG management.



ESG management of the Company's suppliers

• **Supplier training**

To promote win-win cooperation with suppliers, ZTO Express provides regular training on quality improvement, security and other related training subjects to help suppliers build up their comprehensive capability.

• **Organizing supplier training to improve service efficiency**

The Beijing Changping Warehouse of ZTO Express provides on-site training for local suppliers. The training focuses on warehouse safety operation and service quality improvement, and analyzes the weaknesses of the existing working procedures through Q&A and on-site demonstrations to help suppliers deepen their understanding of security and service quality and improve service efficiency.



Warehouse security training for suppliers

Promoting the development of the industry

By integrating effective resources inside and outside the Group, ZTO Express is advancing cooperation with customers in various industries and sectors. We have built an integrated logistics information platform and strengthened the comprehensive capacity of integrated logistics services to provide professional logistics solutions for partners, enhance the brand influence of the Company, and promote the common development of the industry.

• **Opening new grounds in comprehensive logistics, empowering the digital intelligence upgrade of automotive logistics**



ZTO Express' highly customized transportation and warehouse management system enables customers to upgrade their supply chain operations.

ZTO Express is cooperating with Foton Daimler Automobile on the whole supply chain service of inbound logistics for auto parts. With its profound IT strength, ZTO Express has established an efficient and standard auto parts transportation process. In terms of infrastructure resources, the Company provides full guarantee for its suppliers' inbound logistics and transportation needs through its distribution centres, shuttle truck routes and line-haul transportations; in terms of warehousing business, the Company provides short-route transportation business including warehouse management and production line distribution for thousands of auto parts.

Through highly customized transportation and warehouse management systems, the Company has achieved transparent end-to-end supply chain operations, leading to significant improvement in resource management and collaboration capabilities, reduced operating costs, as well as higher inventory turnover rate and more timely delivery.

• **High-standard warehouse + same-city night distribution, making outbound delivery more efficient for the air-conditioning manufacturing industry**

ZTO CWST and Daikin signed a strategic cooperation agreement on warehouse and distribution services, bringing the RDCs (regional distribution centers) and DC (distribution center) warehouses to the Kunshan Huaqiao warehouse. Fully leveraging its strengths in B2B warehouse and distribution services, ZTO CWST provides Daikin with advanced warehousing, transportation, distribution and supply chain solutions to help it transform and upgrade its supply chain.

Strictly abiding by the 7S standards in its management, ZTO CWST has built the Kunshan Huaqiao warehouse into a "secure, clean, neat & tidy, well-organized and well-regulated" standardized warehouse. With the scientific planning of warehouse space, rigorous design of operation process and timely investment of equipment, the Kunshan Huaqiao warehouse has notably increased the logistics efficiency, operation quality and users' logistics experience of Daikin's air conditioner project, and the overall outbound time has been reduced by more than 50%. At the same time, ZTO CWST has introduced the same-city night distribution model for parts distribution to the 45 maintenance stations in the Shanghai area, making sure that the parts are available for use by the customers the next morning, and the customer satisfaction rate of this service is close to 100%.



Inside the ZTO cloud warehouse



The Company also actively participates in the exchange activities held by Chinese and international industry associations, and stands committed to promoting the development of the express logistics industry together with partners through experience sharing.

● Networked cold chain solution, meeting individualized industry demands with whole-process management

In September 2022, ZTO Express was invited to participate in the 2022 China International Fair for Trade in Services to share the latest progress of its cold chain logistics network.

ZTO's "networked solution of S-LTL, door-to-door cold chain services", which is traceable and temperature-controlled throughout the process, establishes the direct link between "factories and last mile posts", and enables real-time monitoring of the temperature trajectory. With digital intelligence management covering all scenarios and links, as well as uninterrupted chain connection, visible temperature control and information traceability throughout the process, ZTO's customers are provided with a door-to-door cold chain service. It allows the brand owner to produce in small volume and multiple batches, thus reducing the problem of inventory loss, minimizing the incidence of ineffective allocation caused by misjudgment of end user demands, and saving the management costs of suppliers in multiple links.



ZTO Express attended the "2022 China International Fair for Trade in Services"

● ZTO Express cultivates integrated whole-chain logistics business, helping tire enterprises improve quality and increase efficiency

On August 14, 2022, ZTO Express was invited to attend the "2022 National Auto Parts Logistics Conference" hosted by the China Automotive Logistics Association of CFLP, and delivered a speech on "The Road Toward Smart Transformation and Upgrade of the Tire Logistics Industry".



The Company has developed an end-to-end integrated logistics solution from procurement to production, and onward to sales/post-sales logistics. Considering the characteristics of the tire industry, at the transportation level, the Company has integrated the L-LTL (point-to-point direct delivery, no unloading in the middle of transportation), S-LTL (VIP premium service) and full-truck transportation models to help tire enterprises improve the quality and efficiency of their supply chains; in terms of storage, the Company provides customers with standard storage operations, storage planning and other services, and has significantly improved the efficiency of storage operations with automated/unmanned handling.

At present, the Company is cooperating with Michelin, Pirelli and other leading enterprises in the tire industry on several supply chain projects. In the future, we will continue to promote the development of transportation network and technological R&D capabilities, and based on our existing resources and R&D advantages, provide integrated and comprehensive logistics solutions for tire and automobile, auto parts, 3C and high-end manufacturing, FMCG and retail industries.



ZTO Express attended the "2022 National Auto Parts Logistics Conference" and delivered a keynote speech.

Building an Eco-friendly Business for a Better Environment

The fuel consumption of transport vehicles and the use of packaging in the express delivery industry are easy to cause negative impact on the ecological environment. Therefore, promoting the green development of the express delivery industry is vital to the building of a modern circulation system. ZTO Express is actively practicing the concept of green development, and making sustained efforts to build and strengthen its green management mechanism. We have stepped up investment in intelligent, digital and lightweight equipment powered by new energy sources in warehousing, packaging, transportation and delivery, pushing for the building of green infrastructure and transportation networks at a faster pace, moving toward a low-carbon and circular business model, and promoting the green transformation of the express delivery industry with the responsibility and commitment of a leading enterprise in the industry.

Topics addressed in this chapter

- Addressing climate change
- Energy management and greenhouse gas emissions
- Use of packaging materials
- Waste management
- Reduction of pollution
- Water resources management

SDGs addressed in this chapter



Our actions

- Increasing input in clean energy and equipment upgrade to reduce greenhouse gas emissions
- Promoting green packaging, raising the efficiency of resource utilization, reducing waste, and encouraging a green and low-carbon consumption model of express delivery services

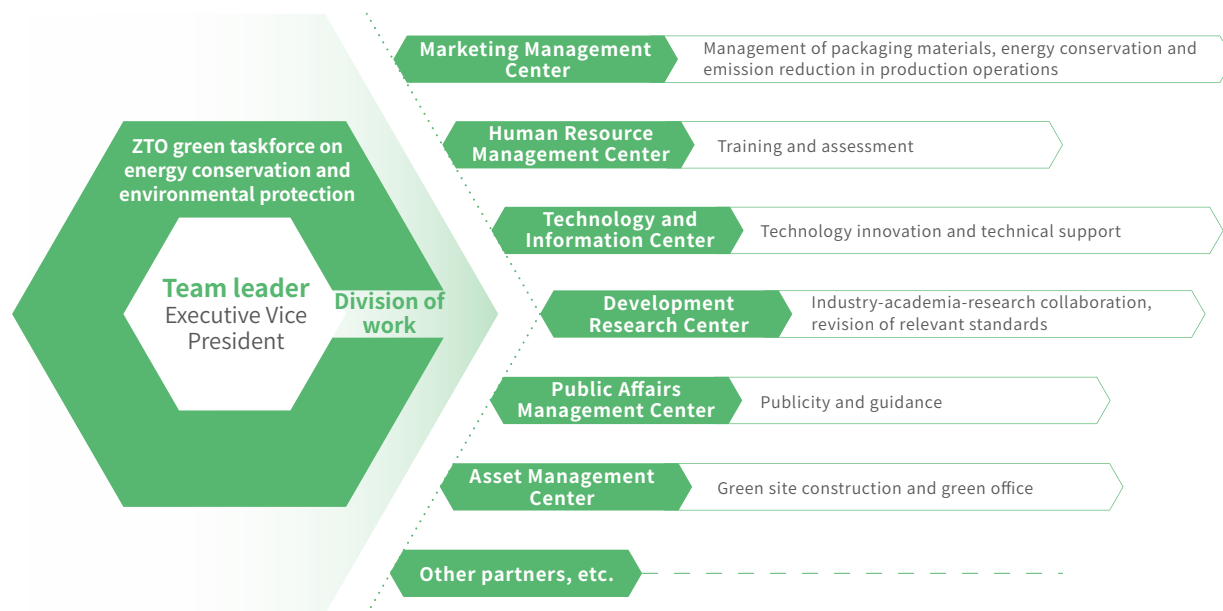


Consolidating environmental management

ZTO Express strictly complies with the Law of the People's Republic of China on Environmental Protection, the Law of the People's Republic of China on Energy Conservation and other national and local government laws and regulations on environmental management. We have established an environmental management system based on ISO 14001, and adopted the Green Procurement Policy and other environmental management policies covering various aspects of production and operation as well as suppliers, contractors and other partners. We have set up a green taskforce on energy conservation and environmental protection led by the Executive Vice President to coordinate the implementation of specific energy conservation and environmental protection tasks by various departments. We have established the task list and work priorities for "pickup, distribution, transportation and delivery", and improved the Company's environmental management mechanism on a dynamic basis to increase the effectiveness of our environmental management practices. During the reporting period, there was no incident involving major penalties for environmental violations in the Company*.



