

2021

ESG Report  
ZTO Express (Cayman) Inc.

Bringing Happiness  
to More People  
through Our Services



# About the Report

## Introduction

This annual ESG report is the fifth public release by ZTO Express (Cayman) Inc. The annual report for 2020 was published on March 15, 2021, with the approval of the Board of Directors (BoD).

## Coverage

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

## Time frame

The time frame of this report is consistent with that of the 2021 Annual Report of ZTO Express (Cayman) Inc., which is from January 1, 2021, to December 31, 2021, unless otherwise specified.

## References

The report is prepared with reference to the Environmental, Social and Governance Reporting Guide (or ESG Guide) of Main Board Listing Rules of Hong Kong Stock Exchange (HKEX), China CSR Reporting Guidelines (CASS-CSR4.0) by the Chinese Academy of Social Sciences (CASS), SDG Compass - the guide for business action on the SDGs, and Sustainability Reporting Guidelines (GRI Standards) by the Global Reporting Initiative.

## Preparation Process

The report is prepared with reference to the requirements of the above-mentioned standards and following the steps of peer comparison, information collection, information review, report writing, data review, management approval and report release, to ensure the completeness, materiality, facticity and balance of the report.

## Data

All data in the report are obtained from ZTO Express (Cayman) Inc.'s files and statistical reports, which have been reviewed by relevant departments. Unless otherwise stated, the financial data in the report are based on RMB.

## Quality Commitment

The Company undertakes that the report does not contain any false records, misleading statements or material omissions and that the BoD of the Company is responsible for the facticity, accuracy and completeness of the report.

## Access to the Report

The report is available in simplified Chinese and English and is published in an electronic format, which can be accessed via <https://zto.investorroom.com/ESG>. In case of any discrepancy between the two versions, the simplified Chinese version shall prevail. This report is to be read in conjunction with the "2021 Annual Report" of the Company.

## Information

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Bringing Happiness to More People  
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# Chairman's Letter



## As China Enters the “Era of 100-Billion Parcels”, ZTO Express Keeps Moving Forward Towards “High-Quality Development”

On December 8, 2021, the express delivery sector in China witnessed the arrival of the 100 billionth parcel, a milestone marking that China’s express delivery industry has entered the “era of 100-billion parcels” and China has also embarked on a new journey from quantity-focused development towards quality-focused development. Based on serving the national development strategy and implementing the requirements of the State Post Bureau on the high-quality development of the industry, ZTO Express took up the responsibility to ensure the smooth running of the national economy and strived to play a greater role in serving production and life, promoting consumption upgrade and smoothing economic circulation, and contribute to China’s development for a new era.

**To pursue “high-quality development”, we started the engine for development.** 2021 marks the first year for the implementation of China’s 14th Five- Year Plan (14th FYP), the first year for China to set out on a new journey of building a modern country in all aspects, and the first year to develop an economic development pattern that takes domestic development as the mainstay, with domestic and international development reinforcing each other. To contribute to the implementation of the 14th FYP, ZTO Express strived to explore high-quality development mode, focused more on improving development quality and efficiency and optimizing structure, strengthened brand building, expanded and upgraded service and product offering, and forged ahead in the course of contributing to high-quality development of the country.

**To pursue “high-quality development”, we stepped up to fulfill the mission of the industry.** The express delivery industry is linked to the high-quality development of the economy and society on one end and the people’s aspiration for a better life on the other. ZTO Express stepped up to fulfill the mission of industry development, adhered to the cultural gene of “integrity, sharing, fairness, win-win cooperation, and not letting partners suffer”, and adhered to the value of “shared success”. The Company insists on joining hands with every employee to grow and develop together with the Company. The Company is committed to creating a harmonious partnership featuring “close link, high loyalty and mutual success”, advocates and practices the concept of a community with a shared future and strives to contribute to the healthy development of the industry.

**To pursue “high-quality development”, we stepped up to take our responsibility.** In response to China’s major strategic decision of “carbon peaking and carbon neutrality”, ZTO actively explored the feasibility of voluntary emission reduction (VER) projects and methodologies in the express delivery industry to fulfill our environmental responsibility as a corporate citizen with concrete actions. At the same time, ZTO Express actively responded to the call of the State Council and the State Post Bureau to promote “express delivery to villages” from the aspects of organizational leadership, network layout, policy support and resource integration, promote rural revitalization and meet the needs of the people for a better life and common prosperity. ZTO played its role in serving industrial development, driving employment and caring for ordinary workers, and demonstrated our commitments as a responsible corporate citizen.

In the future, ZTO will continue to bring into play the fighting spirit, and do our own work well, solidly and effectively. ZTO will strive to achieve significant profit growth while leveraging our advantages in capacity and operation management. ZTO will continue to promote technological innovation, digital operation and IT-based management and accelerate ecological deployment and coordinated development. In a new market and policy environment, we will adhere to the general principle of seeking progress while keeping performance stable, implement the new development concept, work hard and strive for excellence, create a new model of high-quality development, and make new contributions to building a modern country in all aspects.

# ESG Statement from the BoD

In 2021, the parcel volume of ZTO Express reached 22.3 billion, and the Company continued to expand its leading market share while improving the quality of its operations. Recognizing the significance of good corporate governance in enabling the Company to "become a world-leading comprehensive logistics service provider", ZTO, based on the "shared success" culture, actively manages the ESG matters, which are critical to the Company's sustainable development.

The Board of Directors (BoD) of ZTO Express is the supreme decision-making body for ESG matters. Considering the economic and social environment and the corporate strategy, the BoD of ZTO Express discusses and identifies ESG-related risks and opportunities, reviews major ESG topics and matters, and considers the management and improvement of key ESG issues as part of the Company's overall strategy.

In March 2021, the BoD established an ESG Committee to assist the BoD in formulating and reviewing the Company's ESG policies and to propose recommendations on ESG-related matters.

This report discloses in detail the progress and achievements about the company's ESG efforts in 2021. It was reviewed and adopted by the BoD in March 2022.



# About ZTO

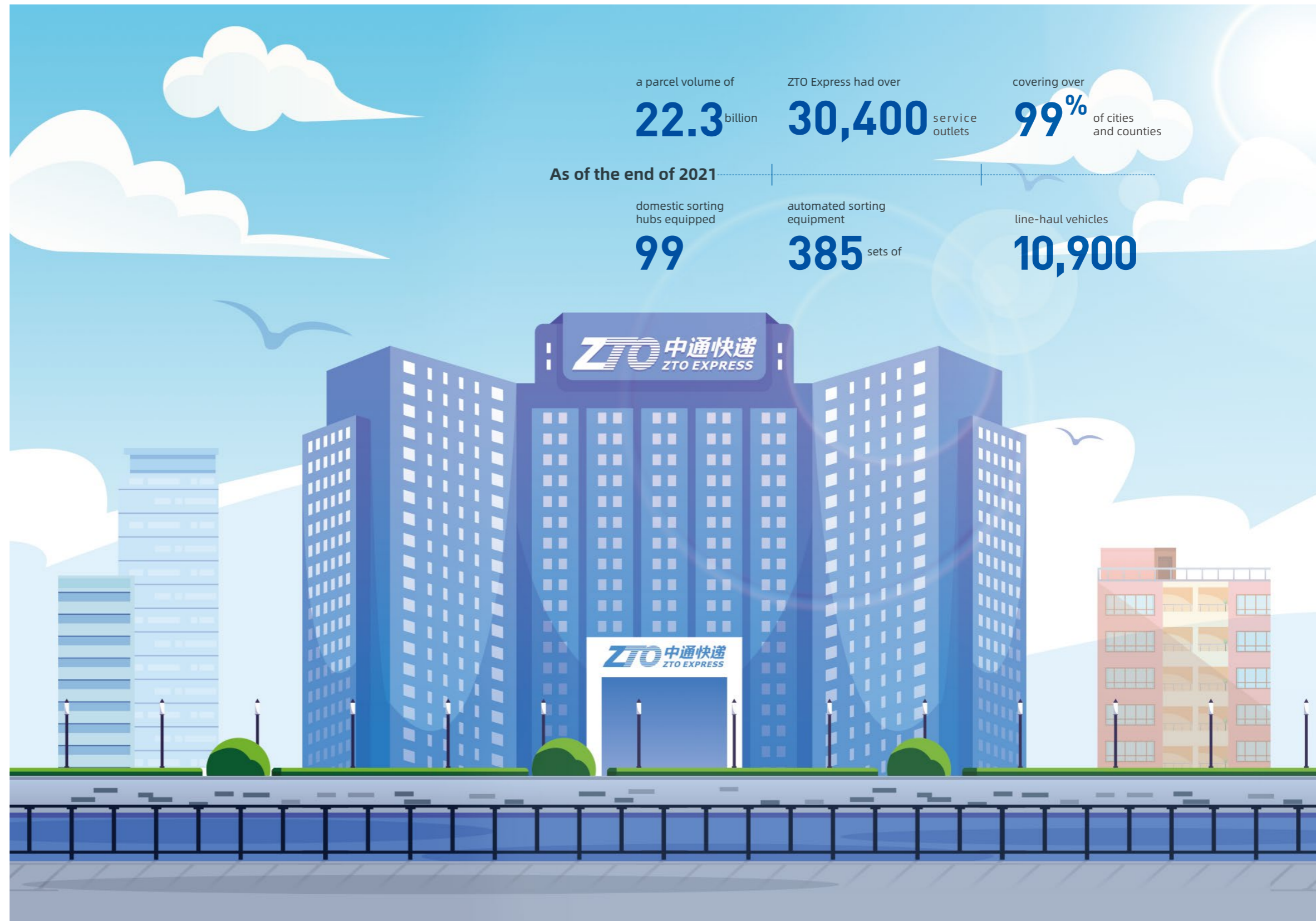
## Company Overview

Founded on May 8, 2002, ZTO Express (Cayman) Inc. is a logistics conglomerate integrating multiple services including domestic and international express delivery, less-than-truckload (LTL), commerce, warehousing, cold chain, finance, aviation, intelligent technologies and media. On Oct. 27, 2016, ZTO Express (Cayman) Inc. was listed on the New York Stock Exchange (NYSE), creating unprecedented global visibility for the Chinese express delivery industry. On Sep. 29, 2020, the Company was listed on the main board of the HKEX, making ZTO Express the first Chinese express delivery company listed in both the United States and Hong Kong, China.

ZTO has grown into the largest express delivery enterprise in the world in terms of parcel volume. In 2021, ZTO achieved a 31.1% year-on-year growth with a parcel volume of 22.3 billion, above the industry average. The Company ranked No.1 in the industry for six consecutive years and captured 20.6% of the market share.

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 2021, ZTO Express had over 30,400 service outlets, covering over 99% of cities and counties in China. ZTO Express has a globally leading operating capacity, owning 99 domestic sorting hubs equipped with more than 385 sets of automated sorting equipment. The Company promotes the usage of highly efficient 15-to-17-meter-long high-capacity trailer trucks, and owns over 9,000 trailer trucks out of approximately 10,900 line-haul vehicles.

In the course of development and growth, ZTO Express has been actively fulfilling social responsibilities with a full range of practical actions. The Company makes unremitting efforts in such aspects as green development, safety and security, and rural revitalization, repays the society and spreads positive energy of the industry through a wide range of public welfare activities, including disaster relief, helping and supporting students in need, free transport and delivery of anti-epidemic materials.





