

2020 ZTO Express (Cayman) Inc. ESG Report



About the Report

Introduction

This annual Environmental, Social and Governance (ESG) report is published by ZTO Express (Cayman) Inc., and it covers ZTO Express (Cayman) Inc. and its subsidiaries. For reader's convenience, "ZTO Express", "ZTO", "the Company", and "We" are also used.

Time frame

The time frame of this report is consistent with that of the *Annual Report of ZTO Express (Cayman) Inc.*, which is from January 1, 2020 to December 31, 2020, unless otherwise specified.

References

The report was prepared with reference to the Environmental, Social and Governance Reporting Guide (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 was prepared with reference to the above-mentioned standards and followed the steps of peer comparison, information collection, information review, report writing, data review, management approval and report release, to ensure the completeness, materiality, authenticity, and balance of the report.

Data

All data in the report were obtained from public data and ZTO Express's statistics, which have been reviewed by relevant parties. Unless otherwise stated, the financial data in the report are in RMB.

Quality commitment

The Company promises that the report does not contain any false records, misleading statements, or material omissions.

Access to the report

The report is available in an electronic format, which can be accessed in the Financial Reports section under the Company's Investor Relations website.

Information

The Company Website: www.zto.com

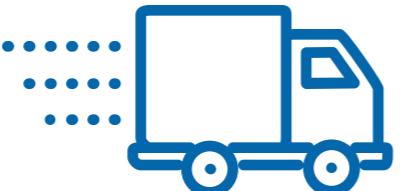
HQ address: 1685 Huazhi Road, Huaxin Town, Qingpu District, Shanghai 201708

Tel.: 95311

Email: ir@zto.com

Bringing Happiness to More People
through Our Services

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Chairman's Letter

2057, Let's Set off Again!

On Sep. 29, 2020, 10 representatives, including members of our ZTO family and our network partners jointly sounded the gong to celebrate the listing of ZTO Express on the Hong Kong Stock Exchange (HKEX), marking a new milestone in our development journey. Our stock code is 2057 on the HKEX, with 20 representing the year of 2020, and 57 representing the business volume of ZTO on the first day of incorporation. The collision of these two figures starts a new journey for ZTO Express.

On this new journey, we have responsibilities ahead of us. Today we take this step forward. This is not only a recognition of our past achievements, but also a challenge for us in the future. It means that we need to take greater responsibility. The express delivery industry connects cities and industries and serves tens of millions of users. It is a link between production and consumption and a bridge between products and users, and is considered a basic, strategic and leading industry that supports the development of the national economy. It is featured by a huge market, promising prospects and tremendous potentials. It not only helps more people start their own career and businesses and live a better new life, but also helps customers reduce costs, improve efficiency, create value and enhance competitiveness. Moreover, it can help address social problems, reduce logistics costs for the whole society, and make the chain "from factory to user, from farm to table" shorter and flatter. The secondary listing of ZTO in Hong Kong is to better fulfill the above-mentioned responsibilities and better adapt ZTO to the future.

On this new journey, we are in front of change and unchanged. Along the way, the Company has grown from a small company into a large enterprise, our performance keeps improving, and our family keeps expanding. However, what remains unchanged is our core values of "shared success, trust and accountability, innovation and entrepreneurship", our management philosophy of "fair, efficient, and result-oriented", and our corporate culture of "integrity, simplicity, efficiency and trust". These have enabled ZTO Express to build on its past and achieve rapid development. We have taken solid steps on the road of implementing the mission of "bringing happiness to more people through our services" and become a key player in China's express delivery industry. In the future, we will stay true to our original aspirations, stick to our mission and take our listing on HKEX as a starting point to explore and win a better future in the digital economy with our trust, simplicity, diligence, technology and wisdom.

On this new journey, we are not afraid of challenges ahead of us. We are fully aware that the road ahead will be tougher and more challenging, but we firmly believe that as long as we stick to the right direction, make solid and substantial efforts, leverage the advantages of China's mega-market and the huge potentials of domestic demands, keep abreast of the "dual circulation" trend with domestic circulation as the mainstay and with domestic and international circulation reinforcing each other and form competitive edges in fully-integrated comprehensive logistics, ZTO Express will definitely march into a bright future with more solid steps.



ABOUT ZTO

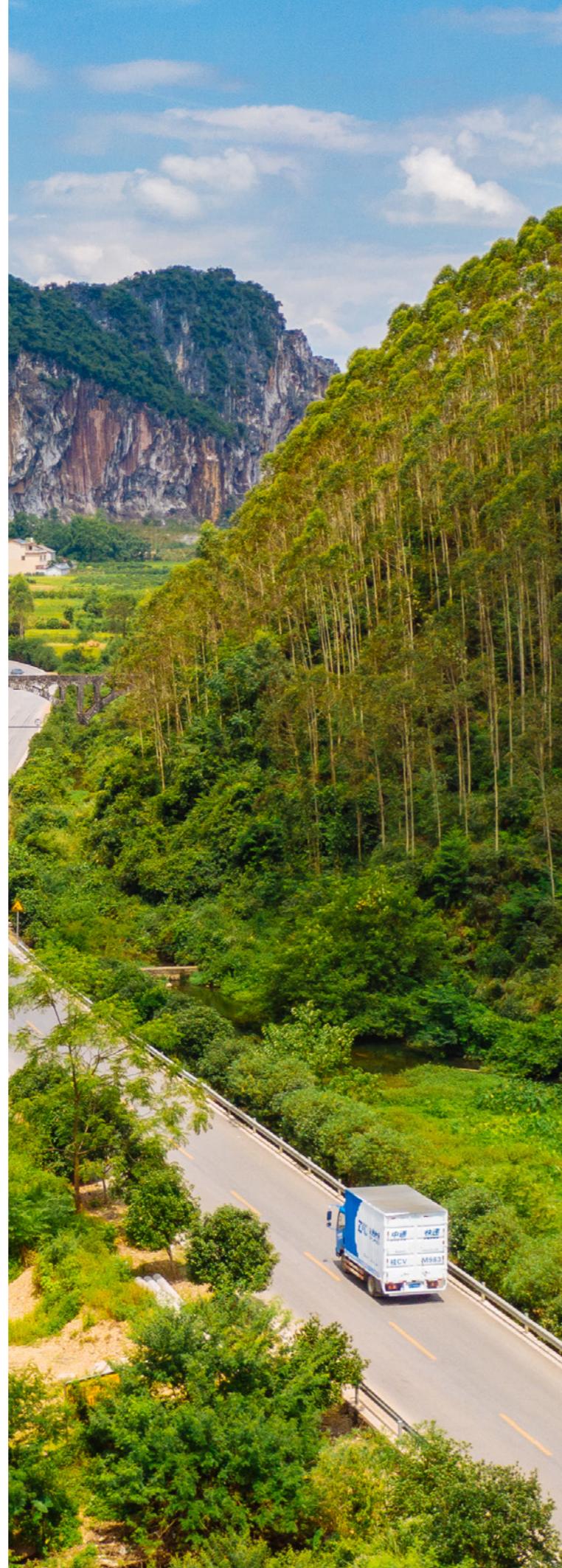
Company Overview

Founded on May 8, 2002, ZTO Express (Cayman) Inc. is a logistics conglomerate integrating multiple services including domestic and international express delivery, express freight, 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, becoming the first Chinese express delivery company listed in both the United States and Hong Kong, and the first stock of innovative logistics on the HKEX.

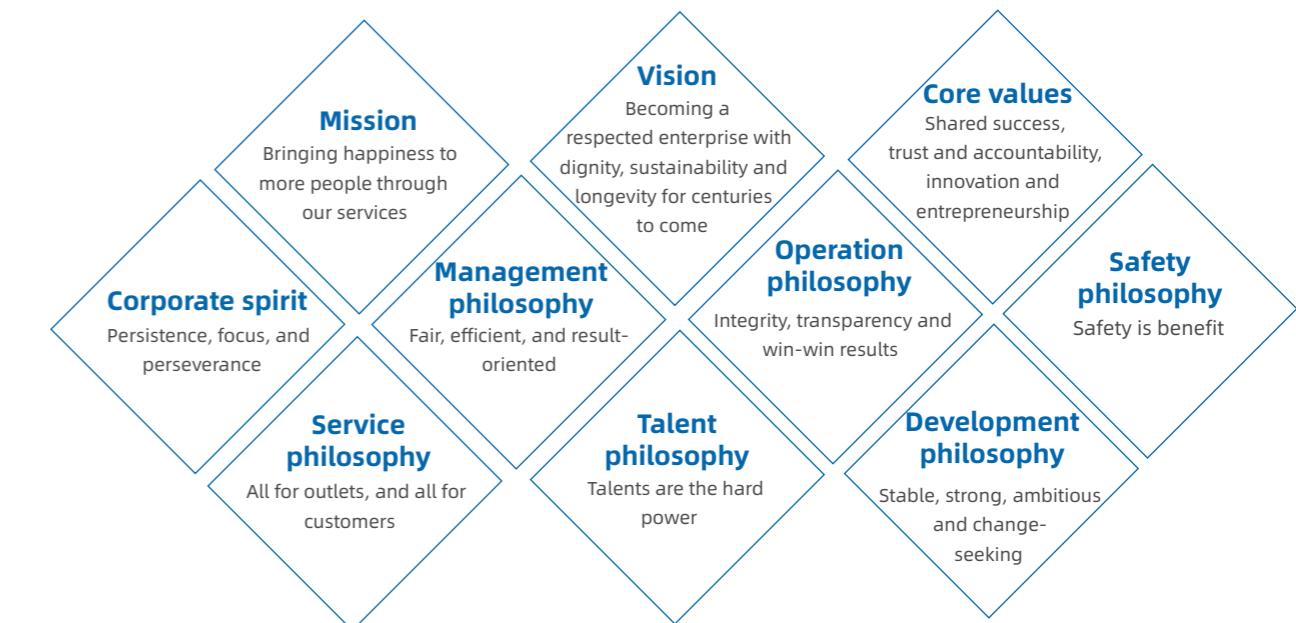
ZTO has grown into the largest express delivery enterprise in the world in terms of parcel volume. In 2020, the business of ZTO Express maintained high-speed growth, with the parcel volume reaching 17 billion, up 40.3% year-on-year, growing faster than the industry average. The Company ranked No.1 in the industry for five consecutive years and captured 20.4% market share. On Sep. 1, 2020, ZTO Express processed its 10 billionth parcel for the year, and this took only eight months and one day, setting the record again.

ZTO Express has the largest network with the most extensive, the deepest and the most intensive coverage among the private operators in China. By the end of 2020, ZTO Express had nearly 30,000 service outlets and over 68,000 last-mile delivery posts, which covered over 99% of cities and counties in China. ZTO Express possesses the world's leading express delivery capabilities, including 94 domestic sorting hubs equipped with more than 339 sets of automation equipment. For instance, the sorting hub in Guangzhou became the world's first sorting hub with a daily parcel volume exceeding 10 million during the "June 18 promotion" campaign in 2020. The Company vigorously promote the usage of trailer trucks, owning more than 10,450 line-haul vehicles, of which about 7,900 are high-capacity vehicles over 15 meters.

During its development and growth, ZTO Express has been actively fulfilling corporate social responsibilities with a full range of practical actions. The Company made unremitting efforts in green development, safety assurance, targeted poverty alleviation and rural revitalization, and actively repaid the society and spread positive energy of the industry through a wide range of public welfare activities such as disaster relief, poverty alleviation, education aid, free delivery of epidemic prevention and control materials.



Core Philosophy



Diversified Ecosystem

While growing and expanding our main business of express delivery, ZTO Express actively expands into the upstream and downstream of the industry chain and into the ecosystem, and established a number of industry-leading specialized logistics companies in express freight, warehousing, cold chain, aviation, and international business. By integrating various network and social resources, the Company has developed a diversity of business segments into an integrated and comprehensive logistics ecosystem and provides a package of logistics solutions for customers such as e-commerce, agriculture, manufacturing, and high-tech enterprises to help them save costs, enhance efficiency, improve experience, and create value. In addition, ZTO Express also relies on our own parcel flow and last-mile presence to actively explore new business opportunities.



One Body, Multiple Wings

O Honors & Awards



FEATURE

STAYING UNITED TO COMBAT COVID-19 AND WORKING TOGETHER TO OVERCOME DIFFICULTIES

At the beginning of 2020, the COVID-19 pandemic swept across the country, affecting hundreds of millions of people throughout China. After the outbreak of the pandemic, the CPC Central Committee and the State Council attached great importance to the epidemic prevention and control work and made arrangements for prevention and control in a timely manner. The relevant departments and regional governments fulfilled their responsibilities, and all sectors of society gave their full support to the efforts to fight against the pandemic and effectively protect the safety and health of people.

Despite the sudden outbreak of the pandemic, actions speak louder than words. With the trust and expectations of the society, the Company responded quickly, pooled the forces of different players in the logistics ecosystem, and fully supported the transportation of anti-epidemic materials; the Company made financial and in-kind donations, and contributed to the fight against the pandemic with actions; played an anchoring role in protecting people's livelihood by delivering daily necessities to thousands of households through unobstructed delivery channels; the Company set up multiple task forces to coordinate operations, assess the epidemic situation, purchase and distribute protective materials, investigate hidden risks, and implement prevention and control measures, and made every effort to ensure the health of employees, and safe operation of the entire network.

"

The entire company must be keenly aware of the importance and urgency of the epidemic prevention and control work. Firstly, we must ensure the health and safety of all our family members; secondly, we must ensure the safe operation of our network during this extraordinary period of the pandemic; and thirdly, we must ensure that we can better fulfill our social responsibilities to serve people and "benefit society" during this major public health emergency.

- Lai Meisong, Chairman of ZTO Express



Scan the QR code to watch the video of social welfare



Scan and watch the "Fighting the Pandemic" MV



On Feb. 26, 2020, All-China Federation of Industry and Commerce (ACFIC) and CCTV-6 Movie Channel jointly launched the Entrepreneurs Series with the theme of "Moving Forward Through Thick and Thin" - a series of social welfare videos, inviting outstanding entrepreneurs to speak out for their efforts in response to the pandemic. Lai Meisong, Chairman of ZTO Express, was invited to participate in the program as the only representative of the logistics industry.



Scan the QR code to watch the video titled 'Wuhan Transit Center resumed work and ZTO Wuhan came back'

On the evening of March 22, 2020, reporters from People's Daily and CCTV News visited ZTO Wuhan Sorting Hub in Hubei Province to broadcast live the epidemic prevention and control work and the resumption of work and production at Wuhan Sorting Hub.

Rushing to the Rescue to Facilitate the Transportation of Materials

At the beginning of the outbreak, ZTO Express immediately established an emergency leading group and a front-line command team to coordinate transportation and human resources to provide enabling services and support for the nationwide efforts on epidemic prevention and control. On Jan. 25, 2020, the Company opened a free green channel for the transportation of anti-epidemic materials from the whole country to the key epidemic areas in Hubei. After the epidemic situation in Hubei improved, the Company provided free delivery of luggage for medical teams coming from around the country to the aid of Hubei, upon their return home. In the two months when the epidemic was the most serious, the Company, together with caring people both at home and abroad, delivered more than 700 tons of masks, protective clothing, disinfectant, medical gloves, and basic livelihood materials to Hubei on many occasions for free.

In addition, the eco-system business segments of ZTO have also joined the fight against the epidemic. They leveraged their respective advantages in resources and worked together with all sectors of society to combat the epidemic and overcome the difficulties. Specifically, ZTO International transported medical supplies and materials raised by overseas Chinese in Japan, Indonesia, UAE, Cambodia, Russia, Germany, etc., directly to the front line of the fight against the epidemic for free; ZTO Freight urgently coordinated vehicles to offer public welfare transportation services; ZTO Cloud Warehouse opened the warehouse and distribution centers for hospitals, governments, enterprises, institutions, and charity organizations to provide the facilities as well as free services such as warehousing, distribution, and delivery.



On Jan. 24, 2020

ZTO Express Jiangyin, Jiangsu Province, organized personnel to transport two trucks of relief supplies to Wuhan for free.

Watching out for Each Other to Serve Millions of Households

The postal system is one of the important strategic infrastructure and social organization systems, which connects thousands of cities and industries and serves hundreds of millions of households. It is essential to the nation, the people's livelihood and their development. In the early stage of the epidemic, economic activities across the country almost stagnated, and express delivery became an important channel for ordinary people to access daily necessities. The express delivery industry played an anchoring role in protecting people's livelihood. Since the start of the fight against the pandemic, the entire network stayed united and promoted the fixed-point pickup and delivery, appointment delivery, and non door to door delivery to ensure unimpeded delivery channels. The Company also distributed living necessities for community residents and learning materials to students free of charge, ensuring that residents could have "vegetables in the basket" and students could "keep learning during class suspension".