ZTO received the certification of ISO 14001 environmental management system



Organizational structure of the ZTO green taskforce on energy conservation and environmental protection

Note*: Incidents involving major penalties refer to incidents with a penalty of more than USD 10,000.

Responding to climate change

ZTO Express is deeply aware of the impact of climate change-related risks on its normal operations. With the introduction of the country's "dual carbon" strategy, the "1+N policy system" and the industrial policies to promote the green and low-carbon transformation of postal and express delivery services, the Company is now given a clear direction to better cope with climate risks and practice green development. The Company will actively work toward the carbon peak and carbon neutral target set by the country, and task the ESG Committee to supervise climate change-related work, make contingency plans for potential climate change risks through climate risk identification and policy analysis, and take various energy-saving and carbon-reducing initiatives in its own production and operation to proactively respond to the challenges and opportunities brought by climate change. During the reporting period, the Company released the ZTO Express Blue Book on Green Development to share green development experience and best practices with the express delivery industry.



ZTO Express Blue Book on Green Development

Put in place internal rules and policies to promote institutionalized management of energy conservation and emission reduction

- The ESG Committee coordinates the formulation, implementation and supervision of the Company's energy conservation and emission reduction policies, and monitors the company's risk management structure and sustainability risks
- Setting up the ZTO green taskforce on energy conservation and environmental protection to regularly compile statistics of the Company's progress in promoting the use of low-carbon and eco-friendly materials, vehicles, etc., and turning carbon emission monitoring and carbon reduction into a routine and standard practice, to align with the goal of carbon peak in all aspects of business development

Promote technology research to ensure the scientific management of energy conservation and emission reduction

- Stepping up the R&D input of energy conservation and environmental protection technologies, increasing the utilization rate of green packaging, expanding the scope and proportion of new energy use, and helping network partners upgrade sorting equipment and transportation tools to promote green and intelligent parcel delivery along the business chain, and ultimately achieve substantial improvements in economic, social and ecological benefits

Rely on the people to promote public participation in the management of energy conservation and emission reduction

- Using incentives to encourage the recycling of packaging materials by consumers, mobilize the initiative of consumers in the recycling of express packaging and the inspirational function of express delivery companies, and strengthening consumers' emotional recognition and rational perception of energy conservation and emission reduction, in order to harness the people's power in promoting solid and efficient progress in energy conservation and emission reduction

Explore voluntary emission reduction projects

- Actively explore the feasibility of voluntary emission reduction projects and methodologies in the express delivery industry

Climate risk identification

The safety management team of ZTO Express makes judgments on the potential risks affecting the normal operation and safety of the Company that may be triggered by climate change, and endeavors to identify potential risks of typhoons, cold spells, heat waves and other extreme weather conditions. We have formulated and improved early-warning and response mechanisms, and formulated policies and systems such as the Fire Prevention and Emergency Evacuation Plan Exercise System and the Flood Prevention Emergency Plan to reduce the impact of physical risks on the normal operation of the Company. In addition, we have studied the policies related to the "dual carbon" goals (including carbon trading mechanisms, average fuel consumption and new energy vehicle credit trading mechanisms, green power pilot trading mechanisms, local carbon benefits mechanisms and other policy mechanisms) to reduce the financial impact and the risk of non-compliance, and attempted to enhance the Company's preparedness against transition risks through internal training, external cooperation and low-carbon operation.

Low-carbon operation

ZTO Express is actively working toward the country's "dual carbon" goals. In addition to energy-saving renovation of existing transportation and warehousing equipment, the Company has also adopted green building and other evaluation standards in the planning and designing of new projects to further enhance its environmental benefits. The Company also provides green training to its employees and encourages them to jointly contribute to the mitigation of climate change by working and living green. During the reporting period, the Company generated 30,000 MWh of renewable energy, of which approximately 21,000 MWh was for its own use and the balance was transmitted to the power grid.

Energy consumption	Unit	2022 data
Comprehensive energy consumption	Ton of standard coal equivalent	641,020.95
Direct energy consumption	Ton of standard coal equivalent	612,355.02
Diesel	Ton	420,256
Renewable energy	MWh	21,000
Indirect energy consumption	Ton of standard coal equivalent	28,665.93
Outsourced electricity	MWh	233,246

Energy consumption density		
Direct energy consumption intensity	Ton of standard coal equivalent/10,000 yuan	0.173
Indirect energy consumption intensity	Ton of standard coal equivalent/10,000 yuan	0.008
Overall energy consumption intensity	Ton of standard coal equivalent/10,000 yuan	0.181

Note: Energy consumption is calculated with reference to the National Standard of the People's Republic of China "GB/T 2589-2020 General Rules for the Calculation of Comprehensive Energy Consumption".

Greenhouse gas emissions	Unit	2022 data	
Direct emissions (scope I)	Ton of CO ₂	1,324,339	
Indirect emissions (scope II)	Ton of CO ₂	133,020	
Other indirect emissions (scope III)	Transparent tape	Ton of CO ₂	1,718
	Waybill	Ton of CO ₂	49,251
	Other	Ton of CO ₂	78,945
Total greenhouse gas emissions	Ton of CO ₂	1,587,273	

Greenhouse gas emission intensity

Direct emission density (scope I)	kg CO ₂ /10,000 yuan	374
Indirect emission density (scope II)	kg CO ₂ /10,000 yuan	38
Greenhouse gas emission intensity	kg CO ₂ /10,000 yuan	449

Note: Greenhouse gas emissions are calculated with reference to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, and the Guide to Greenhouse Gas Accounting and Reporting for Enterprises in Other Industries (for Trial Implementation) issued by the National Development and Reform Commission of the People's Republic of China, and the electricity conversion factor (average emission factor of Chinese power grid in 2022: 0.5703 kg/kWh) is derived from the Notice on the Management of Greenhouse Gas Emissions Reporting by Enterprises in the Power Generation Industry in 2023-2025 issued by the Ministry of Ecology and Environment.

Low-carbon delivery

Committed to improving the green standards of delivery, ZTO Express is vigorously promoting green packaging, advancing the green transformation of transportation and distribution equipment, strengthening the construction of intelligent and green supporting facilities in the transit operation, and pushing for the building of a green transportation system in an effort to promote more eco-friendly and low-carbon express & logistics services. During the reporting period, the average age of the Company's fleet was 3.4 years.

Pick-up stage

- Further promoting the use of electronic waybills
- Vigorously promoting the use of green, degradable and recyclable packaging materials on the condition of ensuring the safety of parcel deliveries
- Increasing the coverage of green pick-up vehicles
- Using big data, digital maps and other technical means to timely adjust the size of the operating area and pick-up tasks to boost the loading and pick-up efficiency of each truck
- Vigorously promoting self-service pick-up, and installing intelligent last-mile self-service pick-up equipment such as "mini blue bucket" at suitable locations with the support of big data, Internet and other technologies to reduce the need of door-to-door pick-up

Sortation stage

- Applying intelligent sorting equipment such as automated sorting equipment for large items, automated sorting equipment for small items, telescopic machines, dynamic scales, etc. in the sortation stage to reduce wear and tear of parcels during loading and unloading, bring down the proportion of damaged parcels, and save consumables such as buffers and tapes
- Photovoltaic facilities are gradually installed at the sorting hubs and connected to the power grid

Transportation stage

- Trying to use LNG-powered vehicles in line-haul routes to reduce the generation of carbon dioxide and other wastes
- Further increasing and regulating the use of automotive urea
- Optimizing the regular line-haul and feeder routes and schedules to prevent additional energy consumption caused by unreasonable planning of transportation routes. Increasing the loading rate and reducing the frequency of trucks through algorithms to effectively reduce pollution emissions
- Promoting the use of high-capacity trailer trucks to reduce fuel consumption and pollutant emissions
- Exploring the application scenarios of hydrogen-fueled trucks, and signing strategic cooperation agreements with relevant enterprises to jointly promote the application of hydrogen-fueled trucks.

Delivery stage

- Further enlarging the green fleet, including electric, hybrid and fuel cell-powered green trucks
- Introducing drones in remote areas to relieve the burden of ground transportation and reduce unit energy consumption; increasing the placement of self-pickup equipment and outlets to reduce delivery frequency and distance

ZTO's low-carbon delivery practices

• During the reporting period

- ZTO's new green bags were selected as China Express Association's green express demonstration products for 2022.
- ZTO projects, including the use of energy-saving, high-capacity trailer trucks, eco-friendly bag system, and photovoltaic power generation, were selected as China Express Association's green express demonstration projects for 2022.