## Honors & Awards

2021

**2020 Special Contribution Award for Donation to Poverty Alleviation of the Express Delivery Industry**

China Express Association (CEA)

**Advanced Collective in Combatting COVID-19 in the Express Delivery Industry**

China Express Association (CEA)

**Social Responsibility Fulfillment Award**

Management Committee of Fuchunshan Health City, Tonglu County, Hangzhou City

**(394th) in Fortune China 500 in 2021**

Fortune (Chinese Edition), CICC Wealth Management

**(48th) in Kantar Brandz™ Top 100 Most Valuable Global Brands**

Kantar

**China's Top 50 Logistics Companies 2021**

China Federation of Logistics & Purchasing (CFLP)

03

**Shanghai Model Enterprises for 2019-2020**

Shanghai Municipal Government

04

**Most Honored Company**

Institutional Investor

05

**Best ESG**

Institutional Investor

06

**Civilized Unit of the Express Delivery Industry of Shanghai 2018-2019**

Shanghai Postal Administration

07

**Third Prize, Science and Technology Progress Award of CFLP**

China Federation of Logistics & Purchasing (CFLP)

09

10

**Best ESG Award of the 6th Golden Hong Kong Equities Awards 2022**

Zhitong Finance, China Galaxy Securities, RoyalFlush

12

**Top 100 Enterprises of Excellence of Qingpu District 2021**

People's Government of Qingpu District, Shanghai

2022

01

**Outstanding Innovation and Entrepreneurship Talent Team of Qingpu District 2021**

Talents Work Leadership Group, Qingpu District, Shanghai

**Top 10 Service Enterprises of Qingpu District 2021**

People's Government of Qingpu District, Shanghai



# 01

## Adapt to Changes

### - Keeping Abreast of Times and Connecting Industries

It was pointed out at the 2021 National Postal Management Conference that the whole industry should adhere to the general principle of seeking progress while maintaining stability, embrace the new development concept, focus on deepening supply-side structural reform, seek driving forces from reform and innovation, and pursue high-quality development. The project of "extending express services to villages and factories and to overseas markets" was further promoted. ZTO stayed committed to its original aspirations of quality development, achieved superior quality of service (QoS) and profitability based on its efficient and solid operations. ZTO utilized new technologies, invested in new equipment, expanded value chains and developed the ecosystem to build up a comprehensive logistics service platform. ZTO served national strategic arrangements while optimizing business layout. ZTO continued to embrace transformation and increase efficiency and strived to promote the Company's transition from "large" to "large and strong".

#### A Responsible ZTO in Figures

##### In 2021, ZTO

- © released **65** press announcements and related documents;
- © received the visits of **1,000+** domestic and foreign investment institutions;
- © conducted **11,856** safety training sessions;      © carried out **155** emergency drills;
- © invested more than **26** million yuan in intellectual property.



Areas	UN SDGs	Risks	Challenges	Action Plan
Corporate Governance	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Decision-making risk	Linking the executive compensation to ESG performance	Set up an ESG Committee Improve risk management and internal control systems Business ethics and anti-corruption
Business Development	7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 17 PARTNERSHIPS FOR THE GOALS	QoS risk Vehicle transport risk Energy supply risk IP risk Risk in stability of service outlets Information security risk	Self-driving Electric trucks Dark operations Integrated logistics services Smart routing	Use automated sorting equipment Protect customer privacy Promote high-capacity trucks Protect IPs



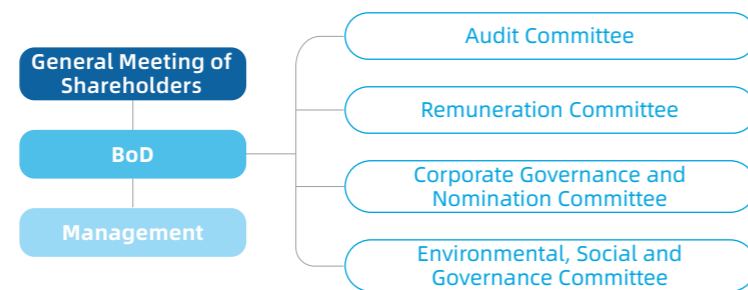
# Prudent Management and Governance of Operation

## Corporate Governance

ZTO Express strictly complies with the requirements of the "Company Law of the People's Republic of China", "Securities Law of the People's Republic of China", "Code of Corporate Governance for Listed Companies", "Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (Hong Kong Listing Rules)" and other requirements. In light of the actual situation of the Company and from the perspective of achieving the Company's strategic goals and safeguarding the rights and interests of all shareholders, the Company continues to strengthen institutional construction and internal management, improve corporate governance structure, and standardize corporate operations.

### Corporate Governance Structure

The General Meeting of Shareholders (GMS), the Board of Directors (BoD), the Board of Supervisors and the management have well-defined powers and responsibilities. The directors and supervisors of the Company work diligently. The management of the Company faithfully perform their duties, make scientific decisions, coordinate operations, and jointly ensure the realization of the overall strategic goals of the Company.



The BoD of ZTO Express ensures the efficiency and effectiveness of the Company's operations by developing appropriate risk control policies and procedures; continuously improves the operational system of the BoD, strengthens the functions and responsibilities of directors, and improves the efficiency of the BoD. The BoD has established 4 sub-committees: the Audit Committee, the Remuneration Committee, the Corporate Governance and Nomination Committee, and the Environmental, Social and Governance Committee (ESG Committee), which are responsible for regularly developing and reviewing the corporate governance principles adopted by the BoD, as well as advising the BoD on matters related to corporate governance and the corrective measures, so as to ensure that the management and operation meet the compliance requirements and match the Company's development plan.

#### Audit Committee

Responsible for the selection, evaluation and supervision of the Company's independent audit; supervising the Company's annual audit and disclosure of quarterly results; supervising the accounting and financial reporting procedures, and managing the Company's internal risk control system, ensuring the authenticity of the financial statements used by the BoD and published by the Company, so as to meet the compliance requirements.

#### Remuneration Committee

Assisting the BoD in supervising the Company's remuneration system and employees' benefit plans, assessing and approving the remuneration structure, including all kinds of remuneration related to directors and senior executives.

#### Corporate Governance and Nomination Committee

Assisting the BoD in selecting candidates who meet the qualifications as directors of the Company; advising the BoD on its composition, rules of discussion procedure, committee composition, and other related matters; and supervising and evaluating the work of the BoD.

#### ESG Committee

The BoD of ZTO Express (Cayman) Inc. announced that the Company established the Environmental, Social and Governance Committee (ESG Committee) on March 16, 2021, to assist the BoD in formulating and reviewing the Company's ESG policies and advise the BoD on ESG-related matters in the Company's development. The ESG Committee is responsible for developing ESG performance indicators and linking the compensation of executives with ESG performance.

## Safeguarding Shareholders' Rights and Interests

ZTO Express continues to improve the corporate governance structure, execute strict internal control (IC) system, standardize information disclosure, stay connected with investors, and strives to maximize the long-term interests for shareholders.

### Standardizing Information Disclosure

ZTO Express attaches great importance to maintaining and managing investor relations (IR), and strictly abides by the information disclosure obligations under the securities trading rules of the United States, Hong Kong Listing Rules, NYSE Listing Rules and other applicable laws and regulations. We disclose the Company's major events, development and operation information, and other relevant information to the public in a complete and accurate manner. We also release announcements through official channels such as the IR website and press conferences to effectively protect investors' legitimate rights and interests.

### Communicating with Investors

A dedicated Investor Relations department has been set up to hold roadshows and reverse roadshows regularly, receive investors, and answer questions and queries; stay connected with investors through a diversity of channels, including IR hotline, IR mailbox, GMS, communication with the management, investment summits, and teleconferences so as to help investors gain a deeper understanding of the operation, business, development strategy and investment value of the Company. In 2021, ZTO Express published more than 65 press releases, announcements and related documents and received visits of over 1,000 domestic and foreign investment institutions.

## Risk control

ZTO Express has developed a sound internal control (IC) and risk management system, which was put in place to facilitate the management and operations in line with the strategic goals. In 2021, the Company's management and control of major risks was sound, with no significant or material IC defects found, and no major risk or loss events occurred.

### Developing the Right Ideas of Internal Control (IC)

The idea of "putting IC first and taking compliance as the foundation" is carried out through initiatives of "standardized operation, process-based management, tracking supervision, and digital assessment" in the IC process, so as to implement the requirements on efficient, proactive, and pragmatic IC and compliance work.

### Continuous Compliance with Sarbanes-Oxley Act (SOX)

In accordance with the SOX provisions, we update the risk control matrix of important business processes based on the Company's dynamics, focus on key risks in processes, test the design and implementation of internal controls, detect problems, and supervise their rectification to continuously meet the SOX compliance requirements.

### Optimizing and Upgrading of Risk Control System

The Company continues to improve the institutional frameworks and integrates the risk control nodes into the business operation process by technological means; reconstructs the approval process, clarifies the approval contents and responsibilities, gives green light to normal matters, pays attention to abnormal issues, and provides decision-making support for management through data and reports.

### Strengthening Supervision and Inspection of Major Operations

The Company strengthens the supervision and inspection of functional departments, management centers and the business of service outlets, and carries out daily spot checks and special audits.

### Empowering Management Through Technology

The Company uses big data, AI, and other technological innovations to empower IC management, make IC management more information-driven, technology-driven and intelligent, and constantly improves the quality and efficiency of IC management.

## Fighting Corruption and Promoting Integrity

Integrity is the core business philosophy of ZTO Express. ZTO always strives to improve the integrity and anti-corruption mechanism. The Company has formulated and publicly released the "Implementation Regulations of ZTO Express on Integrity Supervision" and the "Regulations of ZTO Express on Case Investigation and Handling Procedures" to strictly supervise discipline enforcement and accountability; the Company has formulated the "Measures for Rewarding Whistle-blowing" to encourage employees to report misconduct, and to further promote the Company's integrity building; the Company carried out special events, such as "improving the work style, strengthening discipline and improving efficiency" and "knowing and respecting the bottom line" initiatives, so as to create a good atmosphere across the Company and provide a strong guarantee for the healthy and stable development of ZTO Express. On August 10th, 2021, ZTO joined the Enterprise Anti-Fraud Alliance. ZTO upholds the vision of the Alliance - "building a clean China that influences the world", strongly advocates the concept of "honesty, strong internal control and anti-fraud", and continuously strengthens ethics building; the Company prevents disciplinary violations and illegal behaviors, combats corruption and advocates fairness and justice.



Management Centers holding training sessions on integrity building



A special training session for integrity supervisors



Qian Jun, head of the Network and Integrity Supervision Office of the President's Office, reporting on the special inspection of workstyle across the entire network



The conference on "improving work style, strengthening discipline, and improving labor's effective capability" organized by the HQ

## Protecting Intellectual Properties (IPs)



the total investment in IPs exceeded

RMB **26** million

the Company had applied for a total of

**698** patents

ZTO strictly complies with the requirements of laws and regulations such as 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* and the *Law of the People's Republic of China against Unfair Competition* and strengthens the management and protection of IPs such as patents and copyrights. The Company has developed an internal patent management system and respects and protects the IPs of others in the business activities, including IT system development, production and operation, preparation of internal publications, official websites, public account operation, and corporate publicity. The Company has built an IP database to improve the efficiency of departmental collaboration. In 2021, the Company obtained the certification of IP management system and the certification of IP pilot enterprise in Qingpu District; the Company was granted 10 invention patents and 33 design patents; the total investment in IPs exceeded RMB 26 million. As of the end of 2021, the Company had applied for a total of 698 patents.



Obtained the certification of IP management system



Passed the certification of IP pilot enterprise in Qingpu District

# Providing Quality Services

## Responding to Customer Complaints

ZTO Express always adheres to the paramount principle of "putting customer first" and is committed to providing quality and convenient services for customers. The Company provides 24-hour after-sales services through multiple channels, such as 95311 hotline, online assistants, cloud calls and intelligent customer service, to ensure smooth communication. The Company has established a closed-loop mechanism for handling all complaints through digital intelligence tools to identify problems and stop losses in time. The Company has formulated the Service Supervision and Management Regulations. The SOPs are carried out with process visualization, from the creation to the completion of work orders. As for the after-sales problems such as loss and damage, we strengthen the process of intelligent monitoring according to the time limit of parcels, detect abnormal ones, intervene in time and settle claims promptly to protect rights and interests of complainants; we implement intelligent follow-up calls and intervene instantly to review and address customers' dissatisfaction in order to ensure that problems are solved appropriately at last.