In Feb. 2020

Shandong Radio and TV Station's Integrated Media Information Center, together with Qilu Grain and Oil, launched a lightning-speed public-good campaign to transport medical supplies and food such as flour, noodles, steamed buns, apples, etc., to the frontline of Hubei. Shandong Management Center of ZTO Express took the initiative to undertake the delivery of 20 tons of apples.



On April 12, 2020

ZTO Express carries RMB400,000 worth of epidemic prevention materials donated by Hubei Yingcheng City and sends them to Suifenhe City, Heilongjiang Province, to support medical workers and epidemic prevention and control staff.



On March 12, 2020

ZTO's outlet in Xingwen County, Yibin City, Sichuan Province collaborated with local schools to deliver more than 15,000 teaching and learning materials for more than 1,500 students free of charge, helping them learn better during the epidemic.

Adopting Multiple Measures to Protect the Health and Safety of Frontline Couriers

The front-line couriers come from the society and serve the society. They are "hard-working bees", "creators and guardians of good life", and the fighters working on the frontline against the epidemic. They played an indispensable role in ensuring unimpeded economic circulation, facilitating production and life, and promoting social harmony. ZTO Express actively responded to the requirements of the CPC Central Committee and the State Post Bureau (SPB). The Company focused on effective prevention and control of the epidemic on one hand, and the scientific and orderly resumption of production on the other hand. The Company also made significant efforts on epidemic prevention and control throughout the entire network to protect the safety and health of front-line employees to the maximum extent.



Disinfecting every incoming and outgoing vehicle



Banners for epidemic prevention and education

Comprehensive and strict disinfection	The Company proactively responded to and implemented the requirements of the governments at all levels on epidemic prevention and control, and conducted comprehensive disinfection of operation sites, facilities and equipment at management centers and outlets at all levels nationwide.
Setting up a special fund	The Company set up a special fund of RMB100 million for COVID-19 prevention and control, with a focus on protection for frontline staff upon their return to work.
Providing safety subsidies	A return-to-work safety subsidy of RMB100 was provided to each frontline staff.
Boosting the confidence of outlets	The Company introduced discounted and interest-free loan policies for the outlets to enhance their ability to recover and develop.
Providing protective gears	The Company provided a full set of protective gears for frontline staff, and required couriers to wear masks, gloves and goggles before going out.
Daily health check	All outlets were equipped with infrared thermometers to conduct daily temperature checks on the staff and customers entering the outlets.
Dynamic notification of epidemic situation	The heads of the outlets gathered the epidemic dynamics in the surrounding communities, informed the staff before work every day, and reminded them of the relevant precautions in a timely manner.
Strengthening awareness and education on epidemic prevention and control	Through posters, audio broadcasts, video programs and other diversified forms, the Company made continuous efforts to enhance the staff's awareness of the risks of epidemic and their knowledge of disease prevention and control, and made efforts to relieve their psychological stress.



Disinfect every express



Keeping masks on during sorting operations

Stabilizing Employment and Improving People's Livelihood and Well-being

Employment is pivotal to people's livelihood, and "stable employment" is in a paramount position in China policy of "ensuring stability on the six fronts" (employment, finance, foreign trade, foreign investment, domestic investment, and market expectations). Following the important instructions of General Secretary Xi Jinping and the arrangements of the CPC Central Committee and the State Council to combat the pandemic and stabilize employment, ZTO Express made solid and efficient efforts to stabilize and expand employment, increased production capacity in various regions, and created more than 53,000 jobs across the network. In addition to direct recruitment, the Company also made positive contributions to stabilizing employment and protecting people's livelihood by creating employment opportunities for more people by strengthening network construction and driving the development of related industries, and creating new opportunities for entrepreneurship and employment in the post-epidemic era. In the meantime, ZTO Express also adhered to the core philosophy "shared success" and upgraded a traditional franchise-based express delivery enterprise into a modern entrepreneurship & innovation platform, which features the sharing of the income generated by express delivery services with our network partners and consumers to the maximum extent. On March 5, 2020, ZTO Freight and ZTO Finance launched a support program to provide financial support to outlets facing practical difficulties, help them further enhance their risk-resisting abilities, boost their development, and truly achieve stable employment and the protection of people's livelihood.

ZTO Express created more than

53,000 jobs across the network in 2020 (including outsourced staff)

couriers

28,000+

operators (including outsourced staff)

14,000+

drivers (including outsourced staff)

7,800+

Saluting to Our Frontline Heroes Amidst the Fight Against the Pandemic

Since the outbreak of the epidemic, the ZTOers have been actively involved in the front line of the battle against the virus. We stayed true to our original aspirations and fulfilled our responsibilities. There emerged a number of "anti-epidemic pioneers", who have the courage to take on responsibilities, dare to act, and are willing to contribute. In order to reward role models, encourage fighting will, and enhance the determination and confidence of all the staff to combat the pandemic, ZTO Express selected and commended 350 individuals and collectives as "anti-epidemic pioneers" in three batches, and allocated funds from ZTO Special Fund to award 5,000 to 10,000 yuan to the drivers who helped Wuhan during the pandemic.



Scan the QR code for the full list of "anti-epidemic pioneers" of ZTO

Despite of all the difficulties and dangers, ZTOers feared no hardships, took the lead and showed great courage in the fight against the epidemic. Our couriers were brave to be pioneers and are willing to make sacrifices to ensure the epidemic prevention and control. Their remarkable behaviors were highly recognized by different communities. In late October 2020, five employees of ZTO Express were awarded the title of "Outstanding Individuals to Combat COVID-19" at the meeting held by the Ministry of Transport.



Liu Zhazhen (Manchu)
safety supervisor of Shenyang
Center of ZTO Express



Xiong Chuying
driver of Ningguo Center of ZTO Express



Cui Fushan
General Manager of Jinan Center
of ZTO Express



Wang Haojie
Business Manager of Shanghai Center
of ZTO Express



Wei Jianbin
General Manager of Tibet Center
of ZTO Express



ZTO is my lifelong comrades in arms, and my lifelong good friends. We have come to serve the society and contribute to the country together. We will do more positive energy things that are beneficial to the society and the people together in the future.

-Beijing Hanhong Charity Foundation Hanhong

Winning Nationwide Recognition and Highlighting Our Commitments to Take Social Responsibilities

Even the shortest journey can't be finished without taking the first step. With determination, ZTO Express took on our responsibility and made every effort to ensure the delivery of anti-epidemic materials and basic living supplies for residents and made scientifical planning for the resumption of work and production. The Company became an indispensable and important force in the national economic operation system and played an important supporting role in the epidemic prevention and control battle, which was highly acclaimed by the government, media and industry.



On Jan. 18, 2021, the third session of the seventh Council and the 2021 annual working conference of China Communications and Transportation Association (CCTA) was held in Beijing. With its excellent performance in ensuring the transportation of anti-epidemic materials during the epidemic, ZTO Express was awarded the honorary title of "National Advanced Transportation Unit in Response to COVID-19".



"Let us work together, overcome difficulties together, unite as one, to win this battle."

- Guangdong Charity Federation



"In the critical stage of epidemic prevention and control, your company stepped forward, regardless of gains and losses, overcame numerous difficulties, and rushed to the rescue day and night, which effectively resolved the shortage of anti-epidemic materials in our district, and provided strong support for our work, including ensuring supplies for the production, mobilization of materials, and ensuring stability in supply and price."

- Economic Commission of Qingpu District, Shanghai



"Your company actively responded to the government's call, strictly implemented the epidemic prevention and control requirements and arrangements of our city's epidemic prevention and control center, bravely assumed your responsibility, rushed to the rescue day and night, and continuously distributed all kinds of emergency medical rescue materials to the frontline. You have contributed industry strength to winning the fight against the epidemic."

-Yichang City Postal Administration



"We are touched, warmed, encouraged and inspired by what you have done, and now we do not worry anymore."

- From the entire medical team dispatched in the first batch from Shandong Province to Hubei

CHAPTER 1

STAYING TRUE TO OUR ORIGINAL ASPIRATIONS, ENHANCING CONFIDENCE, EMPOWERING EMPLOYEES AND SOLIDIFYING THE FOUNDATION FOR DEVELOPMENT

It was proposed in the 2020 National Postal Management Conference that the whole industry should adhere to the general principle of seeking progress while maintaining stability, insist on the new development concept, adhere to the supply side structural reform as the main line, and persist in the reform and opening up as the driving force to promote high-quality development. ZTO Express adheres to its original aspirations and takes the "bringing express delivery services to villages and factories and going global" project as the entry point; enhances confidence, synergy, and execution, further improves our advantages, and shores up our weak spots; pursues a path of high-quality development, empowering employees and solidifying the foundation based on high requirements, effectively improves quality and efficiency, pursues ecosystem synergy at high levels, and follows high standard for green development; the Company will promote the transformation of our leadership advantages into absolute advantages and ecosystem advantages via the adoption of digital and smart technologies, and strive to become a respected enterprise with dignity, sustainability and longevity for centuries to come.



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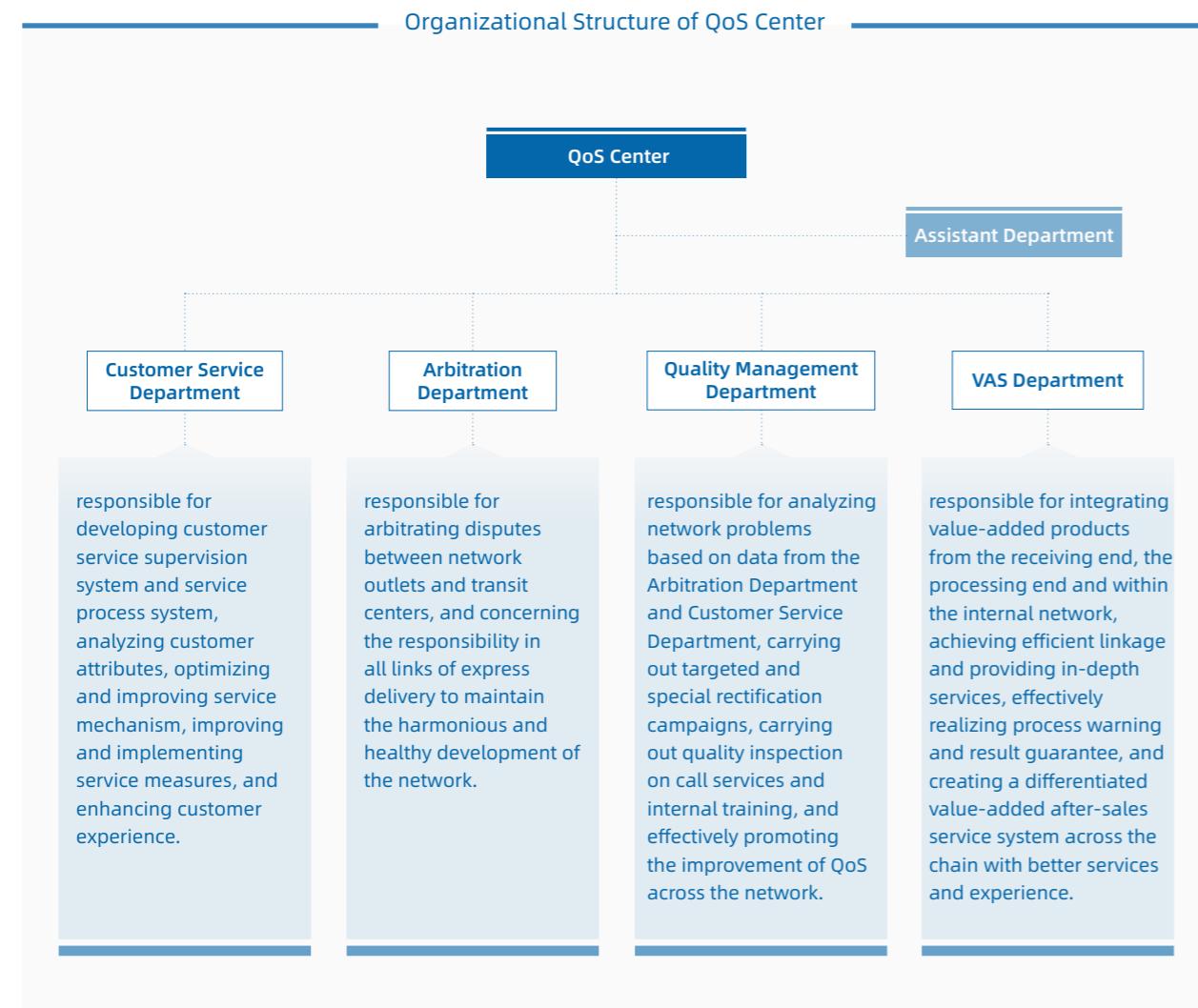


Putting Customers First

Following the service philosophy of "all for network partners and customers", ZTO Express has always dedicated to providing efficient, safe and convenient services. We have been building a sound customer service system, optimizing customer service experience, and improving after-sales services to promote the steady improvement in the quality of services (QoS). As a result, we have won the trust and support of more and more customers. In the public satisfaction of express service released by the state post office from 2014 to 2020, ZTO Express has ranked No.1 throughout the years among "Tongda" operators (ZTO Express, YTO Express, STO Express and Yunda Express).

Improving Service System

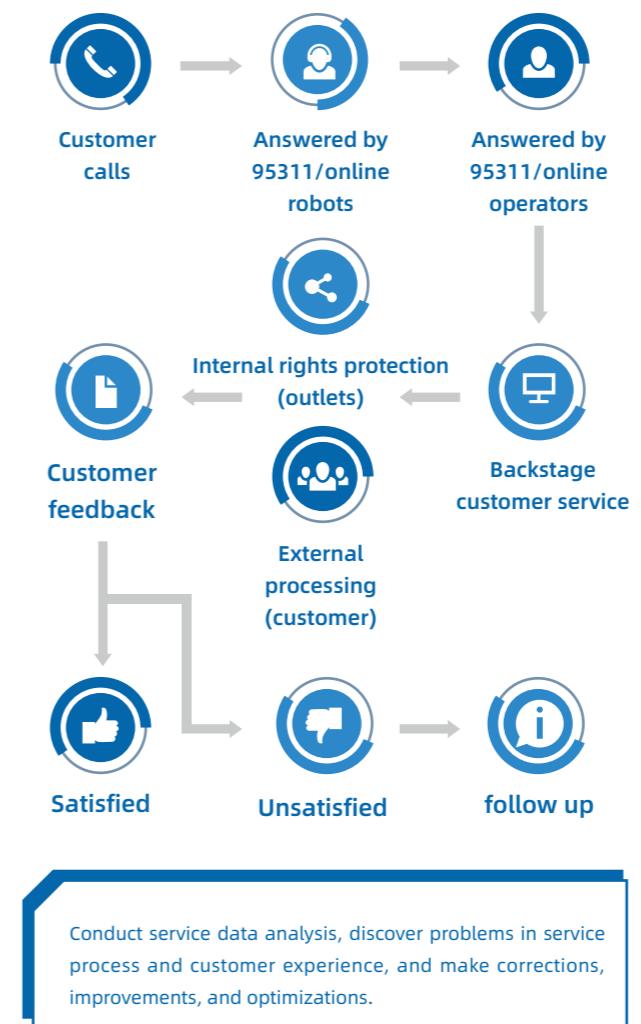
ZTO Express attaches importance to strengthening the building of the QoS system. We established the QoS Center and four functional supervisory departments, namely the Customer Service Department, the Arbitration Department, the Quality Management Department, and the Value-Added Service (VAS) Department, to oversee the QoS of the entire network. We adopted centralized management and distributed operation for nearly 20,000 customer service agents across the network, formed a set of sound "HQ-Center-Outlet" service supervision mechanism to protect customer rights and interests.



Optimizing Customer Service

Following the service philosophy of "all for network partners and customers", ZTO Express puts customer experience in the first place, explores innovations on smart service models, and strengthens after-sales service guarantee. ZTO Express makes every effort to protect the rights and interests of customers, continues to promote steady improvement in QoS, and continues to meet consumers' needs that shift from basic services to high-end and premium services.

Customer Service Process



	2018	2019	2020
Customer satisfaction %	83.1	83.4	84.9



Enhancing Service Awareness

ZTO Express is fully committed to building a professional service team. The Company regularly conducts training on quality improvement, standardized services and attitude improvement for customer service agents and couriers across the network, promotes and spreads customer service knowledge and service standards across the network, and continuously improves the service capabilities of customer service agents and couriers.

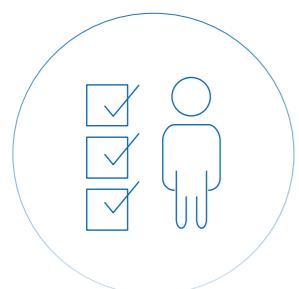


The courses of ZTO Express KEY Program are based on real cases of our transit centers, network managers, customer service agents and couriers, and summarize practical experience to help all staff improve QoS, increase efficiency, shore up weak spots in business development and enhance capacity.