• Low-carbon office

ZTO Express advocates green and low-carbon office. From the planning and designing of office facilities to the cultivation of low-carbon office habits, the Company has practiced the concept of low-carbon and sustainable development throughout its business, and contributed its share to the building of a low-carbon society.

<p>Design and construction of office areas</p>	<ul style="list-style-type: none"> • Taking into account the natural environment, topography, climate and other factors of the neighborhood, adopting the concept of "sponge community" and the designing philosophy, designing technologies and building materials of modern green architecture, and making full use of natural wind and natural light • Increasing the installation of photovoltaic power generation and charging piles, reducing the light and emission pollution of the buildings, and embedding the buildings into the surrounding ecological environment to reduce the energy consumption of light, cooling and heating equipment, ventilation equipment, data storage equipment, etc. • Using assembly-type building materials, including prefabricated laminated panels, prefabricated stair sections, and non-masonry internal partition walls. Pre-manufactured in factories and installed on site, these materials feature higher efficiency and better energy conservation performance while meeting the construction requirements, which can guarantee project quality, save resources and reduce costs
<p>Applying energy-saving equipment and clean energy</p>	<ul style="list-style-type: none"> • Encouraging the use of solar energy and other clean energy sources in the transit centers, and promoting paperless office through digital and intelligent system management • Installing air water heaters in the living area of the headquarters, using only 1/7-1/4 of the energy of ordinary water heaters • Experimenting with the use of purification power saving equipment for industrial power grid in the ZTO network, which is expected to save about 8% of electricity
<p>Making low-carbon office a way of life</p>	<ul style="list-style-type: none"> • Adjusting computer settings, activating energy-saving mode, turning off computers and monitors after work, and prohibiting the practice of keeping computers on standby mode at night • Using energy-saving lamps, and some public areas are recommended to install intelligent lighting controller • Activating energy-saving mode for copiers or printers and encouraging online document processing whenever possible to avoid unnecessary copying or printing









ZTO's green office initiatives

• Green culture

ZTO Express is acting on the policy of "carbon peak and carbon neutrality", and abiding by the principle of "promoting green and low-carbon business and prioritizing energy conservation". We have promoted the relevant knowledge through internal meetings, the ZTO Academy platform, the official website and official WeChat account of ZTO, and other channels to help our employees exchange their learning experience, and used exams to consolidate their knowledge and raise their environmental awareness. During the reporting period, we organized a total of 10 training sessions on green development with 4,307 participants (person-times).

Promoting green packaging

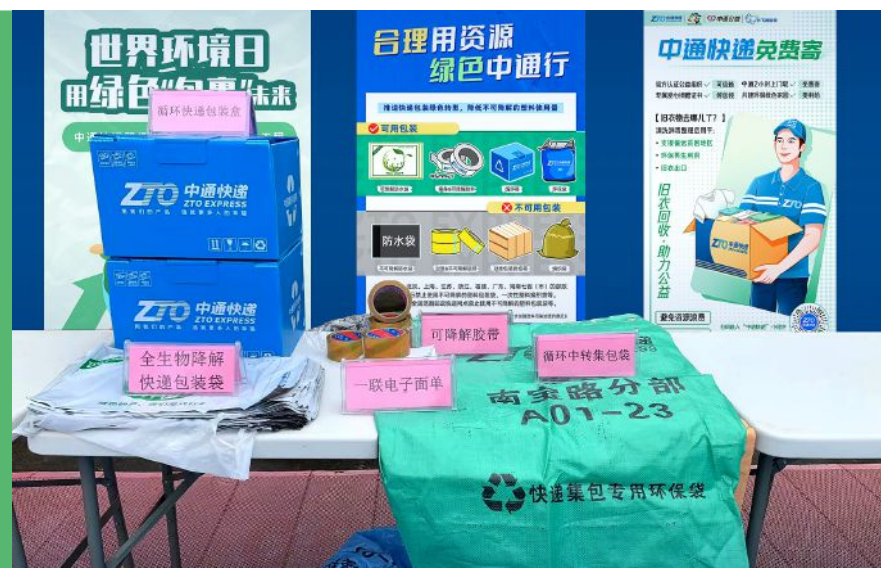
ZTO Express puts equal emphasis on pollution mitigation and carbon reduction, and has formulated the Standard Practice for Express Packaging to accelerate the use of lighter-weight, standardized and recyclable parcel packaging, and build a parcel packaging recycling system. Responding to the "9917" project* launched by the State Post Bureau in 2022, we are vigorously promoting green packaging, including e-waybills, "slim tapes", recyclable transfer bags, and recyclable parcel boxes, in our network to help foster a green and low-carbon way of production and operation and model of express delivery consumption.

E-waybills	"Slim tape"	Recyclable transfer bags	Recycling of packaging materials
<p>Each one-page bill saves 4 sheets of paper compared to a five-page bill by the end of 2022, the utilization rate of e-waybills of ZTO Express reached 100%</p> 	<p>ZTO Express has prioritized the procurement of "slim tape" and gradually advanced its use throughout the network. By the end of 2022, the proportion of "slim tape" purchased by the headquarters reached 100%</p> 	<p>Compared with traditional disposable woven bags, green recyclable transfer bags can be reused more than 100 times, saving more than 50% of the cost each time. As of the end of 2022, 13,777,500 recyclable transit bags were used in the whole network each year, and 32.25 million had been used on cumulative terms</p> 	<p>ZTO Express is carrying out the "Recycling Program" to promote packaging classification, recovery and recycling. As of the end of 2022, a total of 25,327 green recycling devices had been put to use</p> 
			

ZTO Express' green parcel packaging

Note*: The "9917" project refers to achieving a 90% proportion in the procurement and use of standard packaging materials, and a 90% proportion of standardized packaging operations, distributing 10 million recyclable express delivery boxes, and recycling 700 million corrugated cartons by the end of 2022.

In addition, ZTO Express has put up posters on the theme of plastic reduction in local business premises or next to the recycling facilities of packaging waste, to advise the express delivery users on the standard packaging process, promote green delivery and push forward the green transformation of economic and social development.



Green campaign posters (left) and green packaging (right)

Packaging procurement volume	Unit	2022 data
Transparent tape	kg	621,440
Waybill	kg	26,309,070
Water-proof bag	kg	2,926,800
Envelope	kg	27,437,625
Other packaging materials	kg	88,170
Package density	kg/million yuan	1,622.05

Note: The method of calculation for transparent tapes has changed from the previous years. In the previous years, the overall procurement volume was estimated based on the procurement volume in the East China region. Thanks to better system data in 2022, the overall estimate made based on the centralized procurement data at the headquarters is closer to the actual situation. Other packaging materials include cardboard boxes and transfer bags.

Information system empowers the use of green packaging products

To further improve the efficiency of packaging utilization and reduce environmental pollution, ZTO Express has independently developed an environment-friendly bag system, providing effective support for the use, management and operation of environment-friendly bags across the network, and enabling real-time monitoring of the use of environment-friendly bags in various centers and outlets. The online processing of offline operation data has reduced the use of woven bags in the outlets, lowered their business costs and contributed to the green development of the express delivery industry.



ZTO Express' environment-friendly bag system

Strengthening pollution prevention and control

ZTO Express strictly abides by the requirements of relevant laws and regulations, including the Law of the People's Republic of China on Environmental Protection, the Implementation Opinions of the State Post Bureau on Comprehensively Strengthening Ecological and Environmental Protection and Resolutely Fighting the Battle of Pollution Prevention and Control. We have formulated and improved the system and management mechanism for resource use and pollution prevention to regulate the management of resource use and emissions. We also undertake to reasonably use water resources and ensure compliance of the waste gas, waste water and waste generated to eliminate environmental risks caused by mishandling. At the same time, through management optimization and equipment upgrading, we have improved the efficiency of resource use, reduced the generation of pollutants and waste at their source, and mitigated the negative impact of our production and operation on the environment.

Pollutants	Discharge & emission management initiatives
Waste water	<ul style="list-style-type: none"> Integrating the concept of sponge city into the design and construction of office sites Deploying rainwater recycling system and water reuse system to improve water efficiency and reduce wastewater discharge
Waste gas	<ul style="list-style-type: none"> Using solar energy, liquefied natural gas and other clean energy to reduce the generation of waste gas Reducing pollutant emissions through rational planning of transportation routes and application of high-horsepower models
Waste	<ul style="list-style-type: none"> Collecting and managing hazardous waste and general solid waste on a category basis, and entrusting qualified third parties to dispose of different types of waste in compliance with regulations Reducing the generation of waste such as packaging and consumables by promoting green packaging and applying intelligent sorting equipment

Waste gas	Unit	2022 data	Waste	Unit	2022 data
Total emissions	Ton	7,848	Non-hazardous waste	Ton	3,168
Nitrogen oxides (NOx)	Ton	7,241	Hazardous waste	kg	3,936
Sulfur oxides (SOx)	Ton	8			
Particulate matter	Ton	599			

Note: The amount of non-hazardous waste is estimated based on the cost of non-hazardous waste treatment, and the amount of hazardous waste is estimated based on the ratio of the weight of hazardous waste sources procured to the total consumption of the year; The scope of statistics in 2022 has been expanded than before, and the data for 2020 and 2021 have been retrospectively recalculated.