## Satisfaction Survey

ZTO Express always proceeds from the perspective of customers, optimizes and improves the existing service process, does its best for the interests of customers, and strives for the greatest satisfaction of customers. The Company attaches importance to customers' comments and feedbacks, and actively expands the channels for collecting customers advice and needs so as to listen to their suggestions in a bid to build a responsible brand image. While maintaining the leadership position in the industry in terms of profit and quality, ZTO Express has long been ranked No. 1 among "Tongda Operators" on the Cainiao Index, demonstrating a high level of customer satisfaction. The latest data from the 2021 Survey on the Satisfaction with Express Delivery Service and the Results of the Test on On-time Delivery Performance released by the State Post Bureau shows that for the first time, ZTO Express was ranked among the top in the "Tongda Operators" in terms of on-time delivery performance, proving that ZTO Express has maintained its "hard power" in terms of network capabilities and service performance against the background of a single day average business volume of over 60 million parcels.

## Protecting Information Security

Aiming to protect data and privacy of hundreds of millions of consumers, ZTO Express insists on the guideline of "focusing on prevention, prioritizing management and technology, and exercising comprehensive controls" to protect the safety of user data and privacy. The Company has formulated the "ZTO Express Data Security Management Regulation", and the "Management Measures for the Protection of Personal Information" and other privacy policies and systems to regulate the consumer information and privacy security management process. The Company has developed and implemented the supporting information security management responsibility mechanism to ensure that responsibilities are assigned to people and the supervision is in place, to identify the loopholes and fill the gap in a timely manner, and to prevent various information security incidents from happening.

## Applying Information Security Technology

ZTO Express constructs a multi-layered security protection system to defend against external security attacks and protects customers' information in all aspects by applying user authentication to prevent account borrowing, developing security risk control system to handle and intercept abnormalities in time, using data encryption for safe storage, and tracing the source of information leakage for emergency response.

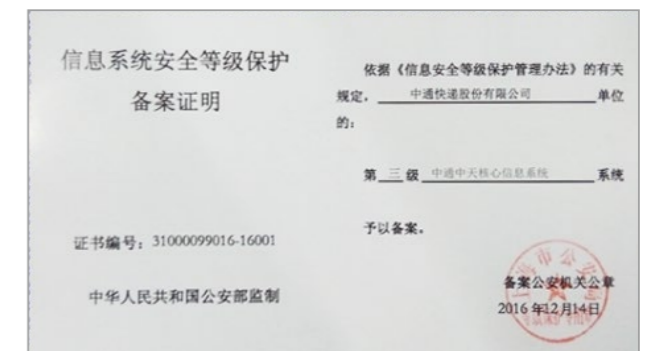


## Enhancing Information Security Awareness

ZTO Express strictly restricts internal personnel from entering and querying users' personal information and makes log records of all query behaviors; sets strict application security standards based on security levels; adopts category-based and class-based information management and carries out multi-dimensional supervision on the user activities concerning customer information in operation systems to ensure that information is protected from unauthorized access and destruction.

## Information Security Assessment and Certification

ZTO Express regularly evaluates its information security management performance. The Company has passed the dual certification of ISO27001 and ISO27701 systems and has established an information and privacy security management system covering the whole lifecycle of customer information collection, storage, use and transmission to ensure that the information security management capability and privacy management capability of the Company meet domestic and international standards.



◎ ZTO's Information System has obtained the national Multi-Level Protection Scheme (MLPS) record-keeping certificate



◎ ISO27701 Certificate



◎ ISO27001 Certificate

Case ZTO's free privacy waybill service

ZTO Express attaches great importance to the protection of users' privacy information and introduces the economical and eco-friendly one-sheet privacy waybill. The initiatives such as replacing the traditional static password by biometric identification technology, monitoring data usage and behavior of intranet hosts as well as access control are carried out to support the safe development of the ecosystem and effectively prevent the leakage of customers' privacy information in the process of logistics and transportation.

In December 2021, ZTO started to officially provide free privacy waybill service by default for all customers placing orders through the Company's channels. The waybills printed out through the ZTO Mini Program, Apps, and official website will hide the recipient's and sender's phone number by default. The courier can check the hidden user information through the system such as Zhangzhongtong if such information is actually demanded in the collecting and delivering process. Some third-party last-mile posts or lockers, such as Cainiao and Hive Box, can't directly obtain the hidden information, but couriers can check the real user phone number in Zhangzhongtong app for delivery.



Innovative Product and Service Offering

ZTO Express actively builds a multi-layered express delivery product system, provides differentiated products and services, and enriches express product lines. Based on the positioning of on-time delivery commitment, delivery appointment by telephone, delivery to the door on demand, and compensation for late delivery, ZTO has developed new product offerings, such as ZTO Premium (next-day and 2-day delivery), ZTO Standard, and ZTO Expedited (next-morning and next-day delivery). At the same time, ZTO Express accelerates the development of ecosystem businesses such as aviation and cold chain to form a diversified, three-dimensional, full-chain service system to meet diversified and personalized market demands and build a comprehensive and integrated logistics service framework.

ZTO Standard

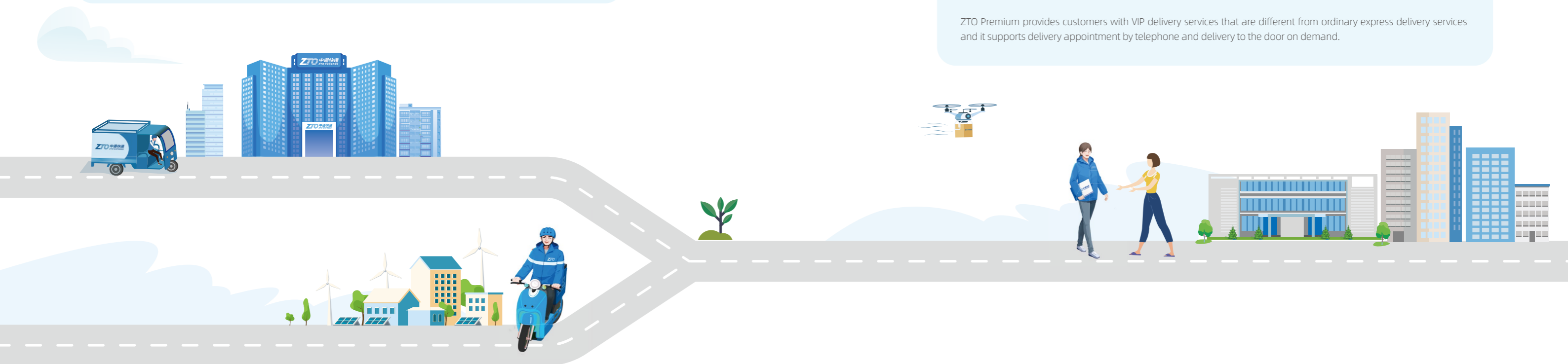
Relying on the strong network and transportation resources, ZTO Standard provides customers with "stable, safe and reliable" high-quality services, featuring the collection and delivery within designated service scope and delivery time limit, standard pricing, and standard, same-day and next-morning delivery.

ZTO Expedited

ZTO Expedited is a standard time-efficient product targeted at the mid-to-high-end customer segment. It features the centralized allocation of airline resources by the HQ, the collection and delivery within the designated service scope and delivery time limit and the support of "on-time delivery guarantee", "standard service" and "fast claims".

ZTO Premium

ZTO Premium provides customers with VIP delivery services that are different from ordinary express delivery services and it supports delivery appointment by telephone and delivery to the door on demand.



## Developing Intelligent Logistics

Upholding the concept of "Internet + logistics", ZTO Express closely connects independent R&D with the Company's strategy and business. The Company has developed more than 100 IT systems and digital tools, covering a full range of express business scenarios, and providing comprehensive R&D support for less-than-truckload business, international business, cloud warehousing, finance, commerce, and other ecosystem businesses. The Company has built an integrated management system of production and research in line with the current situation to facilitate the end-to-end high-quality and rapid delivery and lay solid foundation for the implementation of the Company's strategic digital transformation. The Company gradually improves the digital, connected and intelligent business map covering a full range of scenarios and across the whole chain and strives to develop the digital smart logistics across the whole chain from order placement to delivery.



Automated sorting



Conducting science popularization activities to disseminate knowledge on smart logistics

### Convenient Order Placement

We provide customized services for small and medium-sized e-commerce sellers and corporate customers, such as order acquisition, addition and import, as well as waybill printing and data statistics, and offer APP and Mini Program to provide efficient and convenient order placement channels to create one-stop express services of integrating order placement, query and payment.

### Efficient Collection

ZTO has developed a customized tool for collection, delivery and signature of the couriers - "Zhangzhongtong" app, which provides personalized data support for the couriers based on user profiles, efficient allocation of resources, intelligent optimization of task scheduling, and collection and delivery routes. Meanwhile, ZTO promotes the four-segment code on the basis of e-waybill to accurately aggregate the receiving address into the corresponding geographical unit, further improving the efficiency on the collection end.

### Intelligent Transportation

In the process of parcel transportation, ZTO Express decomposes and encodes the complex links of express network and adjusts the routing scheme and fleet dispatching plans in real time to achieve the optimal balance between timeliness and cost. With the online operation & management platform - Galaxy, ZTO manages drivers, vehicles, goods and sites in an integrated manner, and visualizes the whole transportation process based on GIS technology, thus providing data support for management and decision makers across the entire chain.

### Automated Sorting

In the transit link, ZTO Express applies a large number of intelligent sorting equipment such as automatic sorting of large and small parcels, flexible roller conveyor and dynamic weighing scale to reduce wear and tear of parcels during loading and unloading and the usage of packaging materials such as cushioning materials and tapes.

### Intelligent Delivery

ZTO Express has launched express supermarkets, express lockers and "little blue boxes" (smart voice collection boxes) to provide users with diversified last-mile services. The Company has launched a variety of products for logistics distribution, including oil-electric hybrid drones and L4 autonomous driving vehicles. The Company offers logistics services by integrating drones, autonomous driving vehicles, and first-mile intelligent collection boxes.

## Focusing on Delivery Safety

### Enhancing Safety Management

ZTO Express continues to improve the safety management system and optimize the management and control framework, procedures and tools; establishes a tri-layer safety management model with safety officers at the front end, the leadership team at the middle end and the work safety management committee at the HQ. Vertically, the safety responsibilities of every role and every employee are clearly identified; horizontally, the management work covers each aspect of the operations so as to receive feedback, execute plans and respond in time. The Company develops and constantly improves the work safety rules and regulations and safe operation rules, such as "Safety Supervision and Punishment Regulations", "Postal Route Safety Management Regulations", and "Regulations on Accountability for Safety Accidents". The Company strengthens the construction of safety emergency response management mechanism, formulates emergency response plans such as the "Public Health Emergency Response Plan", and standardizes emergency management and response procedures for safety accidents. The Company also regularly screens potential safety hazards to prevent safety accidents.

### Implementing the Three Safety Requirements

ZTO Express strictly implements the "Postal Law of the People's Republic of China", "Postal Industry Safety Supervision and Management Measures", "Express Delivery Safety Operational Regulations" and other laws and regulations and strictly implements the three safety requirements: Real-name pickup, Open-box Inspection, and Machine Examination. The Company signs the letter of commitments with network partners on the implementation of the "three safety requirements" to improve the safety of delivery.

#### ● Real-name pickup

When collecting parcels, the staff in the outlets shall check the customer's valid ID documents in accordance with the relevant regulations and ensure that the information on the waybill is consistent and valid with the information of the sender's ID document and the contents inside.