Improving Customer Experience

In September 2019, ZTO Express launched smart voice-based customer service system supporting a whole range of scenarios, which enables interactions with users through open voice prompts and assists customers in completing complex business processes such as placing orders, sending reminders and submitting complaints. In 2020, this system was further upgraded to support speech recognition and enable customers to inquire various express parcels issues such as checking the status and sending reminders by dictating order numbers. At the same time, it enables customized responses based on different scenarios, significantly improving the flow of interactions and user experience.



Improving After-Sales Service

In order to ensure the quality of after-sales service, ZTO Express launched the "Shou Hou Bao" after-sales service system to improve the efficiency and capability of comprehensive services by digital means, while establishing a sound customer complaint handling mechanism to ensure that customers' problems are resolved in a timely and effective manner. The Company's Customer Service Center launched a CRM system to optimize the complaint handling process and shorten the processing time. The Company established both internal and external channels, including 95311 hotline, online customer service on the official website, Cainiao channel, and WeChat applet, to ensure the instant acceptance of customer complaints. The Company also established an online customer service system covering the entire network to enable customers to directly contact the corresponding outlets and guarantee the speed of complaint handling. The Company also set up a customer follow-up mechanism, with the HQ tracking feedback results, to ensure that complaints are resolved once for all.



"Direct Chain - Openness - Coexistence" – 2020 ZTO Express Customer Open Day

Listening to the voice of Customers

ZTO Express cares about customers' opinions and feedbacks. Based on its situation, the Company continuously optimizes the management on customer service, and strives to build a more attractive corporate brand image. The Company opened a customer service column on its official website to publish customer service information; set up online customer service to answer customers' queries; opened WeChat and Weibo accounts to extend communication channels; organized offline face-to-face communication activities to expand communication coverage; published annual reports, social responsibility reports, magazines, etc. to disclose corporate information.

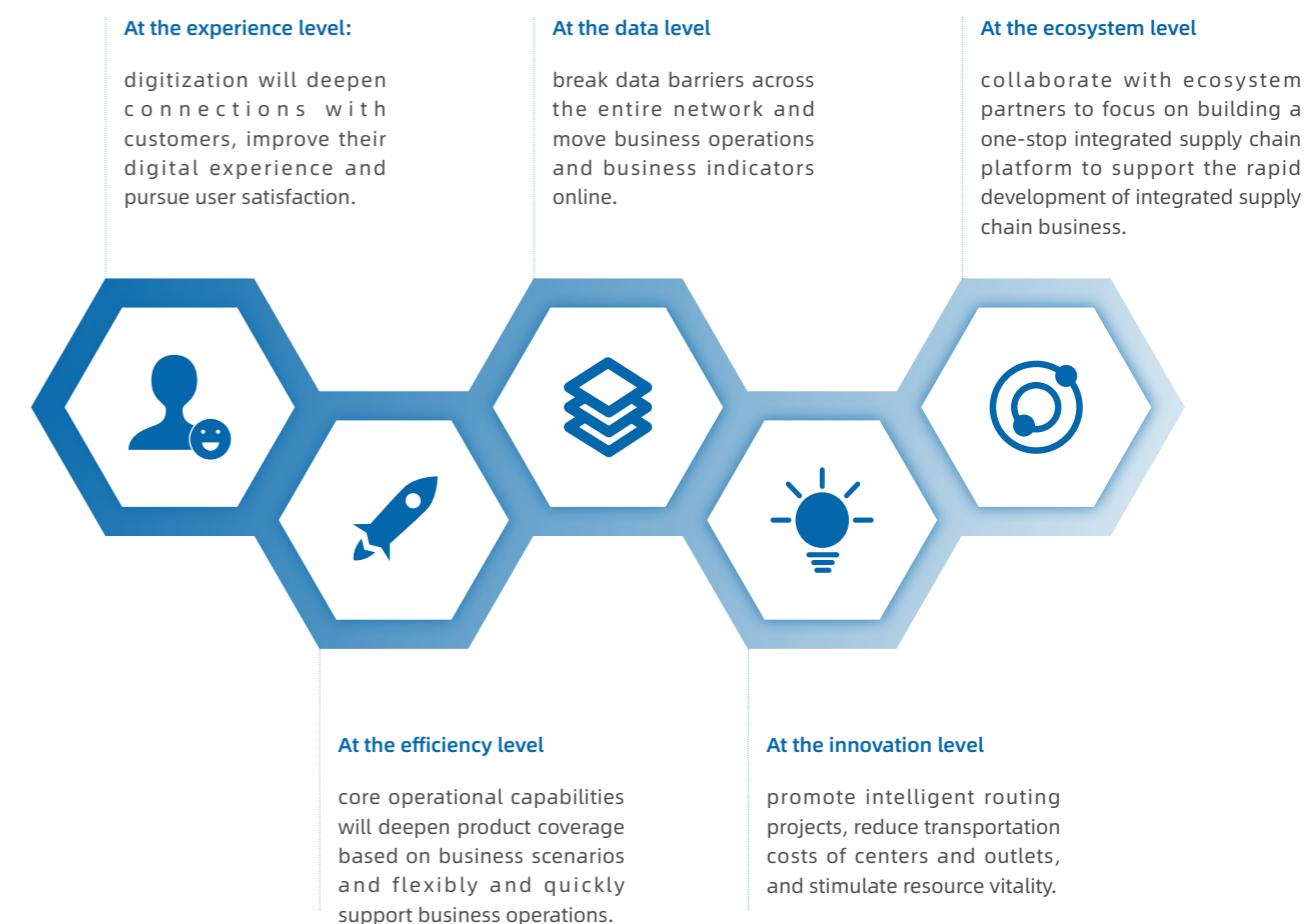


Logistics Empowered by Smart and Innovative Technology

With the adoption of new technologies such as cloud computing, big data, mobile Internet and AI, the logistics industry has moved from the traditional model of manual work to a new era driven by technology. ZTO Express has fully implemented the "Guiding Opinions of the State Post Bureau on Promoting Scientific and Technological Innovations in the Postal Industry", seizes the important opportunities presented by the development of AI, 5G and IoT, continues to increase R&D investment, and enhances application of new technologies. The Company continues to enhance the effectiveness and efficiency of digital management of big data and cloud computing to provide a strong guarantee for cost reduction and efficiency improvement in every link.

Strengthening Innovation Management

ZTO Express has closely integrated technological innovations with the Company's strategy and business and has established a comprehensive Internet product R&D system. The Company set up a R&D team and promoted the implementation of many advanced technologies. The Company has built up eight digital product lines: marketing, customer service, last-mile network, transit center, transportation, finance, smart equipment, and collaborative office. The IT, digital and smart tools have been widely used in all aspects of express delivery. In 2020, the Company focused on five major aspects: experience, efficiency, data, innovation and ecosystem to accelerate breakthroughs and achieve innovative development.



Empowering Smart Express Delivery

Scientific and technological innovations play important roles in deepening the supply-side structural reform of the express delivery industry and offer key support for promoting the transformation and upgrading of the industry and improving quality and efficiency. ZTO Express continued to increase the R&D and investment in automated and intelligent equipment and empowered the entire network through new technology with the aim to improve logistics efficiency. The Company kept upgrading its strategic planning of “small front office and large middle office” and built up a business middle office that covers the whole ecosystem and multiple scenarios, to gather a variety of data flows, such as “transaction flow”, “logistics flow”, “capital flow” and “message flow”, and achieve online and standardized services.

In response to the needs of different customers, such as vendors on e-commerce platforms and WeChat, individual customers, and corporate customers, ZTO Express has developed more than 50 channels for order placing, including WeChat public official account, applet, APP, call center, express housekeeper, self-service touch-screen cloud-based printer, and smart mail desks. ZTO Express is committed to developing high-quality and convenient “one-stop” order placing service.



ZTO Express has introduced intelligent equipment such as UAVs, driverless logistics vehicles and driverless delivery vehicles to adapt to different delivery scenarios and improve timeliness and efficiency. Unmanned self-pickup cabinets have been set up in communities, schools and office buildings to provide users with services such as pick-up, posting and temporary storage, reducing the delivery pressure on couriers.

ZTO Express uses the route traffic flow model to dynamically predict the transportation capacity demand based on the cargo volume, seamlessly dispatch transportation capacity, accurately allocate personnel, reduce the flow links of express items, greatly improve the vehicle loading rate, and achieve the optimal transportation efficiency and cost. The Company also uses the GIS system for real-time monitoring, uses video cloud and the Galaxy system for visualized dynamic tracking as well as monitoring and analysis of the real-time location of the vehicles and the traffic conditions, to ensure the safety and controllability of the parcels during transportation. In 2020, the Company engaged in deep cooperation with Datang Telecom and other enterprises in BRT and tried to use autonomous driving to transport express shipments during nighttime.

The automated sorting system independently developed by ZTO can sort about 24,000 parcels per hour in one layer and about 48,000 parcels per hour in two layers, with the sorting accuracy reaching 99.99%. The intelligent sorting cabinet provides a comprehensive sorting solution for the center's distribution and the outlet's delivery sorting and helps the transit center advance the sorting process and directly distribute the sorted items to the dispatchers at the outlets through the combined use of software and hardware. By the end of 2020, ZTO had put into operation 339 sets of automated sorting equipment in the whole network.



ZTO smart delivery bucket is a terminal delivery device that can reduce the cost of outlets and improve customer experience. It combines intelligent hardware with intelligent system to reduce the security risk of delivery, reduce the waiting time of users, and optimize the high cost of random pickup of outlets.



ZTO Express launched the operation of Tuxi Express Post in 2017, aiming at offering diversified last-mile services to communities and campuses, reducing the cost of dispatch operations, and solving the headache of nobody signing for the receipt of express items when users are not at home.

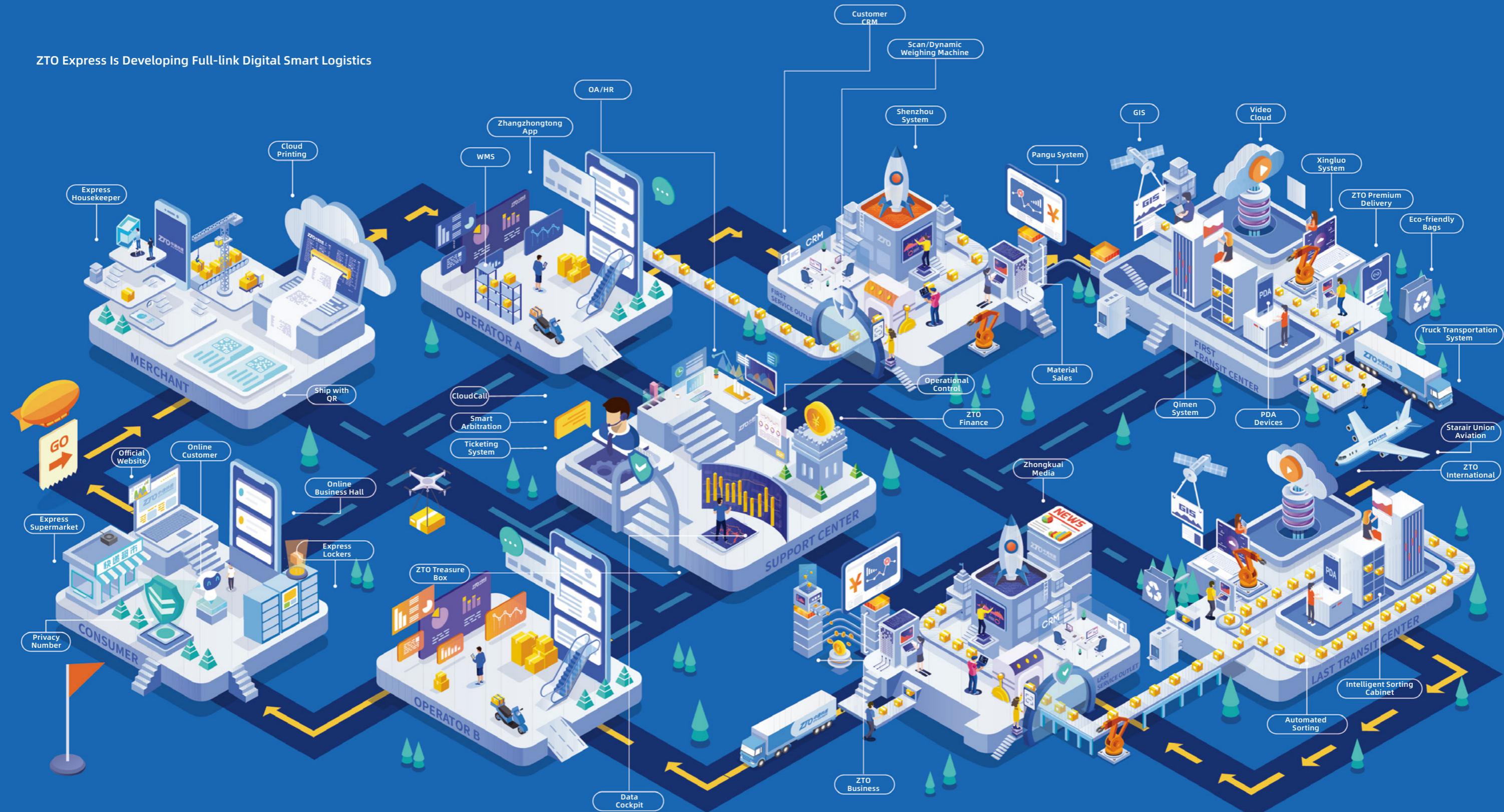


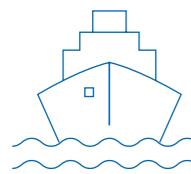
Haiyan EL-61 is a pure electric logistics drone launched by ZTO Express, which can meet the needs of various application scenarios such as last-mile delivery, rural areas, e-commerce, medical emergency response and emergency rescue.



The unmanned logistics vehicle introduced by ZTO Express is used for low-speed unmanned distribution for last mile, and different intelligent devices can be built based on demands and applied to diverse new retail scenarios to accelerate the construction of a new comprehensive smart logistics network.

ZTO Express Is Developing Full-link Digital Smart Logistics





Accelerating the “Going Global” Process

The express delivery industry carries the functions of politics, trade and personnel communication. It is a bridge that facilitates the interconnection among countries along the “One Belt and One Road” and plays an important role in promoting international exchanges and serving economic and trade development. ZTO Express actively responds to the national call to participate in the “One Belt and One Road” Initiative and the call of the State Post Bureau for “bringing express delivery services to villages and factories and going global”. ZTO Express relies on ZTO International to accelerate the expansion into the international logistics. In line with the strategic policies and development needs of the countries along the “One Belt and One Road”, the Company set up overseas transit warehouses, opened special international business lines, and connected with overseas logistics systems. The Company aims to build a convenient, unimpeded, inclusive cross-border delivery network based on the neighboring countries, covering the “One Belt and One Road” and providing global consumers with a full range of express delivery and logistics solutions. At the same time, the Company aims to enhance the development of express delivery and logistics in those countries and improve the well-being of the people in those countries to achieve common prosperity.

ZTO International

ZTO International handles the international business. Since its establishment in 2014, ZTO International has been committed to providing global customers with more convenient and efficient one-stop logistics supply chain solutions, with a goal of "becoming a global first-class comprehensive logistics service provider".

As of the end of 2020, ZTO International have built up our presence in Southeast Asia, the Middle East, Europe and the United States, Japan and the Republic of Korea, Australia and other countries and regions, and operated diversified, multi-category cross-border logistics businesses such as bonded services, direct mail, integrated warehousing & distribution, and special line service. The Company has built up overseas networks in Cambodia, Vietnam, Laos, Myanmar and other countries to directly serve the local markets and people with localized management. In addition, in order to further promote the deployment of overseas networks, ZTO International has achieved initial results in business diversification, product internationalization and service globalization, as well as established a “multi-channel, diversified and all-round” service model based on the multi-level market demands of B2B, B2C, C2C, and BBC.



Network coverage of ZTO International



On Nov. 20, 2020, the “China-Myanmar” international express air cargo route successfully made its maiden voyage, marking a new journey for ZTO Express Myanmar to offer the dual-mode (land + air) delivery services.



On Feb. 19, 2020, ZTO Express Thailand held an inauguration for the trial operation at its transit center in Bangkok, marking the official launch of its nationwide express delivery services in Thailand.

Case / New speed! ZTO International completed the delivery of the first cross-border order of “Double 11” in 34 hours.

At 21:03, Nov. 12, 2020, Chhuon Sokong, who lives in Phnom Penh, capital of Cambodia, received the clothes he bought on the Chinese e-commerce platform on the “Double 11” day. This was the first cross-border order that completed by ZTO International and signed for by the customer at that day. The parcel was delivered from China to Cambodia by ZTO International in 34 hours.