Note: Waste gas emissions are derived from diesel vehicles, and the amount of waste gas emissions is calculated based on the Annex II: Reporting Guidance for Business on Environmental Key Performance Indicators of the Listing Rules of the Hong Kong Stock Exchange.

Water resource	Unit	2022 data
Water intake	Ten Thousand Ton	421.1
Water discharge	Ten Thousand Ton	400.1
Water consumption	Ton	21.0
Water consumption density	Ton/million yuan	5.95

Note: The Company's water intake is supplied by municipal water.



Putting People First, Building Dream Together

ZTO Express values the efforts and contributions of every employee. Following the philosophy of "talents are the hard power", we make continuous efforts to improve the mechanism for protecting employees' rights and interests, create a healthy, equal and inclusive working and living atmosphere, support employees' growth, and provide them with heart-warm benefits. We aim to make progress together with our employees, and ensure the stable and lasting development of the Company.

Topics addressed in this chapter

- Employee rights and benefits
- Diversity and inclusion
- Occupational health and safety
- Employee training and development

SDGs addressed in this chapter



Our actions

- Providing competitive compensation and benefits and a variety of employee care activities, building a comprehensive human rights protection system, establishing open channels for employee communication, and protecting employee rights and interests
- Caring for female employees, foreign employees and ethnic minority employees to foster a diverse and inclusive workplace environment
- Strengthening the safety management system, setting safety management goals, conducting health and safety training, and ensuring the implementation of safety protection measures
- Establishing a sound and clear mechanism for career development, and cultivating potential talents

Topics addressed in this chapter

- Community participation
- Rural revitalization and common prosperity

SDGs addressed in this chapter



Our actions

- Carrying out public welfare activities on education support and paying attention to the disadvantaged groups
- Organizing activities to show care for outdoor front-line workers, supporting community development, and adding warmth to cities
- Supporting local communities and the country in pandemic response and disaster relief, and leveraging the strength of the industry to undertake charity transportation tasks

Ensuring the protection of employees' rights and interests

Upholding the core values of "shared success, trust and accountability, innovation and entrepreneurship", ZTO Express is strictly carrying out work related to the protection of employees' rights and interests, and safeguarding the lawful rights and interests of employees. We focus on enhancing employees' sense of belonging and happiness, and endeavor to provide a warm and trustworthy home for employees, and share the fruits of development with employees. During the reporting period, the signing rate of labor contracts was 100% among employees, while the coverage rate of payment of "five insurances and one provident fund" was 100%.

Commitment to human rights

ZTO Express has put in place a comprehensive human rights protection system, strictly abided by the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Minors, the ILO Conventions and other laws and regulations, and formulated internal rules and regulations such as the Employee Management Policy and the Recruitment Management Policy based on the principle of equality and democratic consultation. We also strictly prohibit the employment of child labor and forced labor, and make sure that all our recruited employees have reached legal working age. At the same time, we pay attention to diversity and inclusion, oppose discrimination, protect women's rights and interests, and prohibit violence and harassment. In the case of problems in this regard, we will deal with them in accordance with the corresponding management policy to ensure that no employee will be treated differently due to factors such as gender, age, nationality, race, religious belief, family and health status. We also ensure that the respect for and protection of human rights are observed in all aspects of our operations. In addition, the Company has set up a reporting email address and telephone hotline to encourage employees to promptly report human rights violations and illegal labor use to the relevant departments. During the reporting period, ZTO Express was not involved in any major labor disputes and received no complaints relating to human rights issues.

Employment and retention

ZTO Express is continuously revising and improving its internal regulations such as Recruitment Management Policy, Management Measures for Interviewer Certification, Training Management Measures, Management Measures for Employee Promotion, Management Measures of the Group for Honors and Rewards, and Welfare Management Policy, providing clear modules on background vetting, transfer and retention, job promotion, and personal profiling. Following the principles of "fairness, efficiency, competition and results" and adopting the forms of online, systematic and standardized interviews, we make sure our recruitment process is scientific and effective. In terms of recruitment channels, the Company has organized diverse forms of recruitment activities, including internal recommendation, internal competitive recruitment and external recruitment, to attract more outstanding talents.



Main recruitment channels of ZTO Express

Promoting talents from within the Company, creating opportunities for all

Under the "upward mobility" program, ZTO Express is actively looking for talents in various centers and outlets at the grassroots level. We are committed to providing equal opportunities for career development to all employees, and motivating employees in all fields and at all levels to bring out their best, to locate talents that have ability, commitment and potential. In the meantime, ZTO Express is making every effort to provide a platform for employees to display their talents and create long-term values together with them.

As of the end of 2022, ZTO Express had a total of 24,888 employees, and 59,000 outsourced personnel. The distribution and turnover of employees are as follows:

	2021	2022	Employee turnover rate in 2022	
Number of employees	23,865	24,888	Gender	Male 22.68%
Gender	Male	15,451	Female	26.48%
	Female	8,414	Age	29 and below 35.67%
Type of employment	Full-time	23,865	30-50	18.69%
	Part-time	0	Over 50	18.38%
Age	Under 30	6,440	Geographic area	Shanghai 17.19%
	30-50	14,836	Other than Shanghai	25.23%
	Over 50	2,589	Job grade	Executives 8.02%
Geographic area	Shanghai	3,564	Senior managers	13.56%
	Other than Shanghai	19,537	Workers	25.24%
			Ethnic group	Ethnic minority 26.67%
			Employee turnover rate	24.09%

By the end of 2022, ZTO Express welcomed 6,813 new employees, and the average recruitment cost was RMB512. The distribution of the new employees is as follows:

	2022
Gender	Male 3,985
	Female 2,828
Age	29 and below 3,908
	30 - 49 2,544
	50 and above 361
Job grade	Executives 9
	Senior managers 440
Ethnic group	Workers 6,364
	Ethnic minority 466



Democratic management

ZTO Express attaches importance to communication with employees and has put in place a broad-based and effective employee communication mechanism. Through employee roundtables, face-to-face interactions, communication mailboxes and hotlines, daily feedback and other means, we actively seek employees' suggestions and promptly address issues and difficulties. By creating such a system of democratic management for all employees, we have enhanced employees' sense of ownership. In addition, we also give full protection to employees' right to freedom of association, and employees can organize or join social groups with continuous operation in accordance with legal procedures. We conduct employee satisfaction surveys to heed and respond to employees' call, and endeavor to foster a pleasant and satisfying work environment for our employees. During the reporting period, we achieved an employee satisfaction rate of 88.43 based on assessment on seven dimensions, including corporate mission, organisational structure, leadership/management, relations and processes, rewards and incentives, support mechanism, and attitude towards change.

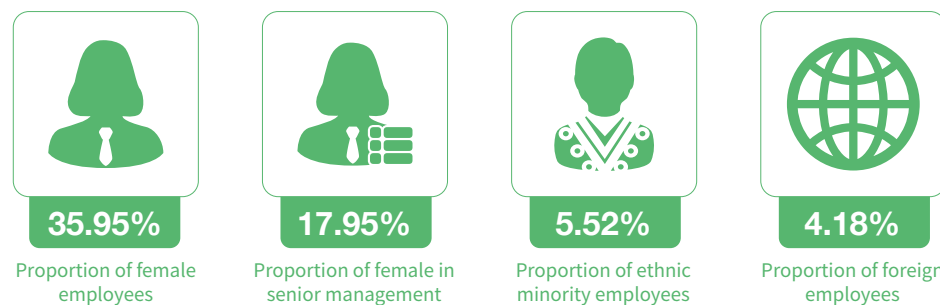


Main communication channels of ZTO Express

ZTO Express has set up a labor union, and strictly abides by the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Collective Contract Regulations of Shanghai Municipality, and other laws and regulations to connect employees with the management team, and promote sustainable development of the enterprise. In 2022, the Company's labor union held the fourth employee representative assembly, and signed a new Collective Contract on Wages, with update on the provisions for salary, working hours, special protection for female employees and other matters. During the reporting period, the Company had 1,638 labor union members, and the coverage rate of collective contract was 100% among employee.

Employee diversity

ZTO Express is committed to creating an open, diversified and inclusive corporate culture and working environment. We have established special protection contracts for female employees to protect the rights and interests of female employees on all fronts and respect the customs of employees with different cultural and ethnic backgrounds. In addition, we actively create job opportunities for veterans and people with disabilities and aim to cultivate an open-minded and responsible workforce. As of the end of 2022, female employees accounted for 35.95% of the Company's total workforce, 36.63% of its management positions (at team leader level and above), 17.95% of its senior managers, and 44% of its junior managers. Meanwhile, women held 31% of the management positions in the Company's revenue-generating departments and 23% of its STEM-related positions. Ethnic minority employees and foreign employees accounted for 5.52% and 4.18% of the Company's workforce respectively.