#### ● Open-box inspection

When collecting parcels, the outlets, in accordance with the relevant regulations, the outlet staff shall check whether the items sent by customers fall into the category of items prohibited and restricted from posting as stipulated in the "Postal Route Safety Management Regulations". Once parcels are identified as prohibited or restricted items, the outlets shall reject such items.

#### ● Machine examination

In accordance with "Postal Route Safety Management Regulations" and the requirements of local postal administrations and other government departments, the express items collected and shipped by the Company shall be inspected through security machines; during major events, 100% security inspection is carried out in accordance with the requirements of the competent postal administrations; once prohibited items are found, it should be immediately reported to the Security Supervision Center following the reporting hierarchy; the outlets in special (politically sensitive) areas should carry out machine security examination according to the requirements of the local postal administrations or relevant departments.



◎ Liao Jinrong, Deputy Director General of the State Post Bureau, visited Beijing Management Centre to supervise and inspect the safety and security work of the delivery channels for the 100th anniversary of the founding of the Party

◎ "Three Systems" Posters



## 坚持扫黄打非 净化中通网络

**什么是“扫黄打非”？**

“扫黄”指清理黄色书刊、黄色音像制品及歌舞娱乐场所、服务行业的色情服务，扫除淫秽色情、封建迷信等危害人们身心健康、污染社会文化环境的文化垃圾。

“打非”指打击非法出版物，即打击违反《中华人民共和国宪法》规定的破坏社会安定、危害国家安全、煽动民族分裂的出版物，侵权盗版出版物以及其他非法出版物。

**如何杜绝以上类型此类物品进入中通网络？**

做好“三项制度”工作，即是“扫黄打非”！

- 百分百开箱验视
- 百分百实名认证
- 百分百过机安检

中通快递集团安全监察中心宣

## Carrying out Safety Education Campaigns

ZTO Express conducts pre-job training, safety training for operators, safety training during peak seasons, etc., to strengthen employees' knowledge and skills on work safety; carries out safety education and emergency drills to build and raise the safety awareness of employees; makes full use of the ZTO Magazine, WeChat subscription account, Intranet and other channels, to disseminate office, operation, and postal safety knowledge. In 2021, 11,856 safety training sessions were organized across the Company, with a total of 1,160,015 participants; 155 emergency drills were conducted, with a total of 18,295 participants.



Conducting safety awareness education campaigns



Conducting monthly education and training on work safety



Holding a Safety Committee meeting



Holding the 2021 mid-year summary meeting on fleet safety and emergency rescue training session

## Developing Global Networks

The postal and express delivery industry is fundamental to the development of a nation. In response to the national call to participate in the "Belt and Road" Initiative and the call of the State Post Bureau for "bringing express delivery services to villages and factories and going global", ZTO Express actively implements the "go global" strategy. Relying on ZTO International, ZTO has rapidly built up the overseas network in Southeast Asia, broadened outbound channels and constructed overseas warehouses. The aim is to build a two-way logistics channel linking China and Indochina Peninsula, to elevate the brand image overseas, to promote policy communication, road connectivity, trade flow, currency circulation and labor exchange, to enhance the well-being of the people of all countries and to build a community with a shared future.

### ZTO International

As the arm for international business, ZTO International, with the goal of "becoming a global first-class comprehensive logistics service provider", is committed to providing global customers with more convenient and efficient one-stop logistics supply chain solutions.

As of the end of 2021, ZTO International had established presence in Southeast Asia, the Middle East, Europe, the United States, Japan, the Republic of Korea, Australia and other countries and regions, and operated diversified, multi-category, cross-border logistics businesses such as bonded area services, direct mail, integrated warehousing & distribution, and special line service. The Company has built up overseas networks in Cambodia, Vietnam, the Laos, Myanmar and other countries to directly serve the local markets and people with localized management. The annual business volume in the five African countries reached 3,224,600 parcels. Speedaf Express started to operate in Egypt, Saudi Arabia, the United Arab Emirates, Pakistan and Bangladesh in 2021. By the end of 2021, its business had effectively covered the entire territories in Ghana, Uganda, Kenya, Nigeria and Morocco, and the total area of overseas warehouses in the five countries reached 7,000 square meters, making it a the leading brand of China-Africa express delivery services. In October 2021, it won the award of "New Star" of Cainiao Export Logistics Partner. In addition, in order to further promote the deployment of overseas network, ZTO International has achieved initial results in business diversification, product internationalization and service globalization, and established a "multi-channel, diversified and all-round" service model based on the multi-level market demands of B2B, B2C, C2C, and BBC.



On 22 May 2021, ZTO International launched a direct all-cargo flight from Kunming, Yunnan to Yangon, Myanmar, combining ground and air transports to facilitate the development of cross-border e-commerce between China and Myanmar

## Accelerating Express Delivery Services into Villages and Factories

In response to the call of the State Council and the State Post Bureau, ZTO Express has set up a department responsible for the work of extending express delivery services into villages and formulated and implemented incentive policies to promote the implementation of the project. The Company promotes this project from the aspects of organizational leadership, network layout, policy support, and resource integration. The Company explores innovative "express + e-commerce" mode by going deeper into the villages, provides services, such as stationing in villages, centralized collection and delivery, direct distribution lines, and e-commerce sales, to expand the sales channels of agricultural products, smooth the two-way circulation channels between urban and rural areas, and contribute to rural revitalization.

In 2021, the State Post Bureau and the Ministry of Industry and Information Technology (MIIT) accelerated the project of "bringing express services into factories". ZTO is committed to creating a number of representative projects in inbound logistics, integrated warehousing and distribution, regional supply chain services, embedded e-commerce, so as to reduce logistics costs of manufacturing enterprises and improve production and circulation efficiency. ZTO Express continues to promote this project and explore the new mode with higher efficiency and lower cost. ZTO extends the service to the production and sales links of manufacturers to enhance the competitive edge of manufacturing industry. ZTO strives to achieve mutual integration and common growth and contribute to the development of local economy and society.



On 1 January 2021, ZTO Myanmar launched the first branch line in northern Myanmar - Mandalay to Taunggyi Internet shuttle, allowing more Myanmar users to enjoy the convenient service of ZTO



# 02

## Deliver the Future - Putting Ecosystem First and Benefiting Future Generations

In order to practice the concept of innovative, coordinated, green, open and shared development, and contribute to carbon peaking and carbon neutrality goals, ZTO, as a member of the transportation sector, is committed to green and low-carbon development, accelerating the shift towards green and low-carbon transportation modes and strengthening green infrastructure development. ZTO makes efforts to gradually increase new-energy, intelligent, digital and lightweight vehicles, and work on a green future in the transportation.



### A Responsible ZTO in Figures

As of the end of 2021, ZTO

- ◎ put into use **14,457** recyclable express boxes;
- ◎ increased the ratio of e-commerce parcels without repackaging to **92.15%**;
- ◎ had put in place a total of **24,000+** packaging waste recycling installations;
- ◎ put into use a total of **18,549,204** recyclable bags;
- ◎ conducted **10** training sessions on ecological and environmental protection.

Areas	UN SDGs	Risks	Challenges	Action Plan
Environmental protection	 7 AFFORDABLE AND CLEAN ENERGY	Energy risk	Electric truck	Set carbon targets
	 11 SUSTAINABLE CITIES AND COMMUNITIES	Extreme weather risk	PV power generation	Promote paperless office
	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Carbon emission risk in service process	Recycling of packaging materials	Install waste recycling facilities
	 13 CLIMATE ACTION	Policy and regulatory risk	Degradable packaging bag	Explore application of hydrogen-powered vehicles
		Packaging waste management risk		Install PV power generators

# Enhancing Green Management

## Green Management Framework

ZTO diligently abides by the Environmental Protection Law of the People's Republic of China, the Energy Conservation Law of the People's Republic of China and other applicable laws and regulations governing environmental protection. The Company has formulated framework documents such as the Green Procurement System of ZTO Express, established the Green Development Department led by the executive vice president to coordinate the implementation of specific emission reduction work by various departments and regularly submit environmental protection information to the State Post Bureau and other regulatory agencies. ZTO, according to the requirements of the local postal administrations, has also established green and environmental protection teams that report directly to the HQ. ZTO establishes and improves environmental protection institutional mechanisms such as green standards, green publicity, green training, green system and green inspection, specifies the list of tasks and work direction for "collection, distribution, transportation, delivery" and other operational links, and decomposes various green development tasks for implementation to promote the green development of the Company.



© Certification of Environment Management System

### Organizational Structure of Project Team on Energy Conservation, Environmental Protection and Green Development



a total of

**18,549,204**

recyclable bags were put into use

## Environmental Protection Targets

As a leading express delivery enterprise, ZTO fully implements the "2582" Program proposed by the State Post Bureau in 2021. As of the end of 2021, ZTO put into use 14,457 recyclable express boxes. The ratio of e-commerce parcels without repackaging reached 92.15%, the Company had put in place a total of 24,000 packaging waste recycling installations, and a total of 18,549,204 recyclable bags were put into use.



## 2582 Program



A targeted campaign to address overpackaging and packaging bags containing heavy metals and specific substances beyond the standards;



To put into use **5** million recyclable express boxes (cartons) at the end of 2021;



Ratio of e-commerce parcels without repackaging to reach **80%**;



To add **20,000** new postal and express delivery service outlets with standard packaging waste recycling installations.

## Responding to Climate Change

### Carbon Intensity Management

While continuously improving the existing energy-saving and eco-friendly technologies and equipment, we have been tracking the consumption of energy resources and carbon dioxide emissions of the express delivery industry and are committed to contributing ZTO's solutions and approaches to the low-carbon development of the industry. As a logistics service provider, ZTO does not generate a large amount of hazardous waste or non-hazardous waste and oil pollution during its operations.

According to the carbon emission conversion formula listed in the "Greenhouse Gas Emission Measurement Method for the Express Delivery Industry" issued by the State Post Bureau in 2014, ZTO Express makes reasonable estimates of carbon emission data based on the Company's business model for four consecutive years. Although the total carbon emissions are still increasing due to the high growth of business volume, the carbon emission intensity calculated based on both revenue and business volume is on a decreasing trend as technologies advance and scale effect starts to unfold.

In addition, ZTO Express continues to promote low-carbon development. In January 2021, ZTO Express joined the Science Based Carbon Target (SBTi) initiative launched by the World Wide Fund for Nature (WWF), CDP, World Resources Institute (WRI) and the United Nations Global Compact (UNGC) and submitted a commitment letter to set science-based targets and actively respond to the carbon peaking and neutrality goals. At the same time, ZTO's green development achievements were recognized by international rating agencies, with significant improvement in several international ESG ratings in 2021.



### Climate Risk Identification and Response

Climate change is a major issue for the sustainability of the express delivery industry. In the context of China's carbon peaking and neutrality goals, the green development of the industry is in line with the requirements of sustainable development and will effectively contribute to the fulfillment of carbon peaking and neutrality goals.

The impact of transportation on the environment and the challenges of climate change to business operations are also important to the Company's strategy. ZTO Express continues to control CO2 emissions in its operations through technology and management innovation, and carefully considers the risks and opportunities in sustainable development. ZTO Express promotes business deployment with the concept of sustainable development and responds to the risks and opportunities of sustainable development with a risk management mindset. ZTO Express promotes the transformation of the express delivery industry into intensive, intelligent and green operations while achieving its own high-quality development. ZTO aims to become an influencer in addressing climate change.

### Developing Green Supply Chain

ZTO Express cooperates with the upstream and downstream partners to enhance the energy conservation and emission reduction in the industry, promote greenhouse gas reduction in the supply chain through green packaging, green procurement, and other measures and contribute to a clean environment.

### Promoting Energy Conservation and Emission Reduction

ZTO Express introduces environmental management in the links of packaging, transport and other procedures through green logistics, such as using new energy vehicles and electric vans suitable for short-distance urban transportation at both pickup and delivery ends to reduce greenhouse gas emissions and air pollution, improve energy efficiency and reduce the harm caused by transportation to the environment.