Implementing Safe Delivery Requirements

Delivery safety is closely related to the good life of people. ZTO Express earnestly implements the work safety policies that emphasize "putting safety first, focusing on prevention, and exercising comprehensive controls". The Company has established a sound work safety management system, and continuously strengthens the whole network's safety awareness and skills. The Company implements work safety requirements in every aspect of the operations and strictly implements the "three systems" (Real-name System, Open-box Inspection System, and Machine Inspection System) to defuse hidden risks, prevent and curb serious accidents, mass incidents, and other occurrences, and contribute to public safety and the long-term stability of the country, and the creation of a safe and stable environment for delivery services.

Enhancing Safety Management

ZTO Express continues to improve the safety management system and optimize the management and control framework, system procedures and system tools; the Company established a three-tiered organization and management mechanism for safety management with safety officers at the front end, safety work leadership group at the middle end and the safety management committee at the headquarter. Vertically, the safety responsibilities of every post and every employee are clearly identified; horizontally, the management work covers every aspect of the operations so as to receive feedback, execute plans and respond immediately; The Company developed a series of work safety rules and regulations and safe operation requirements, such as "Safety Supervision and Punishment Regulations", "Postal Route Safety Management Regulations", and "Regulations on Accountability for Safety Accidents" and made constant improvements; the Company strengthened the construction of safety emergency response management mechanism, formulated emergency response plans such as the "Public Health Emergency Response Plan", and standardized emergency management and response procedures for safety accidents. The Company regularly investigates potential safety hazards to strictly prevent safety accidents. In 2020, the Company's Lost Time Injury Rate (LTIR) was 0.68.

LTIR (per 200,000 working hours)

2018	1.28
2019	0.91
2020	0.68



Implementing the Three Systems

The Company 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 systems: Real-name System, Open-box Inspection System, and Machine Inspection System to improve the safety and security of delivery.

Real-name posting and delivery

The Company strictly implements the real-name registration system and has built up systems such as "Real-name Registration for Express Delivery Services", "Notice to Customers Regarding the Implementation of the Real-Name System for Express Delivery", "Regulations on Real-name System for Express Delivery" to standardize the express delivery process; the Company also organized trainings on real-name system for front-line staff to ensure its implementation; the Company conducted monthly special supervision on the implementation of real-name system in each outlet, and established punishment and supervision and reporting mechanisms to strengthen outlet management. In 2020, the real-name online registration rate is 99.9% for ZTO Express.

Inspection for acceptance

Outlets are required to post a list of prohibited items and safe delivery requirements in the business hall and educate the customers about the concept of safe delivery; in the inspection process, all couriers are required to implement the open-box inspection system and strictly abide by the principle of "not accepting prohibited items for delivery and limiting the scope of restricted items" to guarantee the safety and compliance of the delivery.

Machine inspection

The Company constantly upgrades the security inspection equipment, and jointly developed security inspection machines with independent IPs, advanced technology, faster speed and better effectiveness with Nuctech and other institutions to ensure the effectiveness of security inspection; the Company introduced a new cross-belt security inspection machine to improve work efficiency and save manpower. 100% of the items are checked through the security inspection machines to ensure the safety of parcels.

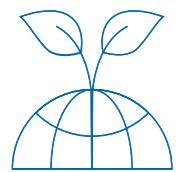
Carrying out Safety Awareness and Education Campaigns

ZTO Express actively carries out safety education and emergency drills to build and raise the safety awareness of employees; conducts pre-job training, safety training for operators, safety training during peak seasons, etc., to strengthen employees' knowledge and skills on work safety; supervises the execution of emergency drills at management centers at the provincial branch levels, transit centers and outlets, and when necessary, designates staff to witness and guide the drills; regularly sorts out typical cases, notifies the entire network, and improves the safety protection awareness of all employees; makes full use of the ZTO Magazine, WeChat subscription account, Intranet and other channels, to disseminate office, operation, and postal safety knowledge. In 2020, the entire network conducted 14,469 safety trainings with a total of 1,638,763 participants, and conducted 237 emergency drills with a total of 30,569 participants.



ZTO Dongguan Management Center conducts a fire drill





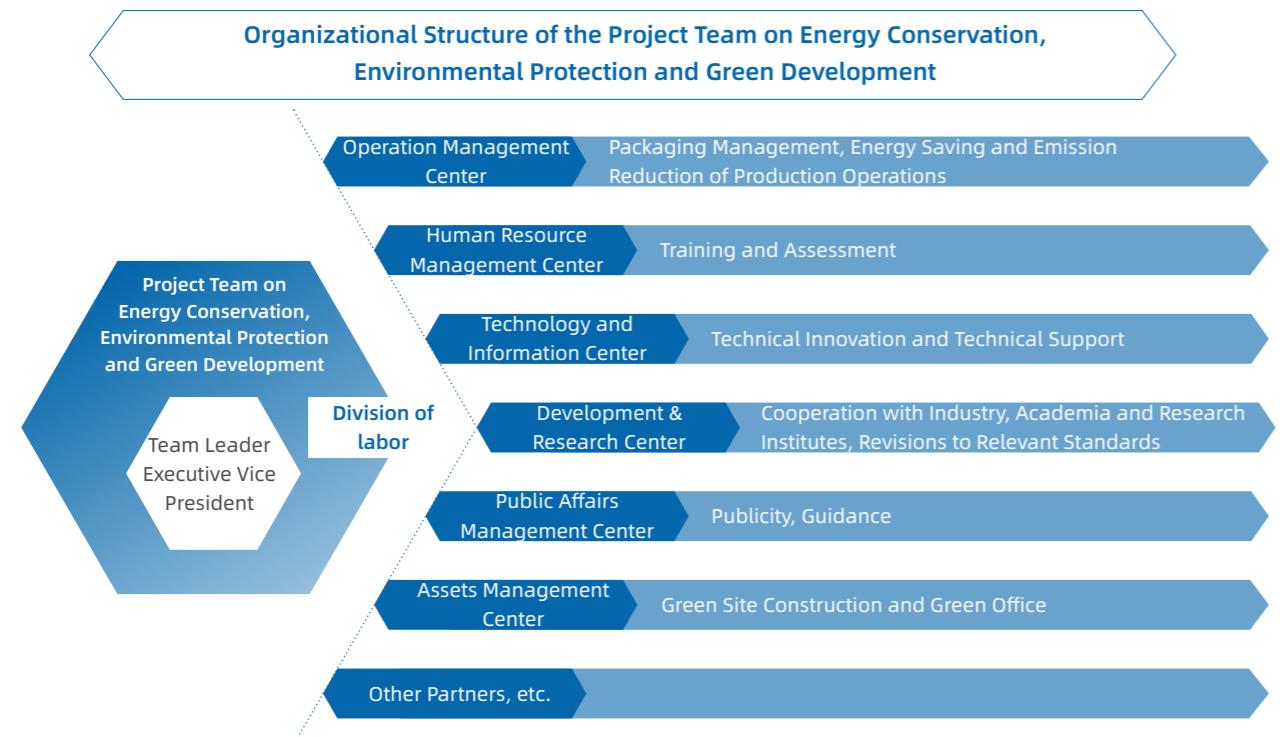
Protecting the Green Environment

Strengthening Green Management

ZTO Express actively implements Xi Jinping's thought on ecological civilization construction and the decisions and arrangements of the State Post Bureau, adheres to the concept of green development, and continuously establishes and improves the green management system and mechanism; the Company strengthens the identification of environmental impact factors, strives to develop a green, low-carbon, and circular business model, and continues to explore a green development path for the whole life cycle of express delivery so as to lead the sustainable development of the industry and even the society.

Green Management System

ZTO Express strictly 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 relevant environmental protection laws, and formulated framework documents such as the "Guiding Plan for Green Development of ZTO Express (Draft)", and "ZTO Express Green Procurement System"; the Company established a project team on energy conservation, environmental protection and green development at the headquarter level, with the executive vice president as the team leader, and with management centers to carry out green and environmental protection work based on their respective responsibilities; at the county and district level, the Company established environmental protection teams which would report directly to the headquarter in accordance with the requirements of the local postal administrations; the Company established and improved environmental protection systems and mechanisms such as green standards, green publicity, green training, green systems, green inspections, and green technologies, formulated and implemented a "road map", identified the list of tasks and the way forward for the "collection, sorting, transportation, and distribution" and other operational links, decomposed and implemented various green development tasks to promote the Company's green development step by step.



Environmental Protection Objectives and Outcomes

In 2020, the State Post Bureau proposed the "9792" project, that is, the packaging ratio of "slim tape" below 45 mm reaches 90%, 70% of e-commerce express items will no longer be repackaged, 90% of recycling transfer bags will be used, and 20,000 newly added postal delivery outlets will provide packaging waste recycling facilities. ZTO Express actively responded to the call, developed annual green development objectives, and took concrete actions to promote the green development of the express delivery industry. As of the end of 2020, the Company's packaging ratio of "slim tape" below 45 mm reached around 90%, over 70% of e-commerce express items were not repackaged, the use of recyclable transfer bags in the entire network reached 95.22%, and approximately 21,000 packaging wastes recycling devices were added.

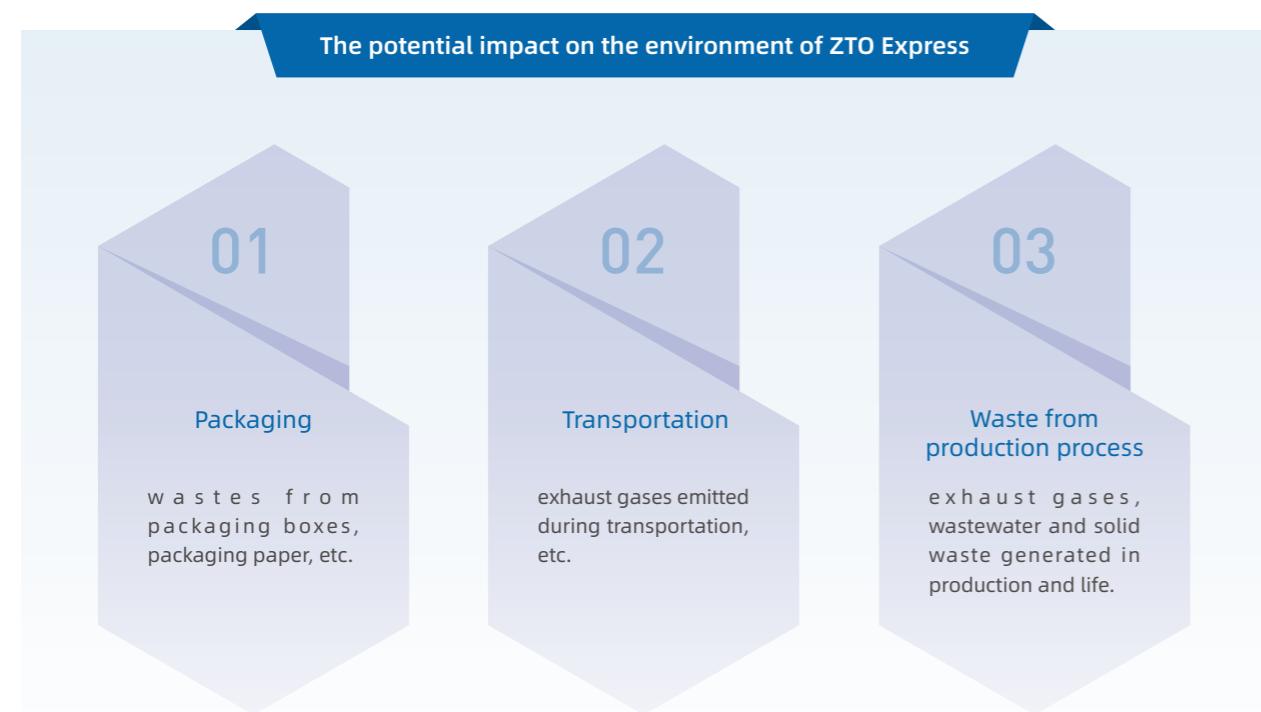
As of the end of 2020

the Company's packaging ratio of "slim tape" below 45 mm reached around	90 %
e-commerce express items were not repackaged	70 %
the use of recyclable transfer bags in the entire network reached	95.22 %
packaging wastes recycling devices were added	21,000

Indicators	2018	2019	2020
energy consumption			
Power consumption (MWh)	105,655	143,510	180,284
Diesel oil consumption (t)	190,949	219,164	243,569
Water consumption (kt)	2,855	2,571	3,404
Packaging consumption			
cellulose tape (kg)	84,482	117,891	161,901
express sheet (kg)	19,207,010	26,099,456	21,521,319
Waterproof bag (kg)	1,022,880	1,359,364	1,854,855
Envelope (kg)	9,589,500	12,864,269	17,548,803

Environmental Impact Investigation

ZTO Express investigates the environmental impacts of each link in the express delivery process, confirming that the Company's possible environmental impacts were mainly concentrated in the packaging, transportation, and production & operation links. In the production and operation process, the Company has relatively limited negative impact on the environment, and there isn't material amount of hazardous waste or non-hazardous waste discharge, and the fuel pollution is slight. Therefore, no corresponding statistics have been formed in this regard, but the Company clearly stipulates that the waste generated in the production and operation link shall not be discarded at random and must be handed over to dedicated organizations for disposal. At the same time, the Company strives to reduce the possible negative impact of packaging and transportation on the environment by purchasing environment-friendly raw materials, increasing R&D investment on energy saving, upgrading outdated equipment, and promoting energy-saving transportation vehicles.



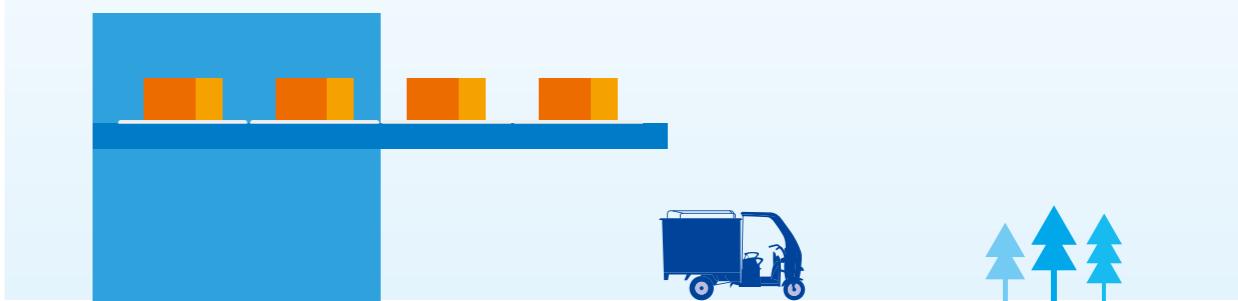
Carbon Intensity Management

ZTO Express takes the initiative to track the consumption of various energy resources and CO₂ emissions related to the express delivery industry in real time while improving the existing energy-saving and environment-friendly technologies and equipment. The Company is committed to contributing ZTO's wisdom to the industry's low-carbon development. According to the carbon emission conversion formula provided in the Measurement of Greenhouse Gas Emissions by Express Delivery Industry issued by the SPB in 2014, ZTO Express has reasonably estimated carbon emissions based on the Company's business model, and the results showed that the Company's carbon emissions have been on a downward trend for four consecutive years.

ZTO Express continues to promote low-carbon development. In January 2021, the Company officially joined the Science-Based Targets initiative (SBTi), which was launched by World Wide Fund for Nature (WWF), CDP, the World Resources Institute (WRI) and the United Nations Global Compact (UNGC), and submitted a commitment letter on science-based carbon targets in response to the carbon peak and carbon neutrality targets.

Carbon Emission Measurement of ZTO Express (Excluding Franchisees)

Indicators	2018	2019	2020
Direct greenhouse gas (GHG) emissions			
CO ₂ emissions (tCO ₂)	612,947	703,515	769,921
Indirect GHG emissions			
CO ₂ emissions (tCO ₂)	101,429	137,770	173,072
Other Indirect GHG emissions			
- Tape (tCO ₂)	234	469	1146
- Waybill (tCO ₂)	35,956	65,959	40,288
- Others (tCO ₂)	27,556	39,185	54,967
Subtotal: CO ₂ emissions (tCO ₂)	63,746	105,613	96,401
Total carbon emissions (tCO ₂)	778,122	946,898	1,039,394
CO ₂ emissions/10,000-yuan revenue (KgCO ₂)	442	428	412
Year-on-year (YoY) growth	-12%	-3%	-4%
CO ₂ emissions/express item (KgCO ₂)	0.091	0.078	0.061
YoY growth	-13%	-14%	-22%



Developing Green Express Delivery

As a listed express delivery company, ZTO Express has been fulfilling the social responsibility for years and has practiced green development and environmental protection in daily operations. The Company has made a lot of efforts in promoting the green, reduced, and recyclable packaging for express items, reducing vehicle emissions and energy consumption of service and production.

Objectives of Green Express Delivery

With green packaging, we need to adhere to the use of standardized, reduced and recyclable packaging, strengthen collaboration with upstream and downstream, pay attention to resource conservation, eliminate excessive packaging, and avoid waste and environmental pollution.