Protection of courier rights and interests

In compliance with the Opinions on the Protection of the Lawful Rights and Interests of Couriers jointly issued by the Ministry of Transport, the Ministry of Human Resources and other related authorities, ZTO Express provides couriers with timely and reasonable remuneration for their labor service through direct payment of delivery fees to couriers on their APP. The Blue Bee Project Department, a special department of the Company, established a sound protection system for the rights and interests of couriers in terms of labor and employment, social insurance, medical and health care, and vocational training, building a robust shield of protection for courier rights and interests. During the reporting period, we organized seminars on the protection of courier rights and interests, meeting with the Chairman and other activities to learn about the needs of couriers, refine the relevant solutions and follow up on their implementation to ensure stable income for couriers and enhance their sense of belonging and happiness.

• Seminars on courier rights and interests, empowering outlets to show care for couriers

In 2022, ZTO Express organized seminars on the protection of courier rights and interests in Henan, Shandong, Fujian, Yunnan and Sichuan. The heads of the network management department, the service quality department and several other divisions, as well as over 100 courier representatives attended the seminars. The management team and the couriers had an in-depth, face-to-face communication on the issues in their daily work and the initiatives to strengthen the protection of courier rights and interests. The management centers conducted active discussions and took actions based on the opinions expressed by the couriers to make sure that the voices of couriers around the country can be heard and their concerns addressed, and that the couriers will get a stronger sense of security, ownership and fulfillment.



Seminar on the protection of courier rights and interests

Reinforcing the protection of occupational health and safety

ZTO Express believes that ensuring employee safety is an important underpinning for the high-quality development of the company. Therefore, we always put employees' life and health above everything else, place equal emphasis on safety and development, and see that development and safety are mutually dependent and complementary. We have worked to strengthen the safety management system, set clear goals on occupational safety management and taken effective steps to identify safety risks, so that our employees can always have their safety guaranteed and work with dignity.

Safety management

ZTO Express strictly abides by the Law of the People's Republic of China on Work Safety, the Work Safety Management Regulations on Construction Projects and other relevant laws and regulations, and is making vigorous efforts to promote safety management, and build an enterprise of intrinsic safety. We have established an organizational structure of safety management covering the HQ, centers and frontline operations. At the HQ, we have set up a work safety management committee led by the Chairman, and at the frontline, we have put in place safety officers and safety representatives. By linking the Company's health and safety performance with the performance appraisal of the members of the work safety management committee, we have standardized and refined the safety management procedures. During the reporting period, we adopted and improved several internal rules and policies, including the Fire Safety Management Regulations, the Mechanism for Handling Delivery Safety Emergencies, the Real-Name Delivery Safety Management Policy, the Information Security Management Rules for Parcel Operation Sites, and the Postal Route Safety Management Regulations, and carried out work safety inspections. We regularly review the construction of all occupational health and safety systems and mechanisms within the scope of our business, and continuously improve the health and safety systems applicable to all our employees as well as contractors and other partners. We have achieved the safety goal of "reducing the incidence of major accidents and responsible accidents YoY" in 2022 and ensured that the principle of safety management is implemented in all aspects of our operations.

Identification of safety risks

ZTO Express has strengthened the identification, classification management and response to safety risks, divided safety risks into five levels, and established emergency plans and emergency response mechanisms for major risks. We have conducted the identification and early-warning of climate risks including typhoons, cold spells, heat waves and other extreme weather-related risks, and strengthened the control of climate risks with the installation of additional fans, regular medical checkups, CPR emergency drills and other measures. In addition, we regularly organize safety risk training for all employees to help them better prevent and deal with health and safety risks, bring their actions in line with their safety awareness, and effectively reduce safety risks.



Occupational health

ZTO Express abides by the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, the ILO Guidelines for Occupational Safety and Health Management Systems and other relevant laws and regulations, and has passed the certification of ISO45001:2018 Occupational Health and Safety Management System, and established a health protection mechanism. We publish the Health Knowledge Manual on a quarterly basis, and regularly organize health training sessions and seminars to raise employees' awareness of health protection, prevent accidents in the workplace, reduce the occurrence of occupational diseases, and create a safe and comfortable working environment for all employees. During the reporting period, we did not have any incidents related to occupational diseases.

ZTO Express provides comprehensive safeguards for the safety of employees, and faithfully abides by the requirement of safety management, risk identification, facility safety and rigorous implementation to strengthen the backstop for "Safe ZTO".



Certification of occupational health and safety management system

● Road safety


ZTO Express has formulated and regularly reviews rules and regulations such as the Qualification Review and Control Mechanism for New Drivers and the Regulations on Road Safety Supervision and Punishment to ensure driver and road safety of the transportation fleet in the three aspects of organization, mechanism and system.

 <p>Organization</p>	<ul style="list-style-type: none"> • At the national level, we have at least one safety officer for each fleet. • One safety person in charge for each region/provincial area. • All fleets are equipped with full-time supervisors to provide timely warning and intervention for potential driver violations.
 <p>Mechanism</p>	<ul style="list-style-type: none"> • Supervisor assessment mechanism • Tire temperature and pressure warning equipment • "Driver's home" establishment • Vehicle dispatch/shift inspection • Education of road safety knowledge
 <p>System</p>	<ul style="list-style-type: none"> • Formulation and regular update of rules and regulations such as the Qualification Review and Control Mechanism for New Drivers and the Regulations on Road Safety Supervision and Punishment • Criteria for vehicle boarding on special roads • Clear accountability system for accidents • Standardized six-item inspection by drivers before dispatch

ZTO's Road safety management

● Site safety

ZTO Express has established a regular practice of online inspection of site safety and adopted the Acceptance Standards for Ensuring the Production Safety of Site Equipment. Based on the intelligent safety inspection system, we continue to screen and redress the hidden dangers in our daily operations, strengthen the safety rules for equipment and process, and raise the safety protection standards of equipment.

 <p>Separating the flow of people and vehicles to strengthen site safety</p>	<p>The lack of human-vehicle separation and effective supervision could easily cause safety accidents. Based on the investigation and analysis of accidents, ZTO Express has adopted proper response measures to ensure the implementation of the special plan for separating the flow of people and vehicles at old sites, strengthened the supervision over the passage of people and vehicles during peak hours, and implemented measures such as the punch-in system for site inspection to strengthen the prevention of major safety accidents at such sites and ensure the safety of ZTO sites.</p>
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ZTO's site safety management

Safety training

ZTO Express always puts safety first and focuses on prevention. Therefore, we pay attention to cultivating the safety awareness of all employees and conducting crisis management and encourage employees to look for and report hidden dangers on their own initiative. We have also launched a company-wide campaign on safety culture to enhance employees' awareness of workplace safety and self-protection ability, and build a solid foundation for promoting safe development.

● Carrying out comprehensive safety training to gather the strength of safety for ZTO

ZTO Express provides employees with a series of safety training activities, including regular training for safety personnel, special training for emergency volunteers, training in regular pre-shift meetings, and training for special operators, covering subjects such as professional skills of safety personnel, fire safety knowledge, daily screening of hidden dangers, spontaneous combustion prevention and self-rescue, and road safety emergency measures. Through these training initiatives, we have boosted the safety awareness of our employees, and strengthened the Company's all-round, all-process, all-weather capability for safety management in all corners. During the reporting period, we organized a total of 6,243 training sessions, which were participated by 526,000 employees (person times), achieving an employee coverage rate of 96%.



Special training for safety personnel

During the reporting period, there were 69 work-related injury incidents and 7 deaths at the Company. The total number of lost workdays due to work injury was 1,111 days, and the accident rate of lost workdays per million working hours was 0.16. We take all incidents of work injury seriously, and have conducted safety management reviews and reflections, strengthened the screening of hidden dangers, and implemented corrective measures to avoid the recurrence of safety accidents to the maximum extent.

Safety statistics	Unit	2020	2021	2022
Work-related fatalities	Person	10	10	7
Work-related fatality rate	%	0.04	0.04	0.03

COVID-19 prevention and control

As a leading enterprise in the industry, ZTO Express actively responded to the country's COVID prevention and control policy, and continuously tracked the pandemic situation. We organized special working sessions on pandemic response and outlet support, and introduced 9 heart-warming support initiatives for our outlets and couriers, including specific steps for managing the pandemic's impact, ensuring stable jobs and production, relieving the pressure on employees and keeping their income stable, and protecting employees' rights and interests. These support efforts have ensured the safety in all links our operation and provided all-round protection for the health of employees and partners.

Network support and relief

- On top of the RMB100 million "Courier Care Fund" established in 2021, an additional RMB50 million was provided to support couriers and their families in the ZTO network suffering from illness and accidental injury.
- On top of the RMB100 million of COVID response fund, an additional RMB50 million was provided to strengthen protection of the health and safety of frontline employees, ensure the security and stability of the network, and fulfill our social responsibilities.
- ZTO Finance provided an additional RMB500 million of discounted COVID special loans to help relieve the financial pressure suffered by the outlets due to pandemic control measures.

COVID prevention support for outlets

- We provided anti-pandemic supplies to outlets affected by the pandemic through our provincial and regional centers.
- We required our provincial and regional centers as well as transit centers to arrange professional testing agencies to provide free nucleic acid testing for outlet staff in their vicinity.
- We required our provincial and regional centers to make available sufficient isolation rooms to provide site support for outlets in need.