## Developing Green Express

### Green Sorting and Packaging

In 2020, eight central government departments including the National Development and Reform Commission (NDRC), the State Post Bureau (SPB), and the Ministry of Industry and Information Technology (MIIT), jointly issued the "Opinions on Accelerating the Green Transformation of Express Packaging" to promote the "green revolution" of parcel packaging. In 2021, it was pointed out in the report on the government work that it is imperative to "promote the green transformation of parcel packaging". ZTO Express keeps promoting the green, reduced and recyclable packaging, and increasing the usage of e-waybills, green and eco-friendly bags, eco-friendly cushioning materials. The Company actively recycles packaging materials, and guides consumers to re-use idle packaging to reduce waste.

ZTO has set up a dedicated management team for dealing with excessive packaging and random packaging issues. The team has conducted a thorough assessment of the situations in provincial management centers, sorting hubs and outlets. ZTO performs random checks to collect information about the actual use of packaging bags by outlets, controls the procurement channels and sources, and unifies the standards for purchasing packaging bags. ZTO stops outlets from purchasing bags containing heavy metals and specific substances beyond the standards for the purpose of cutting cost. Once found, unqualified bags will be recycled. The outlets that use a larger number of such bags will be notified and penalized. Green packaging terms have been added to the official website's service agreement and 2021 express service contract template to guide users to use green packaging and reduce the amount of packaging at source. Specifications are incorporated into couriers' performance evaluation to strengthen their awareness of green packaging.

#### E-waybills

In 2019, the single-sheet e-waybills emerged. Compared with the traditional 5-sheet waybills, 4 sheets of paper can be saved. As the end of 2021, the utilization of e-waybills reached **100%**.

#### "Slim Tape"

ZTO Express gives priority to purchasing "slim tape" thinner than 45 mm that meets national standards, industry standards and relevant national regulations, and gradually promotes its usage throughout the network during production and operation. As of the end of 2021, the packaging ratio of "slim tape" reached **92.62%**.

#### Green Recyclable Transfer Bags

ZTO Express has used green recyclable transfer bags in more than 90 sorting hubs and some outlets nationwide. Compared with the traditional disposable woven bag, the green recyclable transfer bag is strong and durable, can be reused more than 100 times, and saves more than 50% cost per use. As of the end of 2021, the utilization of recyclable transfer bags reached **98.62%** on the entire network.

#### Packaging Recycling

In 2021, ZTO Express continued to promote the "Recycling Program" and had put in place a total of **24,000+** packaging recycling installations across the network to promote the sorting, recycling, and reuse of packaging.



Recycling Installations

## Green Transportation

ZTO Express implements the plan of the State Post Bureau to promote the comprehensive green transformation of the industry, introduces environmental management into the transportation link, and reduces the impact of logistics and transportation on the environment in a bid to create a green logistics environment.

### Last-Mile Green Delivery

ZTO Express continues to increase the scale of its green fleet, using electric, hybrid electric, and fuel cell-powered green delivery vehicles. The Company introduces drones in remote areas to reduce the burden on ground transportation as well as unit energy consumption. The Company increases the coverage of self-pickup equipment and posts to shorten the frequency and distance of delivery. As of the end of 2021, there were **7,230** new energy vehicles (NEV) in the network.

### Using New Energy Vehicles (NEVs)

In the line-haul transportation, the Company tries to use NEVs fueled by liquefied natural gases (LNGs). Compared with traditional fuel vehicles, the CO<sub>2</sub> emissions in the exhaust of NEVs are reduced by about **20%** and CO emissions reduced by about **97%**.

### Using Automotive Grade Urea

ZTO continues to increase the amount of automotive grade urea used in vehicles, conducts training about the performance of new vehicles and standard driving for all fleets, and regulates the usage of automotive grade urea. The urea solution and nitrogen oxides undergo oxidation-reduction reaction in SCR catalytic reaction tank, resulting in discharging uncontaminated nitrogen and water vapor. The NO<sub>x</sub> emissions are therefore reduced, and exhaust gases are purified.

### Optimizing Line-Haul Transportation

ZTO Express equips each shuttle truck with the BeiDou Navigation Satellite System (BDS) equipment and the Galaxy system, combined with Geographic Information System (GIS), to monitor abnormalities during transportation, optimize the driving routes and shifts of regular trunk and branch lines, and reduce additional energy consumption due to unreasonable routes. The Company adopts advanced algorithms to increase the load rate, and lower the departure frequency, which has effectively reduced the pollution. As of the end of 2021, there were approximately **3,700** line-haul routes across the whole network.

### Promoting High-Capacity Trailer Trucks

In the line-haul transportation, ZTO Express promotes high-capacity trailer trucks to improve energy efficiency and reduce pollutant emissions. Compared with the traditional 9.6-meter trucks, the high-capacity trailer truck reduces fuel consumption by **55%** and reduces the pollutant emissions by over **70%**. Moreover, the Company has gradually replaced iron truck bodies with aluminum alloy arc bodies. While upgrading capacity and reducing the weight, aluminum alloy arc bodies can effectively reduce fuel consumption. As of the end of 2021, the Company had over **9,000** high-capacity trailer trucks.

# Practicing Green Concept

## Green Culture

ZTO studies and implements the ideas from those important documents of the State Post Bureau on green development and ecological and environmental protection work and advocates the concept of green and eco-friendly development. The Company establishes a training system, carries out energy-saving publicity campaigns, and organizes training on energy conservation. The Company also carries out environmental public welfare campaigns to continuously enhance employees' awareness of environmental protection. The Company conducts awareness-raising and publicity events to encourage services outlets and operators to use reduced packaging and eco-friendly packaging through incentive and guidance mechanisms. The Company makes efforts to promote ZTO Express's guideline for green work to increase the awareness and engagement across the entire network. The Company carried out ecological and environmental protection training 10 times in 2021.

## 节水在传递 心系你我他



Participating in the National Urban Water Conservation Publicity Week campaign



Launching "Guarding Clear Water and Green Mountains" Emoji Pack



Zigong Transfer Centre in Sichuan launches the "Green Recycling, Responsible ZTO" campaign

## Green Office

ZTO Express integrates the idea of green office into daily operation and calls on all employees to build a resource-intensive and environment-friendly enterprise. ZTO promotes the use of clean energy such as solar energy in transit centers and implements paperless office through digital and smart system management. Starting from 2019, the Company installed air energy water heaters in the living area of the HQ, which consumes 1/7-1/4 of the energy of ordinary water heaters. The Company uses the industrial grid purification and power saving equipment across the network, which is expected to save about 8% of electricity.

In the office, ZTO Express advocates reasonable computer settings, including enabling energy-saving mode, turning off computers and monitors after work and prohibiting standby overnight. ZTO uses energy-saving lamps and installs intelligent controllers for lighting in some public areas. ZTO enables energy-saving mode for copiers or printers, strives to move office online as much as possible, avoids unnecessary copying or printing, and cultivates low-carbon habits in the office.



The PV facilities generated more than

**5million** kWh

by 2025, the annual PV power generation is expected to reach

**70million** kWh

## Photovoltaic (PV) Power Generation

ZTO makes innovative use of our land and buildings by introducing cooperative enterprises to install and operate PV power generation equipment in some sorting centers. The PV facilities generated more than 5 million kWh of electricity in 2021 and exported the excessive electricity to the state grid while providing the electricity needed for ZTO. In the future, ZTO plans to expand this model on a large scale, and by 2025, the annual PV power generation is expected to reach 70 million kWh.

# 03

## Reach Every Corner

### -Walking Together and Connecting Every Household

ZTO adheres to the core values of "shared success, trust and accountability", and continues to promote employment and entrepreneurship. ZTO joins hands with partners for win-win cooperation and commits to grow together with employees. ZTO continues to carry out public welfare and charity activities, gives back to society with real moves, and spreads positive energy. ZTO has effectively demonstrated its brand value and the commitments to social responsibility. The Company always endeavors to fulfill its vision of "becoming a respected century-old company".

#### A Responsible ZTO in Figures

In 2021, ZTO

- added a total of **1,356** new jobs (including outsourcing) in the whole company;
- had a total of **23,865** employees in the HQ and directly-operated companies;
- achieved a **100%** labor contract signing rate;
- had **1,297** members in trade unions;
- admitted **1,962** suppliers.



Areas	UN SDGs	Risks	Challenges	Action Plan
Labor & Employment	3 GOOD HEALTH AND WELL-BEING 5 GENDER EQUALITY	Incompliant employment risk Social welfare risk Pay gap risk	Human capital empowerment Online training	Management Trainee program Diversified talent recruitment
	8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES	Talent loss risk Occupational health risk Equal development risk	Laddered talent management	Improved social welfare protection system Improved workplace safety Reasonable pay
Community Welfare	1 NO POVERTY 4 QUALITY EDUCATION	Reputation risk Public safety risk	Courier mutual assistance fund Last-mile delivery stations	Employment opportunities Donations to help students in need
	11 SUSTAINABLE CITIES AND COMMUNITIES 17 PARTNERSHIPS FOR THE GOALS			Commitment to social welfare

## Advocating a Culture of "Shared Success"

### Promoting Employment and Entrepreneurship

Employment is fundamental to people's well-being and development. ZTO thoroughly implemented the guidance of government on the work to combat the COVID-19 pandemic and stabilize employment, effectively promoted the stabilization and expansion of employment during the pandemic period, and increased production capacity in various regions, contributing ZTO's strength to the work of the government to advance stability on the six fronts (stability in employment, financial operations, foreign trade, foreign investment, domestic investment, and expectations) and security in the six areas (security in job, basic living needs, operations of market entities, food and energy security, stable industrial and supply chains, and the normal functioning of primary-level governments).

### Empowering Network Partners

The Company actively conducts training to empower couriers and builds a courier platform (Zhangzhongtong system), and improves the business capabilities and skills of couriers through online and offline two-way interactions; t Company builds internal learning and consulting platforms such as ZTO Academy, Xiaoji Service Desk and think tank and sets up exclusive courses to improve couriers' personal skills and service awareness in terms of operation specification, business training and skill improvement by empowering them to learn in fragmented time; the Company implements merit rating and performance evaluation, and selects the five-star couriers every month through the growth system and customizes exclusive uniforms and honorary certificates to enhance their sense of honor.



43 training sessions was organized in 2021, with

**81,703** participants

### Business Training for Outlets via Live Webcast

The Training and Culture Department, in accordance with the guideline of "reducing costs and increasing efficiency", carried out extensive business training via live webcast for managers, customer service representatives and salespersons of the outlets, including training on new QoS regulations, business training for early warning mechanism and promotion of the Company's projects, to extensively address some common issues in the outlets. 43 training sessions was organized in 2021, with 81,703 participants.

### Training for the Management of Outlets

In 2021, the Company organized five regional offline training sessions on communication, leadership and execution in Shanxi, Chaoshan, Heilongjiang, Zhejiang and Tianjin, laying a solid foundation to address the personalized issues raised by the heads of the outlets in a targeted manner and effectively enhance the professional skills of frontline managers of the outlets.



### Training on the "Big Operation" Segment

In 2021, the Training and Culture Department, in collaboration with business elites from various lines of operation, conducted a total of five training sessions for fleet managers and five intensive training sessions for operation team leaders across the Company. This was the first time that ZTO conducted such a large-scale offline business training across the Company, which played an important role in improving the skills of frontline managers in the outlets.



Training on "Big Operations" Segments



Training for the Management of Outlets

**ZTO Finance**

Aiming at building "small yet efficient last-mile presence", ZTO Finance is committed to empowering outlets through a wide range of financial services, including loans, factoring, and financial leasing, to promote the sound development of express delivery, less-than-truckload, and other ecosystem businesses. ZTO Finance is a financing service platform for the ecosystem enterprises of ZTO Express.