Practicing Green Procurement

ZTO Express continues to implement the strategic arrangements of the SPB's Party Leadership Group on the industry's ecological and environmental protection work, establishes and practices the concept of green and low-carbon development, and improves the green procurement framework. The low-carbon, environmental protection, energy saving, emission reduction, use of degradable and recyclable materials, supplier requirements, and other restrictive conditions were incorporated into the procurement system, and a green procurement system was established to guide the green procurement work. The Company updated the "ZTO Express Green Procurement System" in August 2019, identifying 15 types of green and environmental protection categories, and according to the green environmental protection standards, different categories that purchased need to correspond to different standards. A list-based management approach was introduced. The Company strictly follows the requirements of the State Post Bureau to purchase packaging products that comply with or exceed national and industry standards. When purchasing and using packaging products from suppliers, suppliers are required to provide a compliance test report issued by a qualified third-party testing agency. In 2020, the Company met the environmental protection standards in envelope printing and packaging consumables procurement, further promoting the creation of a green supply chain.

Promoting Green Packaging

ZTO Express continues to promote green, reduced, and recyclable packaging, and promotes the use of e-waybills, green bags, environment-friendly fillers, etc.; the Company actively recycles packaging materials, and guides consumers to re-use idle packaging to reduce resource waste; the Company has developed environment-friendly bag systems to intelligently monitor the real-time dynamics and distribution of recyclable transfer bags, and has implemented the concept of green development in distribution, packaging, allocation, operation, and billing.

E-waybills

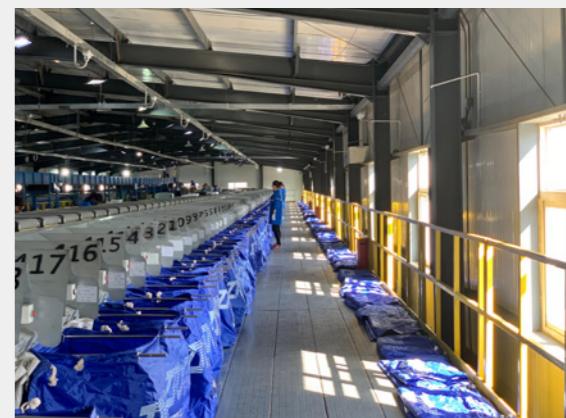
In 2019, with the advancement of the construction of last-mile facilities, the acceptance of express delivery posts and express delivery cabinets has gradually increased, and the habits of users receiving and sending express delivery items have also changed. The single-sheet e-waybills emerged. Compared with the traditional 5-sheet waybills, 80% paper can be saved. As of the end of 2020, the utilization of e-waybills reached 99.93% in the Company, of which the utilization of single-sheet e-waybills reached 91.4%, equivalent to saving about 520,000 fast-growing eucalyptus trees.

"Slim Tape"

ZTO Express actively responds to the "Tape Slimming" plan, gives priority to purchasing "slim tape" below 45 mm that meets national standards, industry standards and relevant national regulations, and gradually promotes its use throughout the network to reduce the use of tape during production and operation. As of the end of 2020, the packaging ratio of "slim tape" below 45 mm reached nearly 90%, and all the newly purchased tapes in 2020 were 100% of "slim tape".

Green Recyclable Transit Bags

ZTO Express upgraded the original eco-friendly bags to green recyclable transit bags in 2019, and independently developed a full-lifecycle management system for eco-bags to realize the systematic tracking and management of the eco-bags during its entire lifecycle. Compared with the traditional disposable woven bag, the green recyclable transit bag is stronger and more durable, can be reused more than 100 times, and saves more than 50% of the single use cost. As of the end of 2020, ZTO Express put in use nearly 9 million green recyclable transit bags on the entire network, replacing the use of about 900 million disposable woven bags and reducing the generation of about 81,000 tons of garbage.



Recyclable transit bags

Degradable Waterproof Bags

ZTO Express put into use the degradable waterproof bags in October 2020. The bag is featured by reliable quality, strong sealing, tear resistance and load-bearing strength, and it is non-toxic, odorless, and harmless to humans. After use, they can be degraded into carbon dioxide, water and organic fertilizer in the composting state.



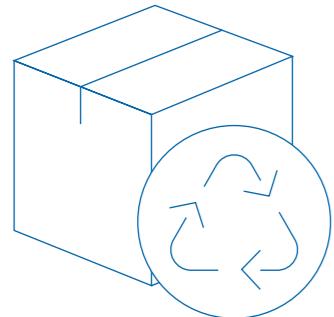
Degradable waterproof bags

Green Dispatch Transit Bags

ZTO Express has put into use green bio-degradable packing bags made of polypropylene in some regions. The product is green, environment-friendly, and reusable and provides huge space. Under the set conditions, such bags can be oxidized and biodegraded through the synergistic effects of light, heat, oxygen, microorganism, and water, until they are completely degraded, causing no harm to the environment.

Developing Circular Economy

The mixing of wastes from express packaging materials with domestic waste increases not only the pressure on the environment but also the cost of social management. Proceeding from the perspective of developing the circular economy, ZTO Express promotes the development of green and circular economy through package recycling and other methods.



Reduced Use of Consumables and Secondary Recovery

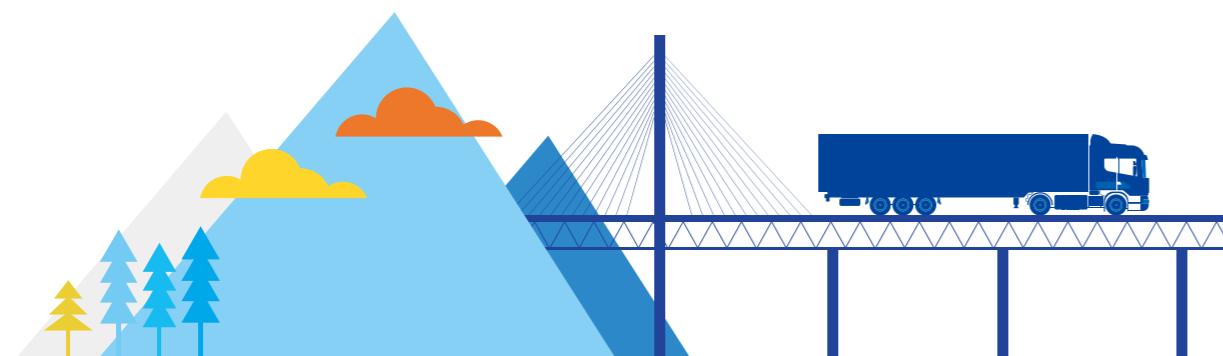
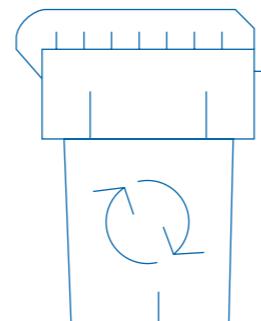
ZTO Express actively promotes the use of recyclable packaging and filling materials such as newspapers, inflatable plastic bags, and air bubble bags to improve resource recycling; the Company advocates the separate billing for express delivery and packaging, and consumers can choose whether to require the packaging for express delivery. The Company encourages the secondary use of idle packaging, and gradually guides outlets and consumers to increase environmental awareness; some outlets support the use of secondary express packaging to deduct part of the express delivery fees when customers send parcels or support express carton recycling in the form of matching donations.

Recycling of Packaging Waste

In 2020, ZTO Express continued to promote the "Recycling Program" and placed over 21,000 package recycling boxes throughout the network, covering 20,943 agent points, to promote the sorting, recycling, and reuse of express packaging.



Recycling box for express packaging waste



Optimizing Green Transportation

ZTO Express is committed to reducing the impact of transportation on the environment and incorporates energy-saving and emission reduction targets into the overall supervision on the express transportation. As of the end of 2020, over 86% self-owned line-haul vehicles met the National IV/V Emission Standards, and OBD (on-board diagnostic system) were installed on newly purchased vehicles to detect the emission of exhaust gases.

Optimizing Line-Haul Transportation

ZTO Express equips each shuttle truck with the BeiDou Navigation Satellite System (BDS) equipment and the Galaxy system, combined with GIS (Geographic Information System), to monitor abnormalities during transportation, optimize the driving routes and shifts of conventional trunk and branch lines, reduce the average mileage of congested routes, and reduce additional energy consumption generated due to unreasonable transportation routes; the Company adopts advanced algorithms to increase the loading rate, and reduce the departure frequency in a bid to effectively reduce the pollution emissions. As of the end of 2020, there were more than 3,600 line-haul routes across the whole network.

Promoting High-Capacity Vehicles

In the line-haul transportation, ZTO Express promotes high-capacity trucks to improve energy efficiency and reduce pollutant emissions. Compared with the 9.6-meter traditional vans, the high-capacity truck has more than doubled carrying capacity; each vehicle can save 2 liters of diesel fuel per 100 kilometers and reduce the diesel consumption by 55% and the pollutant emissions by over 70% per parcel. As of the end of 2020, the Company had approximately 7,900 high-capacity trucks.



Green Last-Mile 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 and reduce unit energy consumption; the Company increases the use of self-pickup equipment and last-mile posts to shorten the frequency and distance of delivery.

Using New Energy Vehicles (NEVs)

At the pickup and delivery ends, ZTO Express mainly uses electric vans with a volume of 12-14 cubic meters, which can accommodate more than 3,000 parcels, and can endure 70 kilometers when fully charged. Compared with traditional fuel-powered vans, electric vans have no exhaust emission or air pollution. In the line-haul transportation, the Company tries to use NEVs fueled by liquefied natural gases (LNGs). Compared with traditional fuel vehicles, the CO₂ emissions in the exhaust of NEVs are reduced by about 20%, CO emissions reduced by about 97%, and NOx emissions reduced by about 90% and basically contain no harmful substances such as PM2.5 (fine particles), lead, sulfide, and benzene with better safety.



NEVs for pickup and delivery



NEVs for line-haul transportation



In Sep 2020, ZTO Express and Cummins jointly released an efficient clean energy power solution for the logistics industry.

Using Urea for Cleaner Emissions

ZTO Express continues to increase the amount of urea used in vehicles, conducts training on the performance of new vehicles and standard driving for all fleets, and regulates the use of urea in vehicles. The urea solution can produce nitrogen, oxygen and water through reduction reaction with NOx, thereby reducing NOx emissions and purifying exhaust gases; at the same time, it can optimize engine performance and fuel consumption, and reduce diesel consumption by 5-7%.

Using Green Equipment

ZTO Express vigorously promotes the use of energy-saving and environment-friendly equipment in operation and production. In the sorting, the Company actively promotes low-energy, low-noise, and low-pollution green facilities; in the transportation and distribution, the Company increases the use of "zero emission, zero noise" green vehicles.

Smart Sorting Equipment

ZTO Express uses a large number of large/small automated sorting equipments in the sorting hubs, which saves sorting time and labor costs, while reducing the wear and tear of express items during the loading and unloading process, reducing the rate of damage to express items, and reducing the amount of consumables such as buffers and packaging tape. This provides facilitations for the recycling and reuse of packaging materials. As of the end of 2020, the Company put into use 339 sets of large/small automated sorting equipment in 94 sorting hubs across the network.



Automated sorting equipment

Aluminum Alloy Arc Body

ZTO Express has gradually replaced iron truck bodies with aluminum alloy arc bodies. While upgrading capacity, aluminum alloy arc bodies also reduce weight and fuel consumption; aluminum alloy bodies are more corrosion-resistant, have a longer service life, and a higher recycling value.



Aluminum alloy arc body

Advocating a Green Culture

ZTO Express starts from small and insignificant points and integrates a green culture into all aspects of business operations.

Green Office

In the office, the Company clearly requires all employees to strictly implement the systems and regulations on saving water and electricity so as to cultivate low-carbon habits in the office; through digital and intelligent system management such as "e-magazines" and "online approvals", the Company aims to reduce comprehensive energy consumption in the office and production; actively constructs green industrial parks and promotes the use of solar energy in transit centers such as the ones in Hangzhou and Taizhou.



Solar panels in the sorting hub

Promoting Green Development

ZTO Express earnestly implements the spirit of the important documents of the State Post Bureau on green development and ecological and environmental protection, conducts benchmarking exercises, and strives to gain a deep understanding of the spirits. The Company strives to promote green development across the entire network through internal promotion meetings, intranet notifications, ZTO Cloud Class, Zhangzhongtong App, ZTO's official website, ZTO official WeChat accounts and other channels. In 2020, the Company organized 10 training programs on ecological and environmental protection. In addition, the Company conducts the Green Pioneer Award every year to make comprehensive evaluations and encourage all outlets to actively promote green development.



CHAPTER 2

MOVING FORWARD WITH PERSEVERANCE AND UNITY AND WINNING TRUST BY HELPING AND BENEFITING OTHERS

Upholding the mission and original aspiration of "Bringing Happiness to More People through Our Services", ZTO Express firmly believes that only by benefiting the society and others can we better achieve self-development, and only companies that benefit the society and the people can grow, prosper, and achieve the sustainable growth . ZTO Express aims to meet the urgent needs of the government and help people in need and in hardship, practice its social responsibility with actions, and "become a respected century-old company".

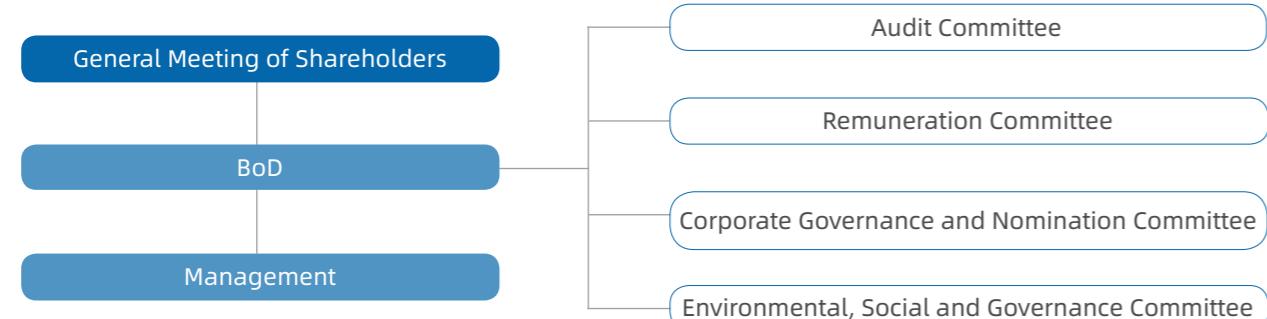
■ Consolidating Business Management and Governance	46
■ Caring for the Career Development of Employees	52
■ Joining Hands with Partners for Win-Win Results	58
■ Serving the Development of Agriculture, Rural Areas and Farmers	63
■ Giving Back to the Society and Serving People's Well-Beings	67



Consolidating Business Management and Governance

Standardizing Corporate Operations

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 the interests of all shareholders, the Company continues to strengthen internal management, improve corporate governance structure, and standardize corporate operations. 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 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.



Board of Directors (BoD)

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 set up three committees: the Audit Committee, the Remuneration Committee, and the Corporate Governance and Nomination Committee, which are responsible for regularly formulating and reviewing the corporate governance principles adopted by the BoD, as well as advising the BoD on all matters related to corporate governance and the corrective measures to be taken, 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 performance results; supervising the accounting and financial reporting procedures, and managing the Company's internal risk control system, to ensure the authenticity of the financial statements used by the BoD and published by the Company.

Remuneration Committee

Assisting the BoD in supervising the Company's remuneration system and employees' benefit plans, assessing and approving the remuneration structure, including all forms 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 the composition of the BoD, rules of procedure, committee composition, and other related matters; and supervising and evaluating the work of the BoD.

Environmental, Social and Governance Committee

Assisting the BoD to formulate and review the Company's ESG policies and making recommendations on the ESG issues during the Company's development; Linking the executive compensation with ESG indicators.

Safeguarding Shareholders' Rights and Interests

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

Standardizing Information Disclosure

ZTO Express attaches great importance to the maintenance and management of investor relations, strictly abides by the information disclosure obligations under the securities trading rules of the United States, Hong Kong Listing Rules and NYSE Listing Rules and other applicable laws and regulations. The Company has set up a dedicated Investor Relations Department, which is responsible for holding regular roadshows and reverse roadshows, receiving investors' visits, and responding to investors' concerns. At the same time, we disclose the Company's major events, development and operation information, and other information to the public in an active, complete and accurate manner. We also release announcements through official channels such as the investor relations website and press conferences, to strengthen communication with investors and effectively protect their legitimate rights and interests.

Case / Secondary Listing of ZTO Express in Hong Kong

On Sep. 29, 2020, ZTO Express announced the successful secondary listing in Hong Kong, which further strengthened the connections with the Asian capital market, and also received more investors' attention and support. In the future, ZTO Express will continue to maintain open, transparent and timely communication with the capital market and provide support for its development into a world-class comprehensive logistics service provider.