Reducing the burden and ensuring stable income for outlets

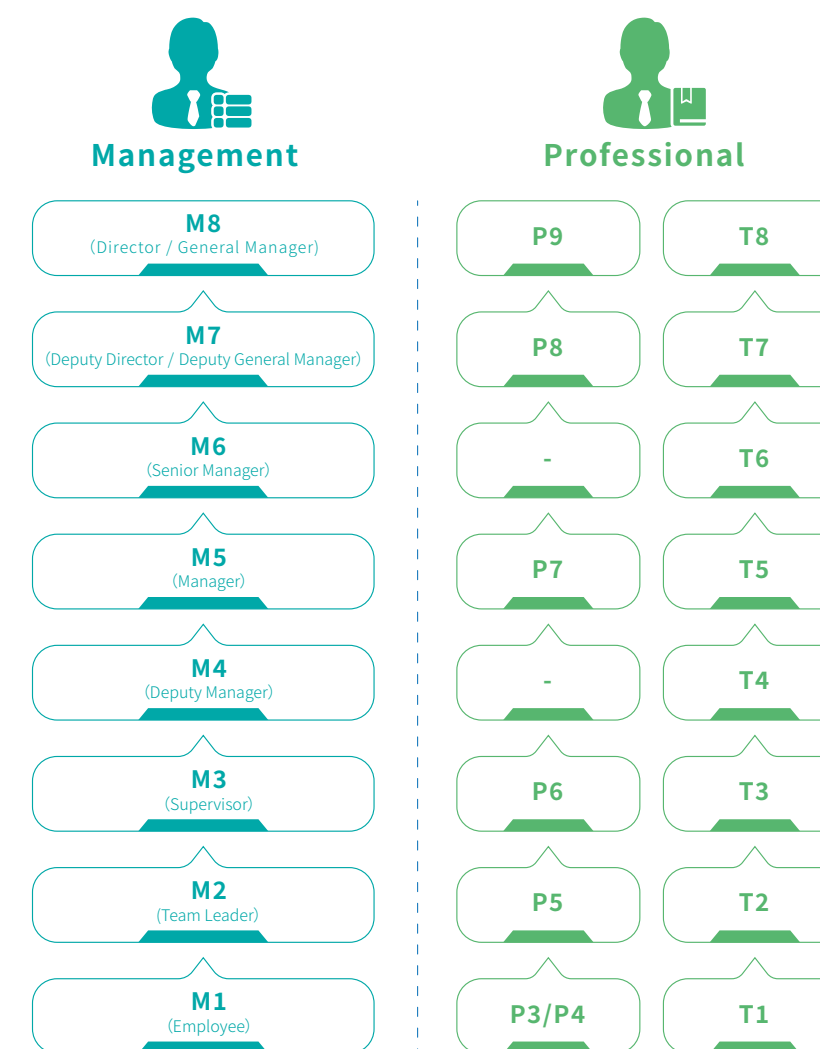
- We provided empowerment support to outlets in terms of pickup and delivery policy, reduction and exemption of delivery cancellation fee, reduction and exemption of worksheets, subsidies for fresh food delivery, etc.

Helping employees grow

ZTO Express provides employees with a platform for pursuing their career and bringing out their talent. We have made targeted plans on talent cultivation, developed diversified training courses, and expanded the learning channels for employees to unlock their growth potential, improve their professional ability and grow together with them.

Employee development

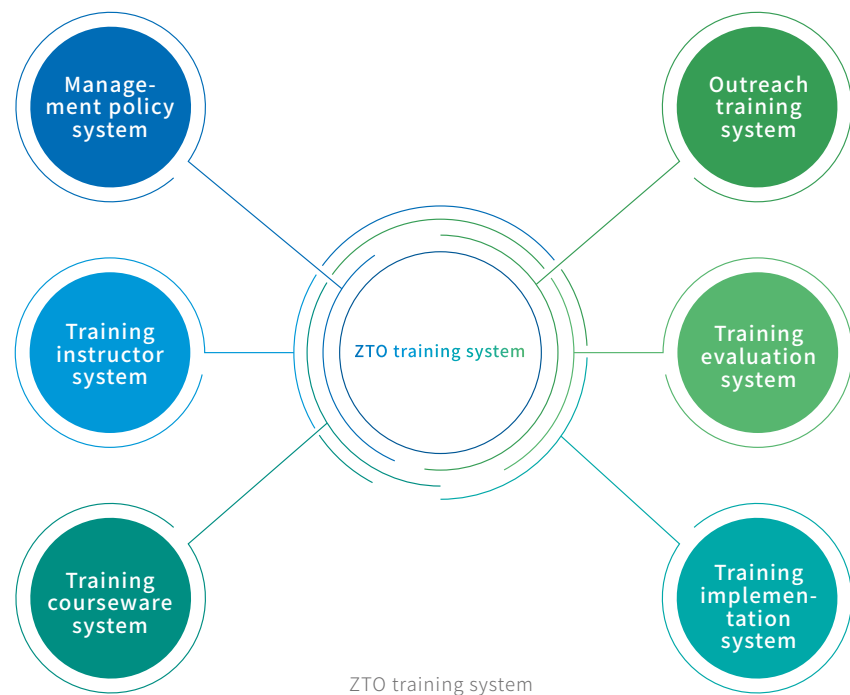
ZTO Express attaches high importance to the development of employees, continuously optimizes the Policy for Employee Promotion Management and other management policies, and endeavors to provide employees with a clear and focused career path consistent with their wishes and expertise; regularly conducts performance evaluations in connection with career development for all employees, encourages each department to identify, select and cultivate outstanding talents with growth potential, provides them with practical support and opportunities for taking challenges, and encourages them to take on heavier responsibilities; at the same time, we provide all employees with open and diverse choices, keep them motivated in pursuing learning and progress, and support them in seeking titles and salaries matching their efforts.



ZTO's twin channels for talent development

Employee training

To help employees better explore their potential and continue to grow into talents, the Company has formulated the Training Management Policy, the Training Program for Management Trainees and other internal management systems, and regularly conducts comprehensive and targeted training courses on the theme of "comprehensive empowerment and innovation". We have expanded learning channels and organized a variety of online and offline training activities to help employees pursue their learnings with greater flexibility and autonomy, create a progressive and dynamic working atmosphere, and continuously improve employees' ability to apply what they learn, recreate in learning and realize their personal values. During the reporting period, the Company held 334 employee training sessions, with 15,460 trainee-times. In all, 6,932 employees received training, the coverage rate of employee training reached 27.85%, with a total training duration of 55,456 hours and an average training duration of 8 hours per employee.



Category	Unit	2022	
Average training hours of employees in different categories	Average training hours of male employees	Hour	9
	Average training hours of female employees	Hour	6
	Average training hours of senior managers	Hour	16
	Average training hours of mid-level managers	Hour	12
	Average training hours of primary-level employees	Hour	7

Category	Unit	2022	
Job grade	Number of executives trained	Person	21
	Percentage of executives trained	%	0.30
	Number of senior managers trained	Person	821
	Percentage of senior managers trained	%	11.85
	Number of workers trained	Person	6,090
	Percentage of workers trained	%	87.85
Gender	Number of female employees trained	Person	2,773
	Percentage of female employees trained	%	40.00
	Number of male employees trained	Person	4,159
	Percentage of male employees trained	%	60.00

"Baiyou" talent training series, grounding on reality for long-term growth

"Baiyou" is a key talent training program of ZTO Express. It aids with the promotion of the Company's employees by strengthening their overall competence and management ability. We have launched the "Baiyou Flying Eagles/Eagles" training program, with a wide range of courses on topics such as business services and management; held a series of educational and fun activities for employees such as bonfire party and academic seminar, and organized a final examination to make the studies more effective. During the reporting period, the training sessions attracted a total participation of 4,212 employees (person-times), and helped them improve their professional knowledge and capabilities, focus on the available conditions, and pursue long-term development in the future.



Live scenes of "Baiyou" training sessions

• Training management trainees to help them achieve rapid growth through practice

ZTO Express has launched a special cultivation program for management trainees. Following the philosophy of "achieving growth through practice", we have put in place a multi-layered training system of "inclusion, integration and innovation". With focused and clear development paths and goals for management trainees at each stage, supplemented by a series of management training courses, we help our trainees improve both management and professional abilities, gradually transform themselves, and bring out their best, so that they can achieve their personal values and take on greater responsibilities on their jobs. During the reporting period, we organized over 30 training sessions, attended by over 120 management trainees.