Since 2017, ZTO Finance has been providing financial services such as financial leasing and factoring of accounts receivables for outlets, sale-leaseback financing of automated equipment and transportation vehicles owned by outlets, factoring with the transfer of existing account receivables of service outlets. The Company has successively launched a series of financing products, such as "project loan", "site construction loan", "equipment loan", "working capital loan", "special loan for pandemic response", "special loan for peak season", and "Tuxi loan" to solve the financing difficulties faced by outlets and contribute to the sound development of the network. As of the end of 2021, ZTO Finance had helped 2,232 outlets across 32 provinces, municipalities and autonomous regions by addressing their financing difficulties.



◎ Certificate of Honor for Five-Star Couriers



◎ ZTO Academy App



◎ Training on Empowering Outlets Organized by Hunan Management Center



◎ Service Quality Department of Guizhou Management Center Conducting Training on Empowering Service Outlets



# Caring for Employees

## Employees' Rights and Interests

ZTO Express strictly abides by the "Labor Law of the People's Republic of China" and "Labor Contract Law of the People's Republic of China" and other applicable laws and regulations, protects the legal rights and interests of employees, and is committed to creating a stable employment environment. As of the end of 2021, the total number of employees in the HQ and directly-operated companies of ZTO Express reached 23,865, with 100% labor contract signing rate.

### Equal Employment

ZTO Express adheres to the principle of equality and fairness in employment, and ensures that employees are treated fairly, regardless of their gender, age, nationality, race, religious belief, family, health or other status. The Company does not allow any form of forced labor or child labor. The Company fully respects employees' personal privacy rights and strictly keeps their personal information confidential.



### Compensation and Benefits

ZTO Express implements the principle of "setting salary according to post" and builds a rational remuneration system supplemented by corresponding performance evaluation system, which emphasizes position value, performance contribution, and individual's ability. Meanwhile, the Company provides benefits such as Endowment Insurance, Medical Insurance, Unemployment Insurance, Maternity Insurance, Injury Insurance and Housing Provident Fund, and legal holidays. The Company also provides specific groups of employees with other benefits such as telephone fee subsidies, high temperature subsidies, food allowance, accommodation allowance and professional skills subsidies.



Beijing Management Center organizing COVID-19 vaccination for employees

## Democratic Management

ZTO Express has issued and continues to improve the ZTO Express Trade Union Constitution to clarify the specific responsibilities of the trade union and its sub-committees; strengthens the organization of trade union and carries out various thematic activities regarding protection of employees' rights and interests; improves the consultation and communication mechanism, strengthens communication with employees, and listens to their requests. As of the end of 2021, the Company's trade union had a total of 1,297 members.

## Occupational Health

ZTO strictly abides by the relevant provisions of the "Occupational Disease Prevention and Control Law of the People's Republic of China". The Company has passed the certification of the occupational health and safety management system. Every year, ZTO Express regularly makes and distributes health brochures for seasonal diseases throughout the network; conducts health knowledge lectures in collaboration with Huaxin Health Center to enhance employees' awareness of health and safety and protect their physical and mental health. Since the outbreak of the COVID-19, the Company has actively fulfilled its social responsibilities and responded to the national epidemic prevention and control measures by organizing personnel for vaccination, with a total of 10,819 employees vaccinated and 64 coaches arranged for the vaccination work.



Distributing health bracelets to drivers of Shanghai fleet



Free nucleic acid testing in multiple places



Certification of the Occupational Health and Safety Management System



Employee health check-ups

## Cultivating Talents

ZTO adheres to a "people-centered" principle in talent cultivation, implements the Group's echelon-based talent cultivation strategy, and provides various training courses to improve employees' skills and abilities and effectively enhance their core competitiveness. The Company has formulated the "ZTO Talent Promotion Management System". In accordance with the five major principles of "equal emphasis on morality and performance, gradual promotion, combination of vertical and horizontal promotion, priority to internal staff, and reasonable allocation", based on the "span of control" strategy, and in light of the diversified factors of talent growth, the Company has built up a career development mechanism of two lines: management category and professional category, and complements it with the corresponding promotion assessment and training mechanism to help broaden employee career development channels, incentivize employees to keep improving professional skills and comprehensive quality, and enhance the core competitiveness of the Company and employees.

Management Category	Professional Category	
M Line	T Line	P Line
M1(Employee)	T1	P3/P4
M2(Team Leader)	T2	P5
M3(Supervisor)	T3	P6
M4(Deputy Manager)	T4	-
M5(Manager)	T5	P7
M6(Senior Manager)	T6	-
M7(Vice Director/Deputy General Manager)	T7	P8
M8(Director/General Manager)	T8	P9

### Career Development Paths of Employees

### Baiyou Training Series

The Company continues to strengthen the training and management capabilities of the Baiyou Training Series, implements strict management and further improves the assessment and evaluation methods. In 2021, the Company continued to expand the number of trainees, with the number of trainees participating in Baiyou Flying Eagles and Eagles training programs increasing by 48.75%, allowing more employees to benefit from the Baiyou classroom.



© Baiyou Training Series

## Train the Trainers

The Company adopts a combination of "online knowledge learning + offline practical exercises and assessment" for trainers' training, shifting the focus from course lecturing to training exercises, assessment and on-site guidance, so as to further improve the practical ability of part-time trainers to conduct training, consolidate the trainers' team, and provide a solid foundation for the implementation of training.



© Train the Trainers

## Training for Management Trainees

As a key project of talent development of ZTO Express, the training program for management trainees is divided into three stages: role change, career advancement and coaching & mentoring. Through systematic and personalized training approaches, ZTO Express strives to develop a team of future managers, who echo with the culture and values of ZTO Express and who have a high degree of loyalty, high potentials, strong resilience to stress, great influence and strong motivation.



© Train Management Trainees



## Special Talent Training Program

In 2021, the Company launched a series of training programs such as "Red Gravitational Wave" Party History Training, "Communication Training Camp", the training for the heads of reserve centers. These programs are independently developed by ZTO's internal trainers and are delivered offline by a team of senior trainers across the country. A large number of training sessions were conducted in a systematic manner, covering a wide range of audience. The face-to-face training by senior trainers created new experiences, new feelings and new gains to the trainees of each center and had exerted a great impact on their personal leadership, execution, communication and mindset development.



Special Talent Training Program

## Employee Care

ZTO organizes a series of cultural and sports activities such as "Family Day", fun sports, birthday parties, and team building activities to balance employees' work and life and help them develop a positive mental outlook. ZTO pays attention to creating a sense of achievement, belonging and happiness for employees and enhancing their trust and love to ZTO as a member of the big ZTO family.



The HQ of ZTO International organizing activities in celebration of the New Year



Hangzhou Center, Management Center in Zhejiang organizing team building activities



Cangheng (Cangzhou-Hengshui) Transit Center in Hebei held a tug-of-war competition



Organizing cultural and artistic activities



ZTO carrying out activities and distributing gifts in Dragon Boat Festival



Organizing table tennis matches

# Joining Hands with Partners for Win-Win Results

## Supplier Management

ZTO has strict supplier selection and management procedures, clarifies the full life cycle management of suppliers from introduction, evaluation to exit, and standardizes supplier management and procurement behaviors. The Company effectively identifies risks, reduces environmental, social and safety hazards, and ensures the stability, efficiency and continuous improvement.

### Strengthening Procurement Management

In order to standardize the management of raw material suppliers, ensure continuity and stability in the procurement of raw materials, continuously improve procurement channels, reduce and control procurement costs, and prevent the procurement of inferior goods as well as the risk of malpractice and fraud due to improper selection of suppliers and irregular authorization and approval, ZTO has formulated the "Supplier Management System of ZTO Express Group" to strengthen the legal supervision on procurement activities. The Company also established a supplier access and exit mechanism to optimize the supplier group.

#### Supplier Access

The Purchasing Management Department fills in the basic information of suppliers and the type of business access, and collects and uploads access application materials; organizes inspections of new suppliers, and conducts comprehensive inspections from the aspects of supplier profile, production equipment, operating status, quality control, and actual use of products, to ensure that the suppliers meet the standards; if the suppliers are assessed as unqualified in the inspection, their entry will be stopped.



#### Supplier Evaluation and Exit

The Company combines daily project management with annual evaluation to evaluate suppliers who have transactions with the Company during the evaluation period. The Company implements the graded classification management according to the evaluation results. In the case of a violation, the supplier will be immediately determined as unqualified, which shall be removed from the qualified vendor pool.

## Integrity in Procurement

ZTO Express attaches great importance to the compliance management of suppliers. The Company has published the Code of Conduct for Partners in the "Supplier Cooperation" module under the column of "Partnership & Cooperation" on the official website, and has integrated the requirements of compliance, honesty and integrity into the Code. The Company stipulates that the supplier who violates the Code of Conduct will be disqualified and banned from cooperation with the Company for three years.

### Code of Conduct for Partners

- Abide by the laws and regulations of the People's Republic of China.
- Be honest and trustworthy. Neither provide products and services that do not match in quantity and quality, nor provide false information and fake bills.
- Do not offer bribes to purchasing and receiving personnel, including but not limited to cash and non-cash gifts such as cash, vouchers, gifts and trips.
- Keep commercial secrets confidential and do not disclose the Company's commercial secrets such as procurement quantities and prices to other companies and individuals without permission.
- ZTO has the right to disqualify any supplier that violates the above provisions and will not purchase their products and services for three years.

## Green Procurement

ZTO Express implements the strategic arrangements of the State Post Bureau on the ecological and environmental protection work, improves the green procurement framework, and promotes the green development, transformation and upgrading. ZTO Express has formulated the "Green Procurement System" to identify the departments responsible for green procurement, implementation procedures, management norms, and so on. The Company has established a framework of corporate green procurement standards for different procurement categories and adopts the list-based management approach to drive suppliers to strengthen their environmental protection, safety and other social responsibility performance.

## Industry Development

ZTO attaches great importance to the development and empowerment with all partners and the coordinated development of the whole industry. Through university-enterprise cooperation, strategic cooperation and participation in industry meetings, the Company constantly explores new forms of partnership and works together with partners to build a sound industry ecosystem and promote the further development of the industry in a more stable and solid manner.

## University-Enterprise Cooperation

ZTO keeps promoting the development of university-enterprise cooperation projects, engages in in-depth exchanges with professors and students, and carry out intensive university-enterprise cooperation in the integration of industry and education, talent training, internship and employment. ZTO is committed to optimizing the cooperative talent training model to connect university talents with the market and achieve win-win results for all parties.



◎ ZTO's Shanxi Management Center cooperating with Shanxi Engineering Vocational College to set up the "ZTO Express Class" majoring in logistics management



◎ Zhu Jingxi, Vice President of the Group, sharing ZTO's entrepreneurial history and technological development at Shanghai Jiaotong University



◎ Zheng Chao, Director of Marketing Center of the Group, sharing industry insights at College of Transportation Engineering, Tongji University



◎ Professors and students from MEM Education Center, Tsinghua University visiting Chongqing Management Center

## Strategic Cooperation

ZTO continues to enhance mutually beneficial industry cooperation and proactively promotes the landing of various cooperation projects. The strategic partners make full use of their advantages to further strengthen cooperation and industrial synergy in intelligent logistics, green logistics system, drone delivery, cross-border supply chain, and other areas, and enhance strategic collaboration and complementary advantages for mutual benefits and win-win results.

### Case ZTO works with partners to explore the innovative mode of intelligent logistics

On the afternoon of September 9, 2021, ZTO Express reached a strategic cooperation agreement with WeRide and JMCG. In this cooperation, WeRide and JMCG would join hands to manufacture WeRide Robovan, a L4-level self-driving truck, ZTO would provide a full range of logistics application scenarios, and the three parties would jointly carry out Robovan's commercial pilot operation. Through this strategic cooperation, the three parties, with their respective resources, would jointly explore new modes of intelligent logistics, support customers' multi-scenario needs in urban centers, urban villages and highways, and make efforts to promote the development of the integrated self-driving solution and jointly build a new eco-system for intra-city logistics.