Communication with Investors

ZTO Express answers questions and queries from investors through a diversity of channels, including IR hotline, IR mailbox, General Meeting of Shareholders, communication with the management, investment summits, and teleconferences, effectively maintains sound relations with investors and helps investors gain a deeper understanding of the operation, business, development strategy and investment value of the Company. In 2020, ZTO Express published more than 80 press releases, announcements and related documents, received visits of over 1,000 domestic and foreign investment institutions, and participated in more than 40 roadshows. Our stock was covered by over 40 major domestic and foreign securities firms and investment banks.

Controlling Business Risks

ZTO Express has developed a sound internal control and risk management system, integrating the risk management process into all aspects of management and operation. The Company strengthens compliance execution throughout the process, and strictly follows regulatory and compliance requirements. The Company has obtained the certifications of ISO9001 quality management system, ISO27001 information security management system, ISO27701 international privacy information management system, and certification for intellectual property standard compliance.

Adhering to Operational Compliance

Compliance with laws and regulations is a basic requirement for a company's stable operation. ZTO Express abides by the principles of honest and law-abiding business operations. In accordance with China's national conditions and laws and regulations, the Company has established a sound law-abiding and compliance system in the fields of fair competition, labor security, intellectual property (IP) protection, environmental protection, consumer protection, and clean operation to ensure the Company's business activities are legal, compliant and standardized. The Company also carried out a series of campaigns, such as publicity and awareness-raising, to promote the concept of the rule of law and the awareness of law-abiding and compliant operation in all aspects, through multiple channels with priorities. The rule of law culture of the Company was further promoted.

Indicators	Unit	2019	2020
Percentage of legal staff covered by compliance trainings	%	100	100
Economic contract review rate	%	100	100
Economic contract performance rate	%	100	100

Strengthening Risk Supervision

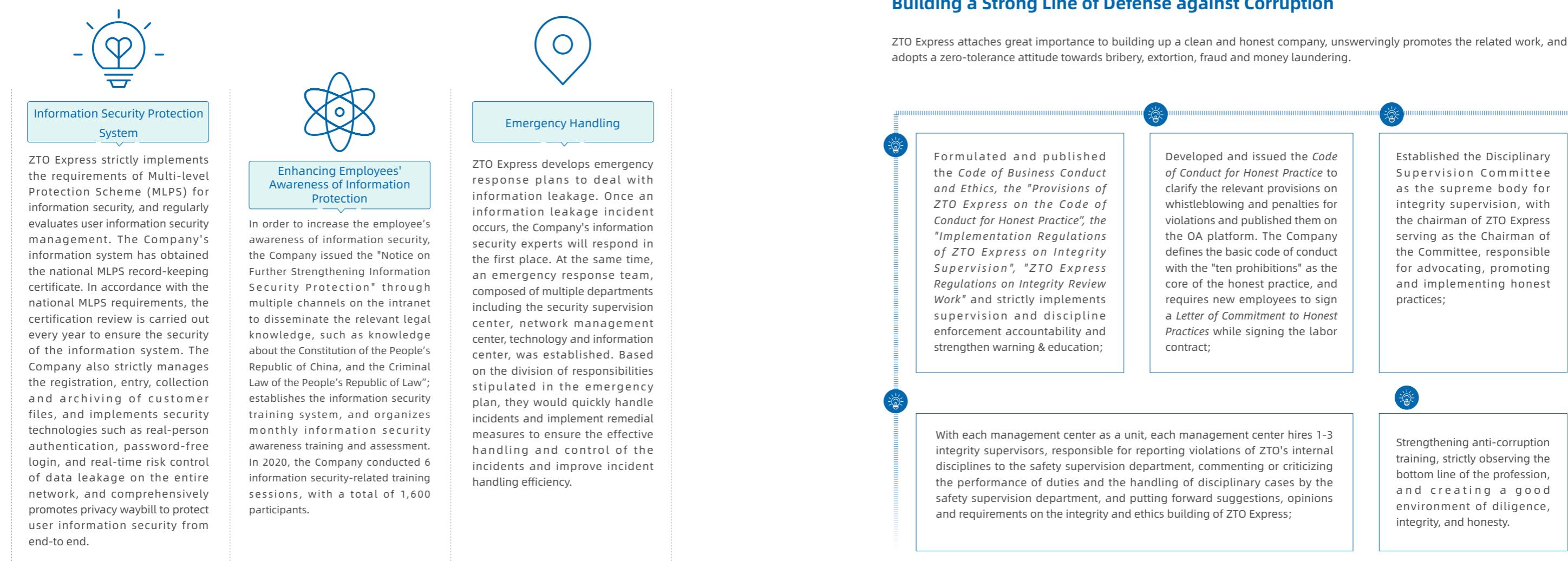
ZTO Express continues to optimize the construction of the Company's internal control and risk management system, promotes the further integration of risk management with business development, and provides a strong guarantee for the realization of strategic goals. The Company's internal audit department and compliance department hire professional consultants to form project teams to conduct continuous and independent assessment of the Company's risks and internal controls and summarize and rectify the deficiencies identified. In 2020, the Company's management and control of major risks was good, no significant or material internal control defects were found, and no major controllable risk loss events occurred.

Protecting Intellectual Property (IP)

ZTO Express attaches great importance to the protection of IP. According to the "Patent Law of the People's Republic of China" and other laws and regulations, the Company has developed an internal patent management system, and pays attention to respecting and protecting the IPs of others in its business activities, including IT system development, production and operation, preparation of internal publications, official websites, public account operation, and corporate publicity. At the same time, ZTO Express also set up the monitoring of IP declarations in the security portal to promote the construction of management systems, greatly improving efficiency and standardization of management. In Sep. 2018, ZTO Technology formulated the IP development strategy phase I, completed the construction of the IP management system from scratch, and introduced the supporting IP management system. As of the end of 2020, ZTO Technology applied for 389 patents and 195 software copyrights and spent about RMB333,000 in rewards.

Prioritizing Information Security

ZTO Express attaches great importance to the internal information security management and control within the Company. The Company formulated the "ZTO Express Data Security Management System" to strengthen the information risk awareness of internal personnel, and developed emergency response plans in advance for handling information security-related emergencies. The Company aims to build up a comprehensive information security protection system featuring strong defense, strong awareness, and quick response.



ZTO Express passed BSI ISO/IEC 27701 privacy information management system certification



Caring for the Career Development of Employees

While achieving our own steady development, ZTO Express has not forgotten to take on the responsibility of the industry and our social responsibility. The Company strives to create an army of workers with both ability and integrity by strengthening the protection of employees' rights and building a multi-level talent training system so as to help develop a modern and competitive postal industry. Following a people-centric value proposition, ZTO Express continues to establish a sound employees' rights protection system, and cares for every employee in terms of growth, life, emotions and other aspects. Starting from little things, the Company tries to create a warmer and more harmonious working environment for employees and build a broader value realization platform to share the results of corporate development with employees and make the Company a happy workplace and every ZTOer a happy employee.

Protecting Basic 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, and signs labor contracts with employees in accordance with the law. The Company strictly implements the statutory paid annual leave system and provides employees with a complete salary and benefits system to fully protect the basic rights and interests of employees. As of the end of 2020, the total number of employees in the HQ and directly-operated companies of ZTO Express reached 22,536, with the labor contract signing rate reaching 100%, and the five insurance and one housing fund payment coverage rate reaching 100%.

Protecting Human Rights

ZTO Express strictly abides by the equal employment guidelines, opposes all forms of discrimination due to differences in gender, age, place, education, religious belief, nationality, race, sexual orientation, disability, etc., and opposes the use of child labor, forced labor, overtime work, harassment and abuse. The Company has taken effective measures to safeguard the legitimate rights and interests of employees, and ensures that employees enjoy fair treatment in recruitment, labor, salary, training, promotion, compensation, vacations, etc.; the Company fully respects employees' personal privacy rights and strictly keeps their personal information confidential.

Number of employees by gender and age group					
Indicator	Unit	2018	2019	2020	
Number of employees	Person	15,700	19,009	22,536	
Number of minority employees	%	4.9	5.7	6.6	
By gender					
Number of male employees	%	68.8	67.6	65	
Number of female employees	%	31.2	32.4	35	
By age group (to be adjusted based the actual conditions)					
Number of employees aged 29 and under (including 29)	%	19.5	25.0	30.3	
Number of employees aged 30-50 (including 30 and 50)	%	69.3	65.5	62.5	
Number of employees aged over 50 (excluding 50)	%	11.2	9.5	7.2	

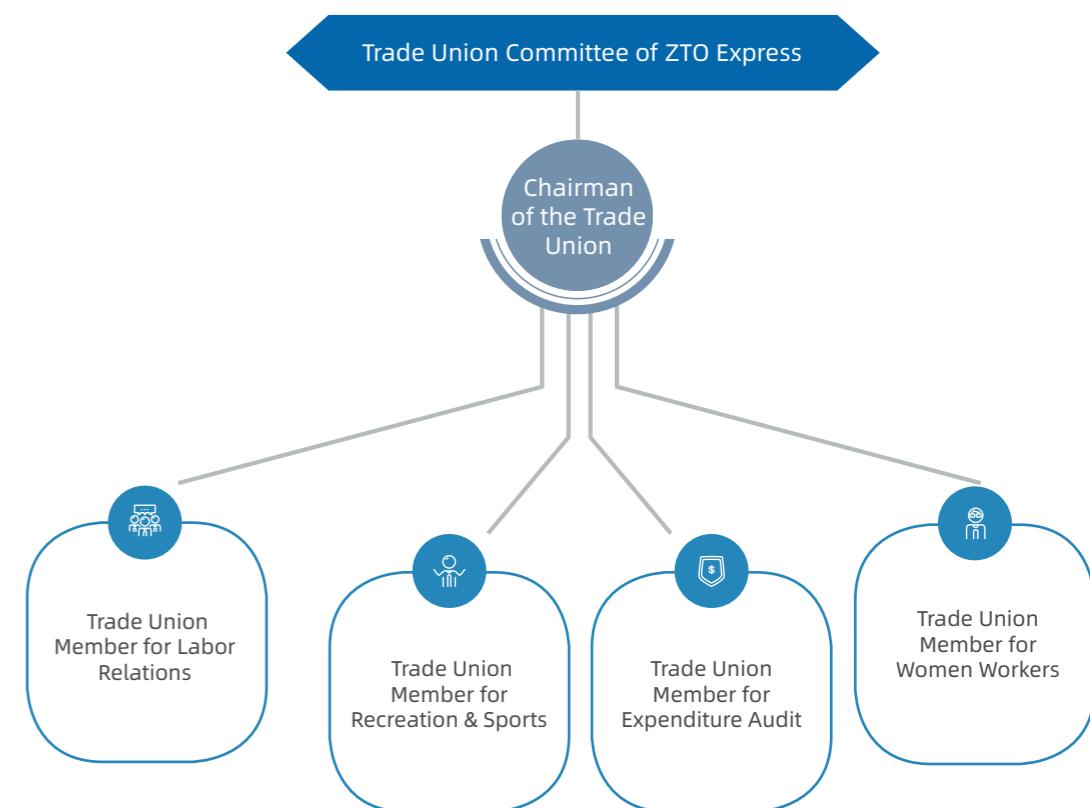
Salary and Benefits

ZTO Express implements the principle of "setting salary according to post" and builds a remuneration system of "monthly basic salary + monthly post salary + monthly performance salary + year-end performance bonus", supplemented by corresponding performance appraisal system, which highlights post value, performance contribution, and individual's ability. On the basis of paying social insurance in strict accordance with the regulations, the Company also offers supplementary group accident insurance for employees. We carry out "family 1+1" activities to provide benefits for family members of our employees, grant the employees the leave for accompanying their children taking college entrance exams, and provide employees with telephone fee subsidies, high temperature subsidies, accommodation subsidies, professional skills subsidies and other benefits.

Democratic Management

ZTO Express issued and continues to improve the ZTO Express Trade Union Constitution to clarify the specific responsibilities of the trade union and its subordinate committees; strengthens the organization of trade union and carries out various theme activities around the protection of employees' rights and interests; strictly complies with the relevant regulations of the labor departments and implements a collective consultation system; actively encourages employees to participate in the Company's development and provide a basis for the decision-making of management of the Company; supervises the implementation of labor management, employee rewards and punishments, salary and benefits, safety and health, social insurance and other laws, regulations, and rules. As of the end of 2020, the Company's trade union has a total of 1,098 members.

In addition, the Company continues to improve the timely and effective negotiation and communication mechanism and ensures unblocked channels for collecting employees' feedbacks. Employees can provide real-time feedbacks and suggestions through internal communication platforms, face-to-face feedback and other channels; the Company fully protects employees' right to freedom of association, and employees can organize or participate in social groups in accordance with applicable legal procedures.



Occupational Health

ZTO Express 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 and formulated various occupational health management measures. The Company provides employees with free physical examinations and various healthcare consultations and services. The Company conducts occupational safety and health education to improve employees' understanding of occupational health-related knowledge and the importance of occupational health; the Company also focuses on spreading positive energy in the workplace, puts employees' mental health in an important position, organizes and carries out "mental health" activities to help employees release mental pressure and face work and life in a positive tone.



ZTO Baiyou Talents Training



Special Event on "Mental Health Service" organized by ZTO Express

Contributing to Employees' Personal Growth

ZTO Express actively responds to the strategy of "strengthening the Postal Industry with Talents". The Company formulated the "ZTO Express Talent Cultivation System", and keeps promoting the policy of "one profession, two innovations and three methodologies" based on ZTO College. The Company has established a sound talent cultivation mechanism, created an online-offline combined training platform, and organized a series of talent pipeline training and business support training, such as new employee training, young eagle training, flying eagle training, eagle training, centurion training, night class, TTT training, "sound shaping" training, to discover, develop and cultivate talent teams in a fair, just and open manner and provide human capital support for ZTO's sustainable development. In addition, the Company has also set up Management Trainee Program (a mentorship program) and established a mentor system to provide guidance for career planning of management trainees and address their work headaches; the Company also organizes and carries out vocational skills competition and other activities for employees to create a good atmosphere for learning professional skills and improve employees' professional skills. In 2020, each employee took over 40 hours of various training on average.

In order to further strengthen the building of the talent teams, ZTO Express introduced the "Eagle Training Program" in accordance with the "Talent Pipeline" HR strategy and the requirements of the "ZTO's Baiyou Plan for Talent Cultivation". The program is divided into five levels: "Young Eagle, Flying Eagle, Eagle, Elite Eagle, and Leading Eagle" and each level is launched for different target audience. The Company aims to develop and cultivate the strategic reserve talent team and consolidate the talent foundation through a long-term effective talent training and development programs.



New employees participating training program of ZTO Express



Offering Career Promotion Path

In order to establish a sound talent cultivation mechanism, ZTO Express 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 employee career development mechanisms from the two paths: management category and professional category, and match the corresponding promotion assessment and training mechanisms to broaden employee career development channels and encourage employees to continue to improve professional skills and comprehensive quality, and enhance the core competitiveness of the Company and employees.

Career development paths of ZTO Express

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

Enriching Employees' Lives

ZTO Express pays attention to enriching the lives of employees in spare time, has built youth sharing centers, sharing clubs, employee activity centers and other leisure activity facilities for employees, and organizes a series of cultural and sports activities to balance employees' work and life and create a harmonious and warm corporate atmosphere. In 2020, ZTO Express held a variety of corporate activities such as table tennis matches, basketball leagues, swimming competitions, writing and speech competitions, online dating activities, family day activities and strived to make every employee "live healthy, work joyful and live happy".



Sweep the QR code and watch the video



Employees participating in the "ZTO Cup" Challenge - Crossing the Fuchun River in Tonglu



Youth Sharing Center



Sweep the QR code and watch the video



Internal basketball league games



Table Tennis Competition



'Growing up with ZTO' essay and speech contest

Case / ZTO Express launched the first "Family Day" event

In order to enhance the understanding of employees' families about the Company, enhance employees' and their families' sense of identity and belonging to the Company, and further deepen the building of the corporate culture of "shared success", ZTO Express sets every October 27th as "ZTO Family Day". On Oct. 27, 2020, the headquarter launched the first "ZTO Family Day" event. A total of about 80 people, including 30 employees and their families, gathered here and spent a happy family time together.





Joining Hands with Partners for Win-Win Results

The express delivery industry is the main artery for economic activities and an indispensable component of the national economy. As the industry accelerates its integration into production, circulation, and consumption, the benefits of the synergistic development of the express delivery industry with associated industries have emerged. This has placed higher requirements on the layout of last-mile delivery and standardized management. Upholding the core value of "shared success", ZTO Express actively connects the upstream and downstream, expands the industry chain, and grows the industry; builds up an ecosystem, integrates multiple competitive resources, and builds a strategic sharing platform; explores opportunities, exerts influence, and promotes the healthy and continuous operation of the industry chain; realizes mutual benefit and win-win cooperation among partners, and promotes the development and progress of the industry.