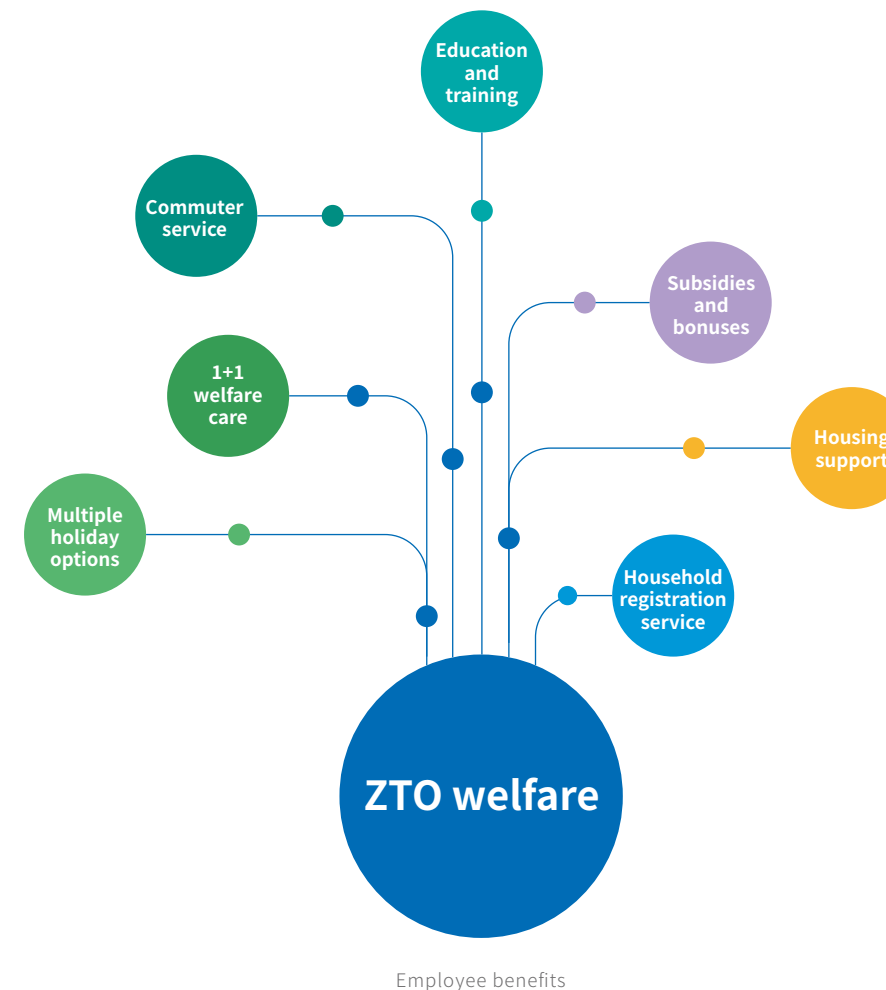
Special training for management trainees

Caring for employees with heart

ZTO Express values every employee and aspires to build harmonious relations and seek common development with all employees. We see employees as "family members", care for them with our heart, take their interests close to our hearts, and make concrete efforts to address their needs. We always give each other support, help each other succeed, and work together to promote the sustained business growth of ZTO Express.

Welfare system

ZTO Express continuously improves the system of employee compensation, benefit and welfare in line with the principles of "more work, more pay; better work, better pay; and equal pay for equal work", and optimizes the practice of performance management to strengthen the performance-based incentive mechanism, and ensure scientific and equitable salary distribution and competitive salary standards. In addition to the five basic social insurances and the housing fund, legal holidays and other statutory benefits, we have also established seniority awards, paid family leave, family 1+1, education and training subsidies, and provide shuttle buses, housing policies, exclusive household registration services, breastfeeding rooms and childcare classes to enhance employees' sense of gains and happiness.



ZTO Express also attaches importance to the welfare of couriers. We have provided coverage of the "Courier Group Insurance" to all couriers and launched the "Courier Care Fund" to support ZTO couriers and their families suffering from illness and accidental injury, and further consolidate the support and protection for couriers.

Employee care

The Company carries out various forms of employee-centered activities to enrich their life in spare time, strengthen the communication among employees, and bring the care of the Company to them as they firmly pursue their career goals.

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"ZTO Express Family Day", forging close family bond

To commemorate the listing of ZTO Express on the New York Stock Exchange, we launched the "ZTO Express Family Day" in the Company. During the Family Day in 2022, we collected the stories of 50 families, and presented 20 of them in an online demonstration to showcase the shared commitment of the "big family" of ZTO and the "small family" of individual ZTO employee. The Family Day event strengthened the connection and emotional bond between the "big family" and the "small family" and conveyed ZTO's conviction and determination to bring happiness to every employee's family, and its ardent aspiration for all employees to join, trust and love the ZTO family.



ZTO Family Day

"Thank-you" event, appreciating the care and love of the ZTO family

With the theme of "salute to our hardship-defying employees", ZTO Express organized a special event, encouraging all employees to appreciate the love of their "family" and be a "good family member", appreciate the love of the "company" and be a "good employee", and appreciate the love of the "country" and be a "good citizen". We arranged a variety of activities, including flower arrangement, graffiti inspirations, family photos with former co-workers, happy hour and lucky draw, to help our employees relax their body and mind, practice their manipulative skills, enjoy quality time with their children, experience the Company's happiness culture, and gain a stronger sense of happiness and belonging.



"Salute to our hardship-defying employees" theme activity

● "We Love ZTO" retirement ceremony, "together forever" with ZTO

In 2022, ZTO Express held a solemn and heart-warming retirement ceremony for the retired employees, and the employee representatives who attended the ceremony explained the essence of "together forever" with their own professional experience, and shared their stories on the theme of "We love ZTO" with all fellow employees. Through the event, the retirees felt the care from the Company and left with beautiful memories at the end of their career.



Retirement ceremony of ZTO Express employees

Warm "Bee" campaign

ZTO Express attaches importance to showing care for couriers. The Company has launched a warm "bee" campaign on the theme "with you, winter is not so cold" in 16 regions, including Heilongjiang, Liaoning, Jilin, Beijing, Tianjin, Hebei and Shaanxi, providing couriers with free winter-warming kits and warm huts to bring to them the care of the ZTO family and improve their sense of belonging, gains and happiness.

● Warm "bee" in winter, Ningxia ZTO sends warmth to couriers

During the reporting period, the Ningxia ZTO Management Center launched a winter warming campaign, setting up "warm huts" to provide free rest areas, drinking water and cell phone charging services for couriers who are busy working outdoors. At the same time, free gloves, ear muffs, knee pads, thermo bottles and other winter supplies were distributed to show our care for fellow members of the ZTO family working on the frontline.



Distributing winter supplies for couriers

● Bringing warmth on Winter Solstice, passing on the love of ZTO

On the day of Winter Solstice, the ZTO Northeast Management Center and Shaanxi Management Center prepared steaming hot dumplings for frontline couriers and staff, and distributed warm winter supplies such as thermo bottles, gloves, knee pads and ear muffs, bringing warmth to the members of the ZTO family on the cold winter day.



Employee activity on Winter Solstice

Giving back to the community with love

ZTO Express is committed to taking social responsibility beyond the business domain and spreading warmth and love wider and farther. During the reporting period, we continued to follow the development of public welfare undertakings and acted on our social responsibility with all-round actions; we worked with partners to carry out public welfare activities, including student assistance, community support, and fighting the pandemic and disasters, and spread positive energy of the industry; we acted on our corporate mission of "bringing happiness to more people through our services" and served the public with the positive power of business. During the reporting period, ZTO Express invested RMB7,998,384.26 in public welfare programs, including RMB7,457,582.41 in cash and RMB540,801.85 of in-kind donation.

Student assistance

ZTO Express continues to care for the life and education of poor children in mountainous areas and joins hands with social welfare organizations to improve the living and learning conditions of rural children by donating material supplies, paying for their tuition fees and showing our care for them. Through these initiatives, we inspire them to stay positive, study hard, and endeavor to grow into pillars of society.

• "Dream 1+1" student assistance program, lighting up the beacon of hope

ZTO Express supports rural education and provides various forms of assistance to promote education development in poverty-stricken areas, and spread the positive energy of the express delivery industry. Under the "Dream 1+1" student assistance program on the theme of "gathering the power of love", we donated RMB50,000 to the Shanghai Huaxin Town Disabled Children's Nursery, and joined other charity organizations in donating nearly 200 parcels of daily necessities, school supplies, and summer products. We transferred these heart-warming supplies to ZTO Hope School in Minjian Township, Yunlong County of Yunnan Province, ZTO Hope School in Lanping County, Central Elementary School in Liuxi Township of Yiliang County, Sungou Elementary School in Liuhe Township, Fangcheng County of Henan Province, and No.4 Elementary School in Tianzhen County of Shanxi Province, and distributed them to the local students, bringing to them care and hope.



"Dream 1+1" student assistance program

Spreading love

Committed to being the creator of a better life, ZTO Express continues to support the building of local communities and cities. We have carried out a series of public welfare activities for outdoor workers on the frontline to show our love and care for them and build a city with warmth.

• Sending refreshment and warmth, caring for the city's protectors

ZTO Express launched a seasonal campaign on the theme of "enjoy a cool summer" and "with you, winter is not so cold" to bring refreshment and warmth to outdoor workers such as couriers, delivery workers, traffic police, sanitation workers, construction workers and healthcare workers, and convey ZTO's most sincere appreciation to the protectors of our cities. The campaign covered 80 ZTO outlets in 26 cities across the country, providing outdoor workers with more than 100,000 bottles of pure water, over 30,000 bottles of beverages and Chinese herbal drinks, and nearly 20,000 sets of "six-in-one winter warm-keeping set" for free, bringing the care and warmth of ZTO to the outdoor workers.