### Attending Industry Meetings

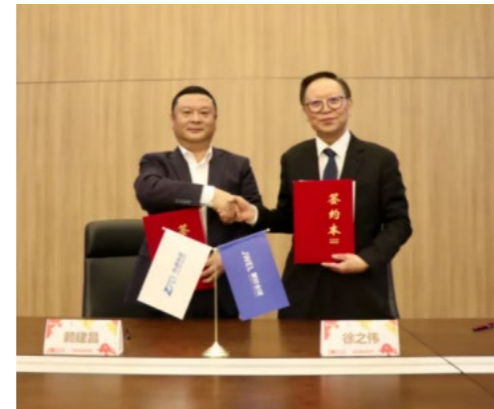
ZTO actively participates in industry events and conferences and engages in extensive and in-depth exchanges with various partners on building comprehensive advantages in logistics, improving comprehensive service capabilities of international express and logistics, and developing innovative application of smart technologies. The Company has promoted information sharing across the industry while increasing ZTO's business visibility and brand communication and bringing more customers and partners.



Attending the 4th Digital China Summit & Exhibition



Deeper cooperation with Air Products and Chemicals, Inc. to jointly explore the use of hydrogen energy in the logistics industry



Collaboration with Jowell Global Ltd. to explore a win-win situation in smart logistics and new community retail



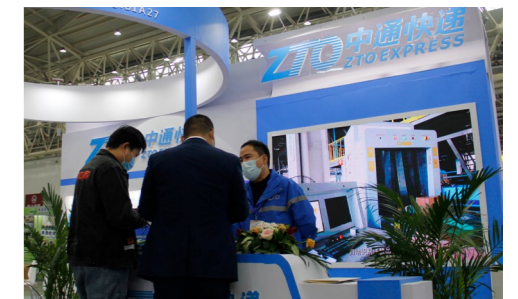
Cooperation with Yitong UAV System to promote the development of UAV cargo delivery in China



The cooperation between ZTO Cloud Warehouse and Dugood Luck (Shenzhen) Technology Co., Ltd. enhancing the influence and voice of both parties in the field of cross-border supply chain



ZTO Cloud Warehouse participating in the 16th China (Shenzhen) International Logistics & Supply Chain Fair



Participating in the 7th Wuhan International E-Business and "Internet Plus" Industry Exposition



Signing a strategic cooperation agreement with the State Post Bureau to jointly promote the healthy, orderly and intensive development of the industry



Tibet Management Center and China Telecom's Tibet Branch jointly promoting "express-telecom" cooperation



Participating in the 22nd China International Food and Beverage Exhibition (SIAL China)

# Devotion to Public Welfare and Charity

## Disaster Relief Assistance

ZTO has always taken "devotion to the welfare of others and society" as its corporate responsibility and fulfilled its social responsibilities while ensuring the normal operation of ZTO's outlets after the disaster. In 2021, we had encountered multiple disasters, such as shockwaves of COVID-19, flooding in Henan Province and the earthquake in Yunnan Province. ZTO immediately participated in the disaster relief and reconstruction work in the disaster-stricken areas. ZTO stood together with the affected people during the hard time, fully demonstrating the mission and responsibility that an excellent enterprise should take.

On July 20, 2021, Henan was hit by a heavy rainstorm. The ZTOers in Henan well fulfilled their social responsibility while helping the outlets in rescue and disaster relief. ZTO HQ immediately set up a special team for flood control and disaster relief and dispatched the team to Zhengzhou, Henan province, to assist the local management center in flood prevention and control. On July 21, RMB 10 million was earmarked to support disaster-stricken service outlets and couriers in Henan and the transportation of public donations. On July 22, ZTO donated RMB 20 million to Zhengzhou Red Cross Society, which has fully reflected ZTO's corporate responsibility to assist services outlets and support couriers in need and give back to the society in the face of sudden natural disasters.



◎ ZTO acted swiftly to donate 100,000-yuan anti-pandemic supplies to support the front line of the pandemic in Ruili, Yunnan



◎ ZTO Cambodia donated anti-pandemic and living materials to a local orphanage



◎ Financial and Physical Donations to Disaster-Stricken Areas in Henan



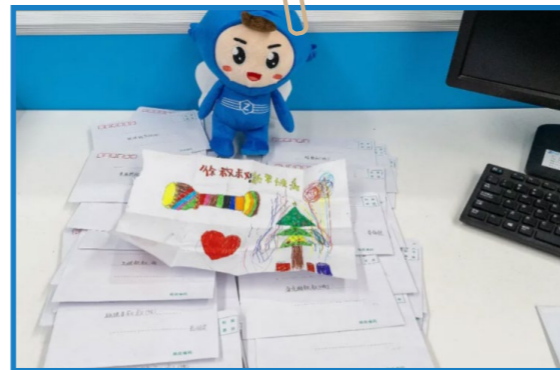
◎ ZTO rushed to help transport relief supplies in Shanxi



◎ ZTO Yunnan procured relief supplies overnight to help Yangbi County, Dali Prefecture, Yunnan



Chongfu Outlet, Tongxiang, Zhejiang delivering 10 cartons of books to an elementary school in a remote area of Xinjiang



ZTO HQ receiving 53 letters of thanks from the mountainous area of Yunnan



Free delivery of hundreds of cartons of school uniforms and books to Rikaze, Tibet and Kashi, Xinjiang



Shanxi Management Center working with volunteers in Longcheng to support students in need

## Supporting Students in Need

ZTO pays attention to the education and development of future talents, takes social welfare as an important part of its development, supports education in poor areas through various forms, helps local schools improve their teaching environment, and brings hope to children and families with love.

## Community Building

ZTO is committed to carrying out community activities in long-term collaboration with communities to promote the integrated development of enterprises, society and communities and fulfill our corporate social responsibility.

## Charitable Donations

We stay true to our original aspirations and fulfill our social responsibility through charitable donations, contributing to the era that "everyone can do charity".



The Safety Supervision Center of the HQ donating materials to Rehabilitation Center for Children with Disabilities, Huaxin, Qingpu, Shanghai

## Volunteer Activities

ZTO encourages employees to participate in public welfare activities in various forms, gives full play to their sense of corporate honor, mission for public welfare and social responsibility, and encourages ZTOers to give back to society and contribute to common prosperity.



Providing delivery services for college graduates



Carrying out the blood drive



Holding a public welfare hiking fund-raising activity titled "an egg's hiking journey"



Calling on employees to voluntarily join the ranks of volunteers donating hematopoietic stem cells



# Management of Social Responsibility

## Responsibility Strategy

ZTO upholds the corporate spirit of "persistence, focus, and perseverance", the corporate mission of "bringing happiness to more people through our services", and the core values of "shared success, trust and accountability, innovation and entrepreneurship". ZTO integrates social responsibility into every aspect of our operations, develops a social responsibility strategy system with ZTO's characteristics from the perspective of stakeholders (government, shareholders, customers, partners, employees and communities), and develops supporting annual plans to guide the Company's social responsibility work, including serving rural market, ensuring delivery safety, promote intelligent delivery and green delivery. ZTO grows together with employees, empowers partners, and actively integrates into communities. With a pioneering, innovative and pragmatic spirit, ZTO tries to contribute our wisdom and strength to the high-quality development of China's express delivery industry and fulfill the vision of "becoming a respected enterprise with dignity, sustainability and longevity for centuries to come".

## Responsibility Governance

ZTO's responsibility governance framework is based on good corporate governance and high ethical standards, and takes into account economic, social and environmental aspects in the business decision-making process at all levels. The Board of Directors takes full responsibility for the Company's ESG and CSR strategies making and reporting and discusses sustainability issues at regular meetings. An integrated management system with management participation and horizontal coordination across multiple departments is established to promote the implementation of related ESG and CSR policies and initiatives and the disclosure of related information. The BoD is also responsible for monitoring the Company's risk management structure and sustainability risks, including climate- and safety-related risks.

### Working Groups on Sustainable Development

To systematically promote the Company's work on sustainable development, ZTO has established a joint ESG and CSR working mechanism according to the industry characteristics and its own business and set up an ESG management group led by the Capital Markets Department and a CSR management group led by the Public Affairs team. They are responsible for the management, promotion, decision-making and annual report preparation of the Company's strategic work on ESG and CSR. Each functional department at the HQ and each management center are responsible for implementing ESG and CSR work within their respective mandates, collecting and organizing information, and supporting the preparation of ESG and CSR reports. Their work is guided and assessed by the Group.

## Communication on Responsibility Matters

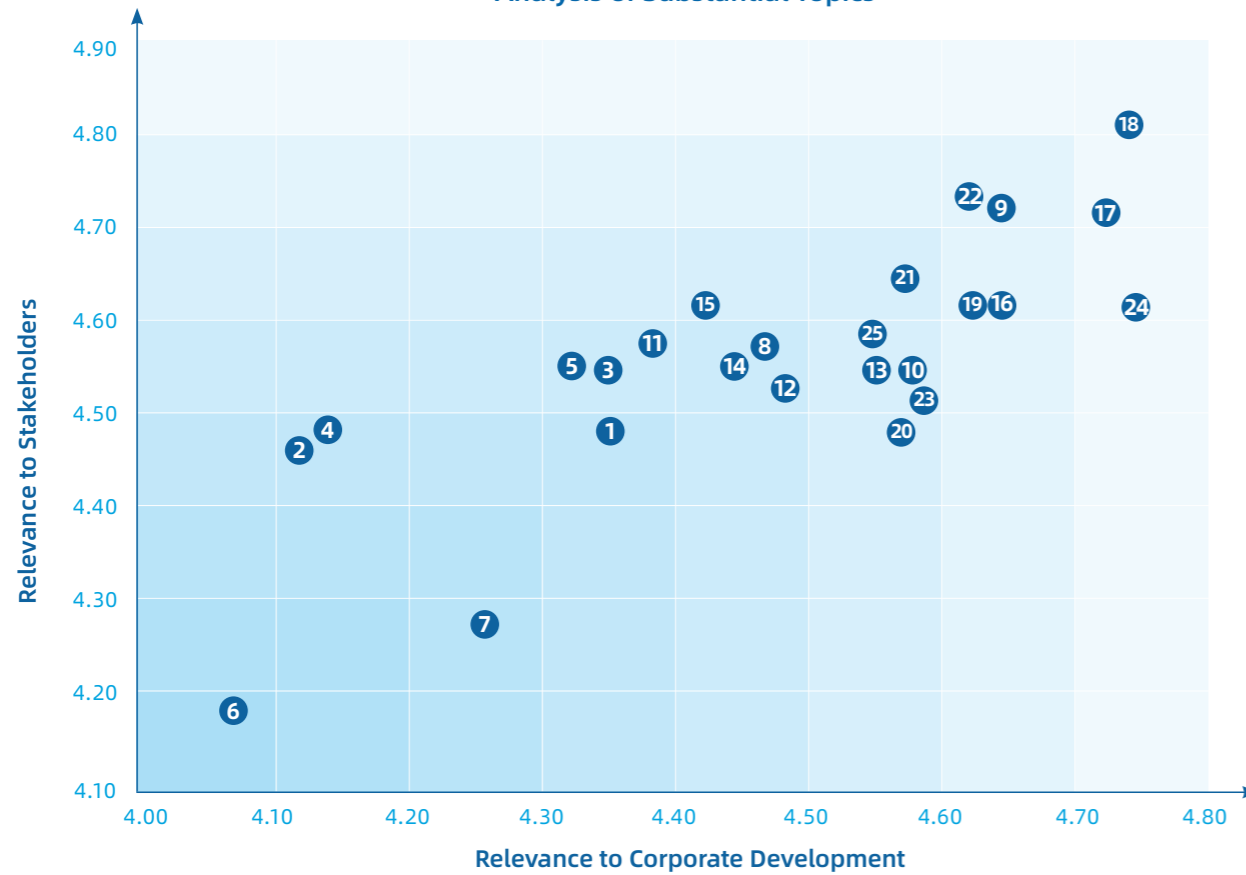
ZTO keeps a close eye on the requests and expectations of stakeholders. We keep exploring innovative ways to communicate with stakeholders and expanding communication channels. ZTO regularly publishes social responsibility reports, annual, interim, and quarterly reports, discloses corporate information in a rigorous, timely and accurate manner on the platforms of stock exchanges, official website, official WeChat account and mainstream media websites. ZTO promotes communication between investors and shareholders, participates in industry forums and conferences, organizes exchanges with stakeholders, initiates or participates in social welfare activities, etc. ZTO builds a diversified internal and external communication platform to spread the Company's ideas and social responsibility performance trends. While enhancing stakeholders' understanding and support for the Company, we absorb reasonable opinions and suggestions from internal and external stakeholders, continuously improve the operations and management and enhance the overall competitiveness of the Company.