Implementing Responsible Procurement

ZTO Express strictly follows the supplier management measures issued by the state, develops sound internal measures for supplier management, and clarifies the full life cycle management process of supplier introduction, evaluation, and exit. The Company effectively identifies risks, reduces environmental, social and safety hazards, improves the product quality and service capabilities of ZTO Express and its suppliers, and forms a standardized, fair and consistent supplier management system.

Strengthening Procurement Management

ZTO Express continues to strengthen supplier management and is committed to establishing a transparent, dynamic, traceable and responsible supply chain. In Nov. 2020, the Company launched the supplier portal system - the bidding system to realize the through-chain management of "supplier access - order acceptance - delivery - account reconciliation - invoicing" and support the online and smart procurement process. This can effectively save manpower and improve work efficiency. By the end of 2020, 22 suppliers were admitted, involving 165 enterprises, and the system handled more than 400 demands per day.

1

Supplier access

The Procurement Management Department (PMD) fills in the "New Supplier Application Form" and collects supplier qualification materials; for suppliers providing specialized materials, the technical center needs to evaluate their QoS and product performance.

2

Supplier evaluation

At the end of each year, the PMD organizes various departments to evaluate the performance of partner suppliers. The evaluation indicators will focus on energy conservation, environmental protection and recycling. The PMD summarizes the supplier evaluation and removes unqualified suppliers based on the evaluation results.

Integrity in Procurement

ZTO Express attaches great importance to the compliance management of suppliers. The Company published the Code of Conduct for Partners in the "Supplier Cooperation" module under the column of "Become a Partner" on the official website, and integrates the requirements of compliance, honesty and trustworthiness into the code. The Company stipulates that the supplier that 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 not to disclose 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.

Empowering Primary-Level Outlets

Employment is the paramount livelihood project and an important guarantee for social stability. Upholding the core values of "shared success, trust and accountability, innovation and entrepreneurship", ZTO Express integrates the employees' career development with the development of the Company, accelerates the expansion of the business ecosystem, continues to expand the coverage of primary-level outlets, and encourages more entrepreneurs to join ZTO Express and share responsibilities and achievements with the Company through the network partner cooperation model.

Financial support

ZTO Finance was established to provide financial support and services for outlet operations across the nation; a special Network Mutual Aid Fund was set up to respond to major social disasters, network security control, emergencies at outlets, and accidents of employees (including their families).

Outlet training

In order to increase the enthusiasm of the front-line staff to collect and deliver the shipments and enhance their business skills, the Company successively conducted business development trainings for the front-line staff in many outlets, summarized the excellent operational models, explored the experiences of outstanding staff. The Company is committed to creating a standardized and high-level team with high-quality and systematic training that combines the "theory with daily operation and practice".

Care to the frontline staff

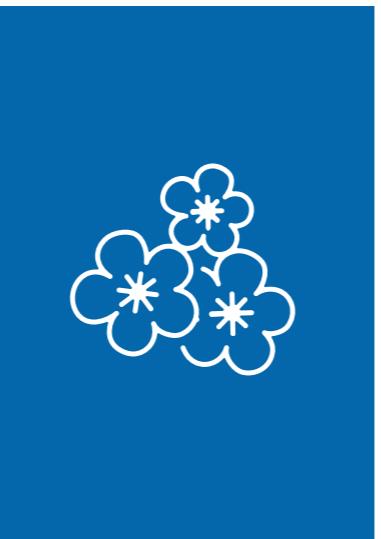
The Company organized and carried out a wide range of caring activities for our frontline employees such as caring for the frontline staff, caring for their occupational health, and slow life experience. From August 5 to 6, 2020, the annual caring event themed "Slow Life of Courier" was carried out simultaneously in ten places across the country. Hundreds of the employees from the frontline took time out of their busy schedule to enjoy a slow life with peace of mind.



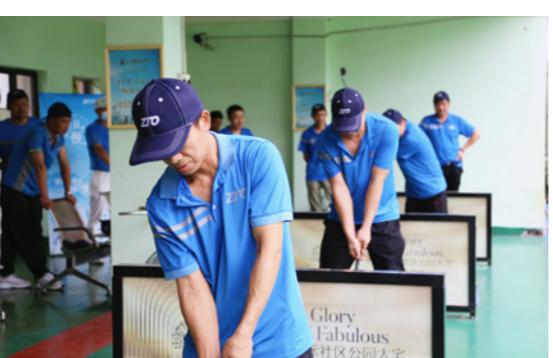
Summer Care campaign for frontline employees



Conducting health checkups for frontline employees

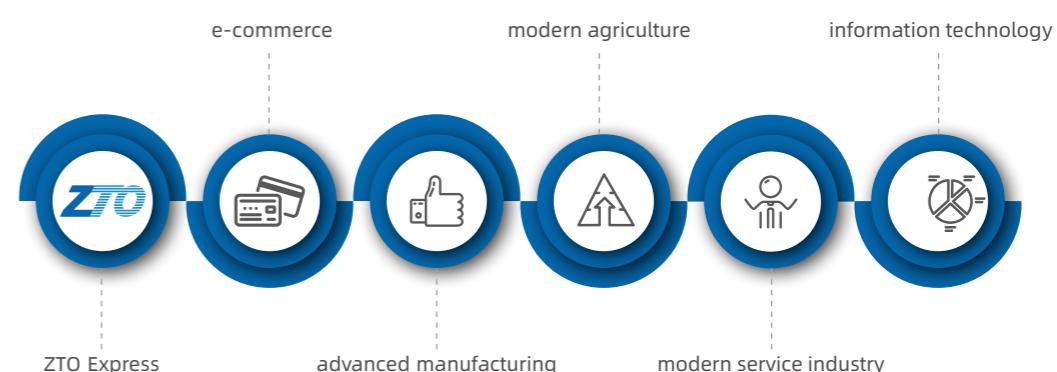


Caring Activity themed "the Slow Life of Courier"



Driving Industry Development

The express delivery industry connects production and consumption, runs through the primary, secondary and tertiary industries, and provides basic logistics guarantee for modern agriculture, manufacturing, retail and wholesale industries. As the express delivery industry deepens supply-side structural reforms, it actively pursues high-quality development. To a certain extent, it has promoted the development of comprehensive transportation and other industries. Relying on its advantages in eco-system and platform, ZTO Express continues to deepen cooperation with upstream and downstream enterprises in the industry chain, accelerates its integration into production, circulation, and consumption links, and plays an important role in invigorating circulation, stimulating domestic demand, promoting consumption, and serving people's livelihood. While realizing its own development, the Company aims to achieve coordinated development with e-commerce, advanced manufacturing, modern agriculture, modern service industry, information technology and other related industries.



Coordinating with E-commerce Development

E-commerce is an important component of strategic emerging industries and modern circulation. The express delivery industry and e-commerce are interdependent and mutually supportive, as the business cooperation gets increasingly close and the connected areas keeps expanding. The two industries present a scenario with mutual benefit and win-win results, effectively promoting the development and growth of the two markets and enhancing the service capabilities of the two industries. ZTO Express continues to optimize the network layout, strengthens the supply of delivery service, and reduces logistics costs for e-commerce platforms and customers; the Company integrates online and offline resources, explores innovative service methods and content, and provides new marketing ideas for e-commerce customers; relying on ZTO Cloud Warehouse, the Company has launched warehousing business, constructed logistics industrial park, and developed integrated warehousing and distribution services to offer basic support for the transformation and upgrading of the e-commerce industry; through the empowerment of supply chain logistics and e-commerce platforms, the Company moves deeper into the origins to explore the "express delivery + e-commerce" new model, which integrates sales and distribution. The new model forms a closed loop of online and offline, sales and transportation networks, and creates a solid backing for the development of e-commerce.

Serving Manufacturing Transformation

The manufacturing industry is the mainstay of the national economy and an important area of express delivery services. The express delivery industry is an important part of the modern service industry, providing smart supply chain services for the transformation and upgrading of the manufacturing industry. ZTO Express actively serves the manufacturing industry, deepens the integration of the industry and service chains, promotes innovations in cross-industry technology, product and service, and enhances industrial competitiveness and sustainable development capabilities. Relying on the scale advantages of nationwide outlets and cloud warehouses and based on its experience in express delivery and supply chain management, ZTO Express has entered the logistics and after-sales links of manufacturing enterprises such as clothing, food, electrical appliances, automobiles, parts & components, and electronic products, formed several effective models, such as last-mile distribution of orders, the integration of warehousing and distribution, and inbound logistics, and generated new models of Make To Order (MTO) and customized and personalized production and sales, creating a virtuous development cycle of mutual empowerment and complementary advantages between the express delivery industry and the advanced manufacturing industry.

Case / ZTO serves the manufacturing industry and builds the FAW demo

Changchun FAWSN is a component supplier of FAW Group. In order to jointly expand the after-sales logistics business of mainstream automobile brands in the country and build a high-level automobile logistics service system, ZTO Express and FAWSN signed a strategic cooperation agreement in August 2018 to provide intensive, professional and customized express delivery logistics services for FAWSN.

After more than 2 years of cooperation, the FAWSN project team of ZTO Express has increased from 10 people to more than 60 people. The average daily delivery volume has also increased from more than 100 shipments to nearly 3000 shipments. The ZTO-FAWSN cooperation has gradually grown into a "sample" of the express delivery serving the manufacturing industry, forming a mature model of integrated development of inbound logistics, last-mile distribution of orders, and regional supply chain services.

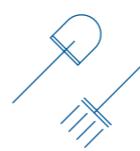
In order to provide specialized express delivery logistics services to more manufacturing enterprises, Jilin Management Center of ZTO Express purchased 216,600 square meters of land in Changchun International Automobile City. The Company plans to invest 1 billion yuan to launch more express delivery infrastructure and build a smart e-commerce industrial park in Northeast China, which will connect "express delivery and manufacturing" more closely, helping manufacturing companies focus their limited resources on their core business, and realize the transition from cost saving to value creation.



Boosting Connected Industries

The express delivery industry has a strong industrial relevance and industry-driving effect. The development of the express delivery industry can not only promote the development of the industry itself, but also directly or indirectly promote the development of transportation industry, IT industry, equipment industry, packaging material industry, logistics real estate and other industries.

ZTO Express continues to increase investment in technological innovation and green development, and continuously strengthens the construction of network systems and transportation capacity. The Company accelerates the introduction of IT information systems, automated sorting and conveyance equipment, NEVs, purchases packaging cartons, environment-friendly woven bags, and sealing tapes, and constructs sorting hubs and warehousing centers. While expanding the express delivery industry itself, ZTO Express also supports the cooperative enterprises in related industries to achieve profitable growth.



Serving the Development of Agriculture, Rural Areas and Farmers

2002 was a year of decisive victory for poverty alleviation and an important intersection of poverty alleviation and rural revitalization. The express delivery industry earnestly studied and implemented the important expositions of General Secretary Xi Jinping on "agriculture, rural areas and farmers", continued to maintain an enterprising attitude and devoted itself to the decisive battle against poverty. The industry accelerated the project of "bringing express delivery services into villages" and promoted a two-way circulation channel for the "entry of agricultural products into cities" and the "flow of industrial products into the countryside", contributing to the industry's strength in the fight against poverty. Relying on the wide, deep, and dense express delivery network and the "one body, multiple wings" ecosystem platform, ZTO Express made active deployments in rural market, accelerated the project of "bringing express delivery services into villages" based on local conditions and promoted the two-way circulation for the "entry of agricultural products into cities" and the "flow of industrial products into the countryside" to stimulate the vitality of villages; the Company set up e-commerce platforms to broaden the sales channels of agricultural specialty products in a diversified manner, increase farmers' incomes, promote rural economic development, and contribute wisdom and strength to the country's poverty alleviation and rural revitalization strategies.



Scan the QR code and watch the video - "ZTO on the Road of Poverty Alleviation"

Establishing Presence in Rural Markets

In 2020, the State Post Bureau issued the "Three-Year Action Plan for Bringing Express Delivery Services into Villages (2020-2022)", clearly stating that by the end of 2022, China's rural express delivery services will be significantly enhanced, express logistics systems in counties, townships, and villages will be gradually established, the circulation channels between urban and rural areas will basically achieve unimpeded flow, the supply of comprehensive logistics services in rural areas will be significantly increased, great results will be achieved for express delivery serving "agriculture, rural areas and farmers", farmers will be able to enjoy more convenient and efficient express delivery services, and administrative villages meeting related requirements will all have access to express delivery services. ZTO Express actively responds to the call of the State Post Bureau, accelerates the construction and improvement of rural service networks, accelerates the standardization of township service outlets, and continues to develop delivery services for agriculture, rural areas and farmers. ZTO Express is committed to meeting the new demands of rural areas for delivery services in the new era. As of the end of 2020, ZTO Express had approximately 30,000 service outlets and more than 5,350 direct network partners, reaching more than 99% of the districts and counties. ZTO Express has established the largest network with the widest, deepest and densest coverage among the private operators in China.

service outlets

approximately **30,000**

direct network partners

5,350+

of the districts and counties

more than **99%**

Powering Rural Revitalization

Smoothening the "last mile" of rural express delivery can not only accelerate the "going out" of agricultural products, but also boost the "bringing in" of new business formats. The combination of going-out and bringing-in helps accelerate the process of transforming resource advantages into economic advantages in rural areas and invigorate the rural market. While driving the development of local industries, it has effectively improved the sense of attainment and happiness of the people. ZTO Express aims to improve the quality of consumption of rural residents. Relying on its own transportation network advantages, the Company explored the industrial poverty alleviation model featuring "express delivery + rural e-commerce + agricultural specialty products + farmers". By integrating the business resources such as ZTO Cloud Warehouse, Starair Union time-bound delivery, cold chain and Zhongkuai Media, and leveraging e-commerce platforms, group purchases, live broadcasting and other emerging business models, the Company aims to remove the obstructions affecting the sales of agricultural products, help poverty-stricken areas develop modern pillar agricultural industries, and contribute to rural revitalization. As of the end of 2020, ZTO Express's farmers support network was present throughout the country and cultivated a number of projects featuring "gold medal" agricultural products with an annual business volume of over 10 million parcels. For instances, shipments of flowers and trees for Shuyang, Jiangsu exceeded 36 million, shipments of Shaanxi's kiwifruit exceeded 14 million, and shipments of Shaanxi's apples exceeded 13 million, shipments of Heilongjiang's rice exceeded 13 million, shipments of Yunnan's flowers exceeded 11 million, shipments of Guangxi's snail noodles exceeded 20 million, Anhui's Bozhou scented tea, and Sichuan's oranges all exceeded 10 million respectively.



Scan the QR code and watch the CCTV Financial and Economic Report "ZTO Cold Chain Special Route Helps Bring Hainan's Litchi to the Whole Country"

Map of China showing local specialties by province:

- 新疆**: 和田大枣、吐鲁番葡萄
- 甘肃**: 苹果、蜜瓜、樱桃
- 青海**: 西宁牛肉干、海西州枸杞
- 陕西**: 猕猴桃、苹果
- 西藏**: 虫草、牦牛肉、藜麦
- 四川**: 柑橘、芒果、猕猴桃、柠檬
- 重庆**: 奉节脐橙
- 贵州**: 辣椒面、火龙果、米粉
- 云南**: 松茸、百香果、花卉
- 山西**: 苹果、磨盘柿
- 内蒙古**: 牛羊肉
- 宁夏**: 枸杞
- 广西**: 螺蛳粉、百香果、芒果、沃柑
- 海南**: 波罗蜜、芒果
- 湖南**: 冰糖橙、猕猴桃
- 福建**: 茶叶、食用菌
- 江西**: 赣南脐橙
- 湖北**: 脐橙、莲藕
- 广东**: 蜜柚、贡柑
- 浙江**: 山核桃
- 安徽**: 茶叶、砀山梨
- 江苏**: 花木、咸鸭蛋、碧螺春茶
- 河南**: 孟州红薯、温县铁棍山药
- 山东**: 海产品、大蒜、蔬菜、冬枣、樱桃
- 河北**: 沧州枣、山药
- 吉林**: 查干湖胖头鱼
- 辽宁**: 鞍山南果梨、铁岭大榛子
- 黑龙江**: 富锦大米、黑木耳

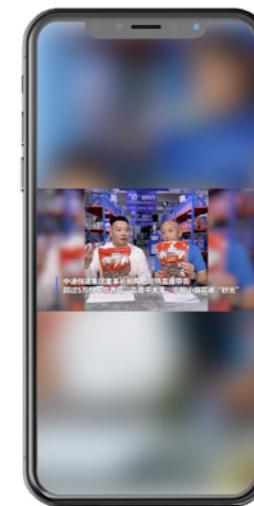
Map of ZTO Express's Farmer Support Network

Case Live broadcast in the Cloud Warehouse to boost the sales of agricultural products

On May 28, 2020, Lai Meisong, Chairman of ZTO Express, participated in a live streaming event to promote agricultural goods sales in ZTO's Cloud Warehouse in Shanghai, selling Pingquan's Shiitake, Chongyang's Mahua and Yuan Longping's rice. The livestreaming was very popular, and the three categories were sold out very soon after they went live.