"Enjoy a cool summer" seasonal campaign

Fighting the pandemic and disasters

Despite the hardships and dangers of the pandemic, all ZTO Express outlets joined in the public welfare transportation, and made maximum efforts to ensure the smooth logistics and supply of materials during the pandemic.

Public welfare transportation of "Luo shi" rice noodles, supporting the battle against the pandemic

Entrusted by the government of Liuzhou City of Guangxi province and Liuzhou Luo Shi Rice Noodle Association, ZTO Express undertook the public welfare task of transporting the Liuzhou "Luo Shi" rice noodles donated by local volunteers to support the pandemic in Baise city. We fully leveraged our transportation capacity and channel advantages, and shipped RMB1.1 million of material supplies, including about 100,000 packages of "Luo Shi" rice noodles and 10 tons of green vegetables, to Baise, bringing love and warmth to help the people of Baise get through the pandemic.



Public welfare transportation of donated anti-pandemic supplies

Appendix 1: Key Performance Indicators (KPIs)

Indicator	Unit	2020	2021	2022	
Business performance					
Parcel volume	100 million parcels	170	223	244	
Pickup/Delivery outlets		30,000	30,400	31,000	
Domestic sorting hubs		94	99	98	
Automated sorting equipment	Set	339	385	458	
Line-haul vehicles		10,450	10,900	11,000	
Line-haul routes		3,600	3,700	3,750	
High-capacity trailer trucks		7,900	9,000	9,700	
Environmental*					
Direct energy consumption					
Diesel	Ton	372,315	428,693	420,256	
Indirect energy consumption					
Purchased power	MWh	180,284	232,308	233,246	
Energy consumption					
Direct energy consumption	Ton of standard coal equivalent	542,500.19	624,648.57	612,355.02	
Indirect energy consumption	Ton of standard coal equivalent	22,156.90	28,550.65	28,665.93	
Overall energy consumption	Ton of standard coal equivalent	564,657.09	653,199.22	641,020.95	
Energy consumption intensity	Ton of standard coal equivalent/10,000 RMB	0.224	0.215	0.181	
Greenhouse gas emissions					
Direct emissions (scope I)	Ton of CO ₂	1,173,264	1,350,926	1,324,339	
Indirect emissions (scope II)	Ton of CO ₂	109,991	134,971	133,020	
Other indirect emissions (scope III)	Transparent tape	Ton of CO ₂	1,146	1,921	1,718
	Waybill	Ton of CO ₂	40,288	46,096	49,251
	Other	Ton of CO ₂	54,967	78,629	78,945
Total greenhouse gas emissions (scope I + scope II + scope III)	Ton of CO ₂	1,379,656	1,612,543	1,587,273	
Greenhouse gas emission intensity	kg of CO ₂ /10,000 RMB	547	531	449	
	kg of CO ₂ /parcel	0.081	0.072	0.065	

*A new method for calculating diesel fuel statistics was adopted in 2022, and applied back to the diesel fuel consumption in 2020 and 2021. The statistics of direct energy consumption, overall energy consumption, energy consumption intensity, direct greenhouse gas emissions, total greenhouse gas emissions, greenhouse gas emission intensity, and waste gas emissions in 2020 and 2021 have been recalculated using this method. The average emission factor of China's power grid has been used in the calculation of indirect greenhouse gas emissions, and applied back to the statistics of indirect greenhouse gas emissions in 2020 and 2021.

Water resources				
Total water intake	10,000 tons	340.4	400.7	421.1
Waste				
Total amount of non-hazardous waste	Ton	3,482	5,645	3,168
Non-hazardous waste discharge density	Ton/million RMB	0.138	0.186	0.090
Total amount of hazardous waste	kg	500	600	3,936
Hazardous waste discharge intensity	kg/million RMB	0.020	0.020	0.112
Waste gas				
Sulphur oxides (SOx)	Ton	7	8	8
Nitrogen oxides (NOx)	Ton	6,347	7,451	7,241
Particulate matter	Ton	456	536	599
Packaging consumable				
Total amount of packaging materials	kg	41,086,878	52,646,062	57,383,105
Packaging materials intensity	kg/million RMB	1,628.62	1,732.70	1,622.05
Electronic waybills utilization rate	%	100	100	100
Total amount of green recyclable transfer bags used	10,000	900	1,856	3,225
Total installation of recycling equipment		21,000	24,000	25,327
Proportion of slim tapes purchase by the headquarters	%	100	100	100
Environmental training				
Environmental training session		10	10	10
Social				
Employee overview				
Total number of employees	Person	22,536	23,865	24,888
Full-time employees	Person	22,536	23,865	24,888
Part-time employees	Person	0	0	0
Male employees	Person	14,648	15,451	15,941
Female employees	Person	7,888	8,414	8,947
Employees aged under 30	Person	6,828	6,440	6,753
Employees aged between 30 and 50	Person	14,085	14,836	14,982

Employees aged over 50	Person	1,623	2,589	3,153
Employees from Shanghai	Person	3,539	3,564	3,848
Employees from regions other than Shanghai	Person	18,997	19,537	21,040
Proportion of ethnic minority employees	%	6.60	6.30	5.52
Number of labor union members	Person	1,098	1,297	1,638
Occupational health and safety				
Work-related fatalities	Person	10	10	7
Work-related fatality rate	%	0.04	0.04	0.03

Appendix 2: Index of ESG Indicators

Aspects, General Disclosures and KPIs		ESG Report 2022
A. Environmental		
Aspect A1	Emissions	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Waste gases include nitrogen oxides, sulfur oxides and other pollutants regulated by national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulfur hexafluoride. Hazardous waste refers to those defined by national regulations.	Responding to climate change Strengthening pollution prevention and control
KPI A1.1	The types of emissions and respective emissions data.	Strengthening pollution prevention and control Key Performance Indicators (KPIs)
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) green house gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Responding to climate change Key Performance Indicators (KPIs)
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Strengthening pollution prevention and control Key Performance Indicators (KPIs)
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Strengthening pollution prevention and control
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Responding to climate change Strengthening pollution prevention and control
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Strengthening pollution prevention and control
Aspect A2	Use of Resources	
General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources are those that can be used in production, storage, transportation, buildings, electronic equipment, etc.	Responding to climate change Promoting green packaging Strengthening pollution prevention and control
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Responding to climate change Key Performance Indicators (KPIs)
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Strengthening pollution prevention and control Key Performance Indicators (KPIs)
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Responding to climate change
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Strengthening pollution prevention and control
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Promoting green packaging Key Performance Indicators (KPIs)

Aspects, General Disclosures and KPIs		ESG Report 2022
Aspect A3	Environmental and Natural Resources	
General disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	Consolidating environmental management Responding to climate change Promoting green packaging Strengthening pollution prevention and control
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Responding to climate change Strengthening pollution prevention and control
Aspect A4	Climate Change	
General disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Responding to climate change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Responding to climate change
B. Social		
Aspect B1	Employment	
General disclosure	(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Ensuring the protection of employees' rights and interests Helping employees grow Caring for employees with heart
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Ensuring the protection of employees' rights and interests Key Performance Indicators (KPIs)
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Ensuring the protection of employees' rights and interests
Aspect B2	Health and Safety	
General disclosure	(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Reinforcing the protection of occupational health and safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Reinforcing the protection of occupational health and safety Key Performance Indicators (KPIs)
KPI B2.2	Lost days due to work injury.	Reinforcing the protection of occupational health and safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Reinforcing the protection of occupational health and safety
Aspect B3	Development and Training	
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training and may include internal and external courses paid for by the employer.	Helping employees grow
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Helping employees grow
KPI B3.2	The average training hours completed per employee by gender and employee category.	Helping employees grow

Aspects, General Disclosures and KPIs		ESG Report 2022
Aspect B4	Labor Standards	
General disclosure	(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Ensuring the protection of employees' rights and interests
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	Ensuring the protection of employees' rights and interests
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Ensuring the protection of employees' rights and interests
Aspect B5	Supply Chain Management	
General disclosure	Policies on managing environmental and social risks of the supply chain.	Strengthening supplier management
KPI B5.1	Number of suppliers by geographical region.	Strengthening supplier management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Strengthening supplier management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Strengthening supplier management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Strengthening supplier management
Aspect B6	Product Responsibility	
General disclosure	(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	Providing quality services
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Providing quality services
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Innovative business development
KPI B6.4	Description of quality assurance process and recall procedures.	Not applicable
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Providing quality services

Aspects, General Disclosures and KPIs		ESG Report 2022
Aspect B7	Anti-corruption	
General disclosure	(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Compliant and clean operation
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Compliant and clean operation
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Compliant and clean operation
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Compliant and clean operation
Aspect B8	Community Investment	
General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Giving back to the community with love
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Giving back to the community with love
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Giving back to the community with love



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