Stakeholders	Key Areas of Interest	Means of Communication	Follow-up Measures
 <b>Government</b>	Safety and environmental protection Paying taxes according to the law Job creation Stable development	Government-enterprise cooperation Work report Statistical report	Comply with laws and regulations Reduce the risk of work safety Implement the requirements of green delivery Respond to the call of the government
 <b>Investor</b>	Corporate governance Business performance Share price performance Shareholder engagement	Shareholders' meeting Information disclosure Field trips	Strengthen anti-corruption and risk management Committed to high quality and steady growth Do a good job in information disclosure Keep communication channels with shareholders open
 <b>Customer</b>	Diversified products Satisfying services Delivery safety Information protection	Customer events Customer service channels Online platform	Create an ecosystem with diversified product offerings Implement the three safety requirements Address customer complaints Protect customer information security
 <b>Employee</b>	Remuneration and benefits Career development Employee care Supporting the needy	Staff meeting Internal platform Diversified activities	Encourage internal mobility of talents Improve HR policies Carry out diversified employee activities Help employees in need
 <b>Partner</b>	Protecting their rights and interests Mutual benefits Long-term cooperation Sharing	High-level meeting Agreements & contracts Products & services	Eliminate commercial bribery Adhere to integrity and good business ethics Carry out long-term business cooperation Implement responsible procurement
 <b>Community</b>	Harmonious community Public welfare Public relations Rural revitalization	Community communication Charity activities Community building	Assist disaster-stricken areas Help and support students in need Make best efforts to prevent and control the pandemic Contribute to rural revitalization

## Materiality Issues

To enhance the relevance and responsiveness of the report, ZTO gradually improves the identification and management of materiality issues. In the early stage of the report preparation every year, ZTO constructs a model to select substantial issues based on two key dimensions: "relevance to corporate development" and "relevance to stakeholders" and through industry policy research, analysis of reporting standards and benchmarking with excellent reports. ZTO establishes a database of materiality issues, based on which ZTO develops a questionnaire on materiality issues. Afterwards, the key issues highly relevant to sustainable development of the Company and to the stakeholders will be sorted out as the key issues for information disclosure in the 2021 ESG report.

● Analysis of Substantial Topics



- |  |   |                               |
|--|---|-------------------------------|
| ① Energy   | ⑨ Occupational health and safety          | ⑰ Customer satisfaction       |
| ② Water resource                                     | ⑩ Career development for employees        | ⑱ Protecting customer privacy |
| ③ Exhaust emissions                                  | ⑪ Prevention of child labor/forced labor  | ⑲ Protecting IPs              |
| ④ Wastewater discharge                               | ⑫ Democratic communication with employees | ⑳ Anti-corruption             |
| ⑤ Hazardous waste discharge                          | ⑬ Protecting human rights                 | ㉑ Business ethics             |
| ⑥ Non-hazardous waste discharge                      | ⑭ Anti-discrimination                     | ㉒ Law-abiding and compliance  |
| ⑦ Greenhouse gas emissions                           | ⑮ Supplier management                     | ㉓ Social welfare              |
| ⑧ Compliance with environmental laws and regulations | ⑯ Optimizing service experience           | ㉔ Combatting the pandemic     |
|  |   | ㉕ Common prosperity           |

## Future Outlook

The year 2021 marked the 100th anniversary of the founding of the Communist Party of China (CPC) and the first year of China's 14th Five-Year Plan (2021-2025). In response to the call of the nation, ZTO placed emphasis on sustainability, kept improving our organizational structure, and strived to consolidate the leadership in business volume. ZTO fulfilled the social responsibility with our concrete development results and delivered a satisfactory answer in 2021.

In the coming year, we will strive to pursue high-quality development, focus on ensuring profitability with stable service quality, increase our market share, and ensure stable network operation. We will strive to diversify our service and product offerings, forge a last-mile ecosystem featuring close bonds, high loyalty and mutual reinforcement with our partners, optimize organizational structure, upgrade HR strategy, broaden pathways for green operations, and transform from quantity-based to quality-based development. We will continue to uphold the corporate mission of "Bringing happiness to more people through our services", seize the opportunities of the times, and navigate to the right direction. We will strive for the best, live up to our mission, and make progress while maintaining stability. We will work hard to make great strides, and join hands with all stakeholders with confidence, commitment, and endurance to ride on the trend, keep pace with the times and create a bright future together.



# Appendix

## Key Performance Indicators (KPIs)

Indicators	Unit	2019	2020	2021	
<b>Business Indicators</b>					
Parcel volume	Billion	12.1	17.0	22.3	
Service outlets		30,000	30,000	30,400	
Domestic sorting hubs		91	94	99	
Automated sorting equipment	Set	265	339	385	
Line-haul vehicles		7,350	10,450	10,900	
Line-haul routes		2,600	3,600	3,700	
High-capacity trailer trucks		4,650	7,900	9,000	
<b>Environmental Indicators</b>					
Packaging ratio of "slim tape" thinner than 45 mm	%	N/A	90	92.62	
Ratio of newly purchased "slim tape"	%	N/A	100	100	
Utilization rate of recyclable transfer bags	%	N/A	95.22	98.62	
Ratio of e-commerce parcels without repackaging	%	N/A	70	92.15	
Total packaging waste recycling installations		20,000	21,000	24,000	
Energy consumption	Electricity consumption	MWh	143,510	180,284	232,308
	Diesel consumption	Ton	219,164	243,569	274,937
	Water consumption	10,000 Ton	2571	340.4	400.7
Packaging consumables	Tape	kg	117,891	161,901	271,422
	Waybill	kg	26,099,456	21,521,319	24,624,277
	Waterproof bag	kg	1,359,364	1,854,855	2,674,734
	Envelope	kg	12,864,269	17,548,803	25,075,629
Direct GHG emissions and intensity	CO <sub>2</sub> Emission	Ton	703,515	769,921	882,549
Indirect GHG emissions and intensity	CO <sub>2</sub> Emission	Ton	137,770	173,072	223,015

Indicators	Unit	2019	2020	2021	
Other indirect GHG emissions	Tapes	Ton	469	1,146	1,921
	Waybills	Ton	65,959	40,288	46,096
	Others	Ton	39,185	54,967	78,629
Total carbon emissions	Ton	946,898	1,039,394	1,224,469	
NOx emissions	Ton	5,500	6,347	7,451	
Particulate Matter (PM) emissions	Ton	395	456	536	
SOx emissions from burning diesel	Ton	4	5	5	
Total hazardous waste produced	Ton	0.41	0.50	0.60	
Total non-hazardous waste produced	Ton	31	37	40	
CO <sub>2</sub> produced per 10,000 yuan	kg/10,000yuan	428	412	403	
CO <sub>2</sub> produced per parcel	kg/parcel	0.078	0.061	0.055	
E-waybill utilization rate	%	99.85	99.93	100	
Green recyclable transfer bags put into use	10,000	100	900	1,856	
Training sessions on ecological and environmental protection		--	10	10	
<b>Social Indicators</b>					
Number of accidents		658	646	383	
Total workforce by gender	Male	12,850	14,648	15,451	
	Female	6,159	7,888	8,414	
Total workforce by age group	Aged 29 or below	4,752	6,828	6,440	
	Aged 30-50	12,451	14,085	14,836	
	Aged above 50	1,806	1,623	2,589	
Total workforce by employment category	Full-time	19,009	22,536	23,865	
	Part-time	0	0	0	
Total workforce by geographic region	Shanghai	--	3,539	3,564	
	Other than shanghai	--	18,997	19,537	

## Key Performance Indicators (KPIs)

Indicators	Unit	2019	2020	2021
Lost Time Injury Rate (LTIR)	%	0.91	0.68	0.39
Participants in safety training sessions	Person-time	--	1,638,763	1,160,015
Information security related training sessions		11	6	51
Number of participants in information security related training sessions	Person-time	833	1,600	6,061
Coverage of Five Social Insurances and One Housing Fund	%	100	100	100
Labor contract signing rate	%	100	100	100
Total workforce		19,009	22,536	23,865
Customer satisfaction rate (public satisfaction)	Score	83.4	84.9	84.1
Number of filed and concluded legal cases regarding corrupt practices during the reporting period		0	0	0
Proportion of minority employees	%	5.7	6.6	6.3
Number of trade union members		722	1,098	1,297
Number of work-related fatalities		9	10	10
Rate of work-related fatalities	%	0.05	0.04	0.04
Percentage of total products sold or shipped subject to recalls for safety and health reasons	%	The Company does not produce physical products, mainly provides express delivery services, and does not involve product recalls		
<b>Corporate Governance Indicators</b>				
Press announcements and related documents released		50	80	65
Domestic and foreign investment institutions received		900	1,000	1,000
Roadshows attended		20	40	40
Percentage of legal personnel covered by compliance training	%	100	100	100
Percentage of economic contract reviewed	%	100	100	100
Percentage of economic contract performed	%	100	100	100
Patent applications		145	242	368

## Comments and Feedbacks

### Dear readers:

Hello! Thank you very much for taking time out of your business schedule to read the 2021 ESG Report of ZTO Express (Cayman) Inc. In order to continuously improve the report, we are especially keen to listen to your comments and suggestions. Please assist us in completing the relevant questions in the feedback form and choose the following ways to send your feedbacks to us:

**Address:** No. 1685, Huazhi Road, Huaxin Town, Qingpu District, Shanghai, 201708 **Corporate email:** ir@zto.com

### ◎ Your Info

First Name and Surname: \_\_\_\_\_ Contact Tel: \_\_\_\_\_ Organization: \_\_\_\_\_

Fax: \_\_\_\_\_ Position: \_\_\_\_\_ Email: \_\_\_\_\_

### ◎ Multiple-choice questions (please tick "✓" in the corresponding boxes)

To what extent does this report reflect the significant impact of ZTO Express on the economy, society and environment?	<input type="checkbox"/> Very good <input type="checkbox"/> Good <input type="checkbox"/> Fair <input type="checkbox"/> Poor <input type="checkbox"/> Extremely poor
To what extent does this report respond to the issues of great interest to stakeholders and disclose the relevant information?	<input type="checkbox"/> Very good <input type="checkbox"/> Good <input type="checkbox"/> Fair <input type="checkbox"/> Poor <input type="checkbox"/> Extremely poor
To what extent are the information, indicators and data disclosed in this report clear, accurate and complete?	<input type="checkbox"/> Very good <input type="checkbox"/> Good <input type="checkbox"/> Fair <input type="checkbox"/> Poor <input type="checkbox"/> Extremely poor
To what extent is the readability of this report?	<input type="checkbox"/> Very good <input type="checkbox"/> Good <input type="checkbox"/> Fair <input type="checkbox"/> Poor <input type="checkbox"/> Extremely poor

### ◎ Open Questions:

What do you think is the most satisfying aspect of this report?

In your opinion, what other information you need to know is not reflected in this report?

Do you have any suggestions for the preparation of our future ESG reports?



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