"ZTO will neither be a pure courier company, nor a pure technology company, but we will be a platform company and an ecosystem company. I hope to use the live broadcasting to help farmers solve the difficulties in selling agricultural products due to the pandemic and boost the sales of agricultural products."

- Lai Meisong, Chairman of ZTO Express



Scan the QR code and watch the
first live streaming show of ZTO
Express in a cloud warehouse





At the "Golden Key- China's Actions Towards SDGs" awarding ceremony, the case of "bringing express delivery services to the villages and taking the agricultural products into the cities" from ZTO Express won Golden Key Championship Award - the highest award in the "Inclusive for All" category.



With the help of the green export channel of agricultural products opened by the local government , ZTO Express completed the delivery of 328 tons of unsold navel oranges in Zigui to all parts of the country in just 13 days, helping farmers to tide over the difficulties.



ZTO Express launched the test flight of UAV logistics distribution in Xunyang, solved the UAV endurance problem through the technical transformation of oil and electricity hybrid UAV, and achieved the automatic flight of 35 km route, and effectively solved the "last kilometer" distribution problem in remote villages.



Giving Back to the Society and Serving People's Well-Beings

No matter how successful an enterprise is, it should always stay devoted to the society, stick to its original aspirations, continue to give back to the society with good faith, and help people in need to improve their living conditions. In the process of development and growth, ZTO Express regards public welfare as its obligatory responsibility, and calls on all ZTOers to actively participate in various public welfare activities, from disaster relief, poverty alleviation, to student support and aid, free delivery, etc. The Company makes enormous efforts in those areas to give back to the society and spread positive energy in the industry.

Assistance to the Frontline of Disaster Relief

ZTO Express pays great attention to disaster relief. Relying on its own transportation resources and platform advantages, the Company can quickly activate emergency response plans after learning of the disaster. The Company consciously organized assistance teams, and coordinated with local branches to go to the front line and carry out rescue operations in the disaster-stricken area. The Company offered free transportation for relief supplies and mobilized the entire network to donate money and materials to help the disaster-stricken areas tide over the difficulties, effectively conveying the warmth and care from ZTOers.



On July 21, 2020, ZTO Express Wuhu formed a flood fighting team to participate in the "Flood Fighting and Rescue in Erba, Wuwei".



In Oct. 2020, ZTO Cambodia organized a charity event themed "Love Without Borders - Act with Love" for children in the disaster-stricken areas.



In Oct. 2020, ZTO Vietnam collected materials through multiple channels to support the frontline of the disaster-stricken area.

Committed to Helping Students

ZTO Express continues to pay attention to the education and development of future talents and insists on combining "poverty alleviation" with "helping the poor access education and build aspirations". The Company donated stationery, books, and teaching equipment, distributed grants, and made donations to build Hope primary schools in Yunnan, Guizhou and other places. The Company carries out various forms of public welfare activities to help improve the living and learning environment of children in impoverished areas and bring hope to impoverished families. In 2020, ZTO Express funded a total of 53 impoverished students from the registered poor households.



On Jan. 6, 2020, ZTO Express and Shanghai Shitu Logistics Co., Ltd. jointly launched a public-welfare book donation campaign.



In Jan. 2020, the Trade Union of ZTO Shanxi launched an initiative to donate a playroom for children with the theme of "Spreading Knowledge and Passing Love".

Case // "Dream 1+1" Student Support Initiative

Since 2012, ZTO Express has engaged in the "Dream 1+1" student support initiative every year, collecting children's "small wishes" and mobilizing employees to fulfill these wishes. On July 31, 2020, ZTO Express's 2020 Autumn Public Welfare Games and the "Dream 1+1" Student Support Initiative were successfully held, including basketball games, badminton games, fun games and other competitive events. Supported by the spirit of charity, this initiative demonstrated the vitality and strengthened the unity of ZTO and also stimulated the employees' sense of social responsibility to help and support students.

On Aug. 28, 2020, this event, which lasted more than one month, was successfully concluded. During the event, more than 50 public welfare activities were held, and more-than-100,000-yuan-worth in-kind donations were collected and the wishes of 89 children living in poverty were claimed and fulfilled. These materials were carried by ZTO Express and sent to the children of impoverished families in Yunlong County and Lanping County in Yunnan as well as Huaxin Town.



Free Delivery of Materials

Based on our business and resource advantages, and relying on our huge delivery network, ZTO Express provides free transportation of public welfare materials for enterprises that meet the conditions and have needs for such transportation, demonstrating the responsibility of ZTO as a large private express delivery company with practical actions, and establishing the image of being a responsible corporate citizen.



On March 25, 2020, ZTO Express delivered 104 boxes of donated clothes organized and coordinated by the Red Cross Society of Huaxin Town, Qingpu District to the Red Cross Society of Yingjiang County, Yunnan Province for free.



On Aug. 1, 2020, ZTO Express transported 85,519 donated books from Hangzhou, Zhejiang Province, and delivered them to Medog County, Tibet, more than 3,000 kilometers away from the origin, for free.



On Aug. 1, 2020, Yongxiu Outlet of ZTO Express sent more than 100 free parcels to soldiers who fought against flood in a tributary of Poyang Lake, Jiangxi.



On Aug. 4, 2020, ZTO Express organized employees to participate in the blood donation activity. More than 287 employees signed up and donated 35,000ml of blood.



On Dec. 4, 2020, ZTO Express sent the supplies that were donated by Hansheng Law Office to two primary schools in Xinjiang and Yunnan for free.



Donating love materials to disabled children.

Organizing Voluntary Services

Voluntary service is an important symbol of the civilization and advancement of modern society. While promoting the steady and rapid development of the Company, ZTO Express actively engages with the community, organizes the voluntary service teams composed of employees, and organizes diversified voluntary activities based on the actual situation in each region, such as free blood donation and community care. The Company advocates the spirit of voluntary service with our practical actions and gives back to the society, demonstrating our commitments to take on social responsibility. In 2020, ZTO Express carried out the "Positive Energy Recognition and Reward" activity to give corresponding commendation and rewards to ZTOers inheriting the spirit of Lei Feng. The Company also moved the "reporting of positive energy deeds" to the online platform, so that employees could report positive energy deeds at any time. The spirit of voluntary service was further promoted.

Social Responsibility Management

Responsibility Strategy

ZTO Express 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". The Company has integrated social responsibility into every aspect of business operation and built up a social responsibility strategic framework with ZTO characteristics from the perspective of government, shareholders, customers, partners, employees, communities and other stakeholders. The Company also prepares an annual plan each year to guide the Company's work on social responsibility, including serving the rural market, ensuring the safety of delivery, promoting smart delivery, promoting green delivery, working with employees to grow, empowering partners to grow, and actively integrating into the community. ZTO Express has contributed its wisdom and strength to the high-quality development of Chinese express delivery industry with a pioneering, innovative and pragmatic spirit, and strives to achieve the corporate vision of "becoming a respected century-old enterprise with dignity, sustainability and longevity".

Responsibility Governance

ZTO Express's responsibility governance framework is based on good corporate governance and lofty ethical standards. Economic, social and environmental factors are comprehensively considered in the business decision-making process at all levels. The Board of Directors (BoD) assumes full responsibility for the Company's ESG strategies and reports and discusses sustainable development issues at its regular meetings. The BoD also established a comprehensive management system involving management participation as well as the horizontal coordination of multiple departments so as to promote the implementation of ESG and CSR policies. The BoD is also responsible for monitoring the Company's risk management framework and sustainability risks, including climate-related risks and safety-related risks.

Based on the characteristics of the express delivery industry and its own business characteristics, ZTO Express established an ESG and CSR working mechanism featuring effective coordination at all levels, and established an ESG work management team led by the capital market department and a CSR work management team by the brand department, which are respectively responsible for the management, promotion, decision-making and annual report preparation of the Company's ESG and CSR strategic directions. The functional departments of the HQ and management centers are responsible for the specific implementation of ESG and CSR work within their respective responsibilities and based on their own functional division and business characteristics, collecting and sorting out data, coordinating with the preparation of ESG and CSR reports, and accepting the work guidance and performance evaluation of the HQ. In 2020, ZTO Express strengthened the coordination between the ESG and CSR management teams. In light of the ESG information disclosure requirements of the Hong Kong Stock Exchange, the CASS-CSR4.0 requirements of the Chinese Academy of Social Sciences (CASS), and the social responsibility indicators specific to the express delivery industry, the Company developed a consolidated indicator system that includes both ESG and CSR requirements. The Company used it as a guide to prepare the 2020 ESG Report, laying a solid foundation for the Company to better carry out both ESG and CSR work.

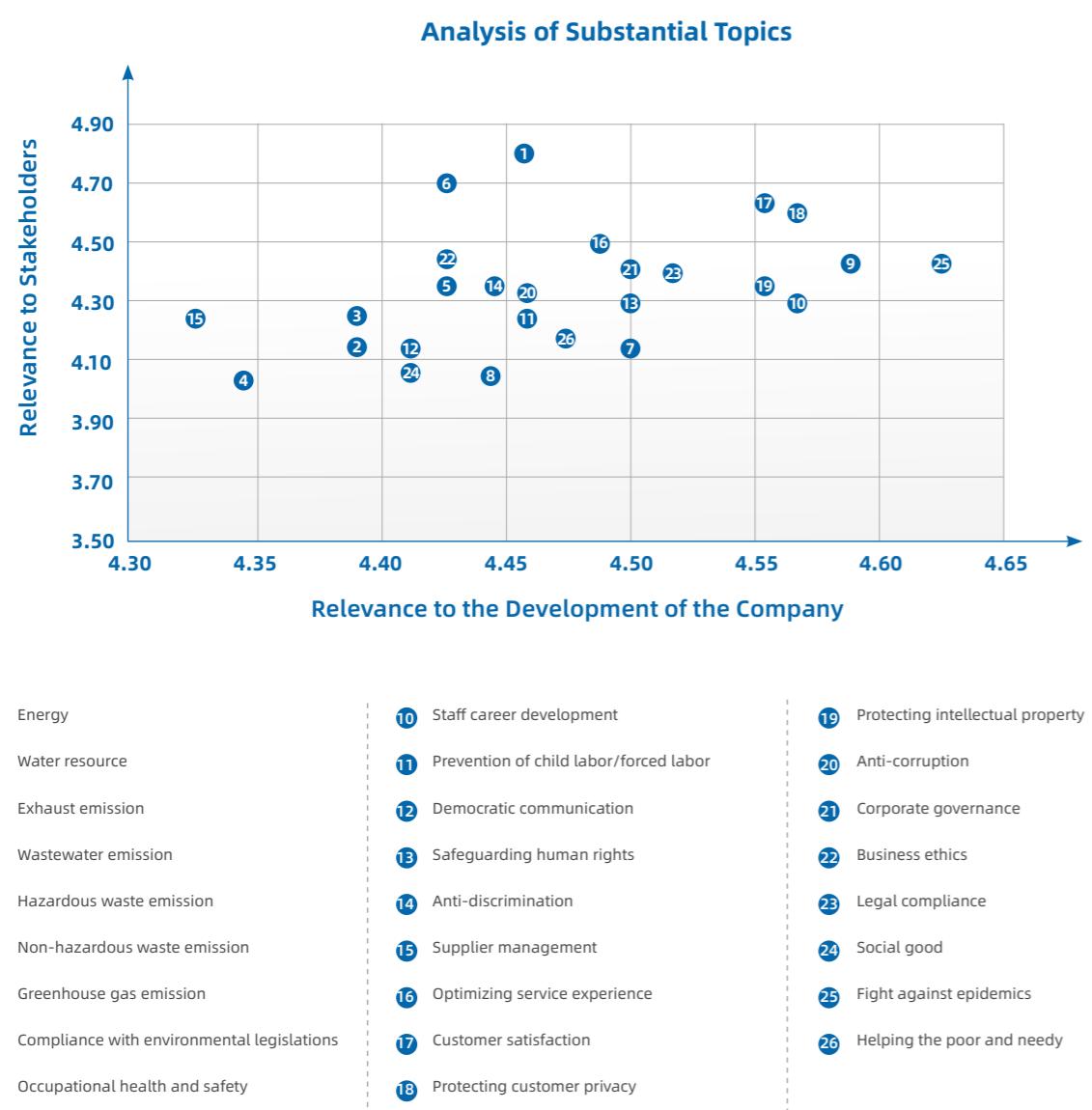
Responsibility Communication

The Company abides by the principles of fairness and integrity. In the long-term development process, it has established valuable relationships with employees, suppliers, partners, governments and important stakeholders. ZTO Express keeps a close eye on the demands and expectations of stakeholders and continues to explore effective communication methods with stakeholders. The Company has adopted various means (e.g. regularly publishing social responsibility reports, annual reports, semi-annual reports, and quarterly reports, disclosing corporate information in a precise, timely and accurate manner on platforms of stock exchange, official websites, official WeChat account, and mainstream media websites, enhancing communication between investors and shareholders, participating in industry forums and conferences, holding stakeholder exchange meetings, and initiating or participating in public welfare activities) to build a diversified internal and external communication platform, and disseminate the Company's philosophy and the update on the performance of social responsibility. While enhancing the understanding and support of stakeholders for the Company, the Company also accepts reasonable opinions and suggestions from internal and external stakeholders and continues to improve the business management method and enhance the Company's comprehensive competitiveness.

Stakeholders	Main points of interest	Means of Communication	Response measures
Government	Safety and environmental protection; Pay taxes according to law; Drive employment; Stabilize development	Government-enterprise cooperation; Work reporting; Statistical reports	Comply with laws and regulations; Reduce work safety risks; Implement green requirements on delivery; Actively respond to the call of the country
Investors	Corporate governance; Performance growth; Stock price performance; Shareholder engagement	Shareholders meeting; Information disclosure; Field trips	Strengthen anti-corruption and risk management; Pursue high-quality and steady growth; Disclose information timely and properly; Maintain smooth communication channels with shareholders
Customers	Diversified product offerings; Service satisfaction; Delivery safety; Information protection	Customer events; Customer service channels; Online platforms	Create a diversified product ecosystem; Upgrade the delivery service system; Implement the "Three Systems"; Ensure customer information security
Staff	Salary and benefits; Career development; Employee care; Employee support	Staff congress; Internal platform; Multiple activities	Encourage internal mobility of talents; Improve human resources policy; Carry out diversified employee activities; Help employees in difficulty to tide over the crisis
Partners	Rights protection; Mutual benefits; Long-term cooperation; Strategic sharing	High-level meeting; Agreements & contracts; Products & services	Eliminate commercial bribery; Uphold integrity and good business ethics; Develop long-term business cooperation; Implement responsible procurement
Community	Community harmony; Public welfare; Public relations; Rural revitalization	Community communication; Charity events; Community co-building	Actively assist the disaster area; Carry out activities to support students; Make every effort to prevent and control the COVID-19 pandemic; Establish deep presence in the rural market

Topic Analysis

In order to enhance the relevance and responsiveness of the report, ZTO Express has gradually improved the identification and management of substantive topics. Every year, in the early stage of report preparation, ZTO Express will construct a model for the selection of major topics, establish a database of major topics, and formulate a questionnaire on substantive topics based on the model and database by searching industry policy, analyzing report standards, benchmarking with excellent reports, and other methods, and combining the two dimensions of "Relevance to the Development of the Company" and "Relevance to Stakeholders". The questionnaire will then be distributed to internal and external stakeholders. Based on the survey results, the Company will sort out the core topics closely related to the Company's sustainable development and highly concerned by stakeholders, as key topics for information disclosure in the 2020 report.



Looking into Future

In the context of the global economy being hit by the epidemic and the competition in the industry getting further intensified, ZTO Express and nearly 30,000 partners across the network stood together to meet the challenges and introduced a wide range of diversified measures to empower the outlets and stabilize the network. The Company achieved a growth rate faster than industry average in terms of business volume, a steady increase in market share, and a continuous improvement in QoS and customer satisfaction, drawing a successful conclusion for 2020.

In the future, the Company will seize new opportunities presented by the transformation of our leadership advantages into absolute advantages and ecosystem advantages, stay true to our original aspirations, and enhance empowerment and solidify the foundation; the Company will make good use of resources and do a good job of coordination to ensure the orderly progress of the eco-system building, ensure the continuous expansion of our market share, the steady growth of the profitability of the entire network, the delivery and work safety and information security of the entire network, and our leadership in the industry in terms of QoS. The Company will try to use efficiency and benefits to serve customers, take care of employees, protect and balance the interests of shareholders and all parties, give back to the country and benefit the society. The Company will accelerate the development in the course of transformation and strive for a better future in the digital economy era with trust, simplicity, diligence, technology, and wisdom.



Appendix

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

Company Website: www.zto.com

Postal Code: 201708

