ZTE中兴 中兴通讯股份有限公司
ZTE CORPORATION

2012 Corporate Social Responsibility Report

Bringing You Closer

About This Report

This report is the fifth edition of the Corporate Social Responsibility Report released by ZTE Corporation.

● Preparation Standards

This report refers to the requirements of the 10 Principles of the UN Global Compact, ISO26000 Guidance on Social Responsibility, and G3.1 Sustainable Development Report Instructions set out in the Global Reporting Initiative (hereinafter referred to as “GRI”).
After self-evaluation, ZTE has lived up to a Grade B standard as specified by the GRI.

● Selection of Contents

This report contains a collection of information gathered from different channels over the past year. In the selection of content, adequate consideration was given to the matters that the key stakeholders (including stockholders, customers, and employees) of the company care about. Furthermore, it follows the principles of substantiality, integrity, comparability, and involvement by stakeholders concerning the GRI, and defines the material content of the Corporate Social Responsibility Report.
The report is divided into eight main sections: Corporate Governance, Strategy of Corporate Social Responsibility, Bringing You Closer, Employee Care, Environmental Protection, Fair Operation, Supply Chain CSR, and Social Welfare.

The report spans the period between Jan. 1, 2012 and Dec. 31, 2012. The report is released in both Chinese and English. The electronic version of the report can be downloaded from the ZTE Corporation Website at http://wwwen.zte.com.cn/en/.

Message from the Top Management

The development of information and communication technology industry has brought us tremendous challenges and opportunities. It changes the world and promotes continuous social development. As a leading global provider of integrated communications solutions, ZTE always focuses on research, development, and innovation. We keep developing innovative communication technology, so as to create and enhance value for our customers and partners. We design and implement environmental protection and energy saving solutions, and guide efficient and low-carbon development model. Our services helped people from different areas to enjoy equal freedom of communication; allowed users around the world to enjoy a full range of communication such as voice, data, multimedia, and wireless broadband; promoted sustainable development of the economy, society, and environment.

Corporate social responsibility and sustainable development are important parts of the corporate culture of ZTE. We continue to learn the most advanced concepts and standards of social responsibility, deeply understand the needs of the stakeholders, integrate social responsibility into corporate strategy, and keep enhancing the company's corporate social responsibility.

Bringing You Closer

By providing innovative technology and product solutions to customers in more than 140 countries and regions worldwide, ZTE has fully demonstrated the multiplier effect of Information and Communications Technology (ICT) on the improvement of economy, social development, and people's living standards. Since ZTE exclusively constructed Ethiopia's national network in 2006, the GSM network capacity of Ethiopia soared from 1.2 million lines to 20 million lines, with the number of mobile users reaching 17 million. In Africa, Ethiopia has become one of the countries who own the best communication conditions. At the same time, Ethiopia's annual GDP growth rate exceeded 10%, owning the fastest growing economy in the past six years among the Sub-Saharan Africa Non-Oil and Mineral Economies.

We set up 18 R&D institutions around the world, with nearly 30,000 domestic and foreign R & D staff focusing on technological innovation of the industry. In 2012, ZTE was granted 2988 patents by China, and filed applications for 3,906 patents under the Patent Cooperation Treaty (PCT). According to an official report released by the World Intellectual Property Organization (WIPO), the number of ZTE's PCT applications ranked first in the world for two consecutive years, 2011 and 2012.

We will continue to use our technology advantages, promote the construction of ICT applications in education, employment, healthcare, social security, public safety, chemical industry, construction, agriculture, and other fields, to facilitate the lives of people and to make things simple.

You and We Together, Creating a Green Future of the Information Age

We used a multifaceted technical innovation to develop green products, green technologies, and green solutions, so as to enhance energy efficiency. Thus, we helped our customers and other industries to reduce energy consumption, carbon emissions, and the impact on the environment.

We fully implemented the concept of green innovation in the network structure, equipment, boards, and chips. Our green innovation technologies, such as SDR platform, ATCA platform, dynamic energy-saving technology, software energy-saving technology, innovative switching architecture, and highly integrated

design, can reduce energy consumption by up to 50%. In electricity, transportation, agriculture, construction, manufacturing, consumer products, and service industries, the application of our green technologies and solutions can maximize ICT's green utility. At the same time, we created jobs, saved costs, and achieved sustainable development of the economy and environment.

Building a Responsible and Transparent Industrial Chain

To respond to global challenges and create a sustainable future, stakeholders need to work together. ZTE is a member of the United Nations Global Compact, Global e-Sustainability Initiative (GeSI), GreenTouch, and more than 70 international standards organizations. We cooperated with international organizations, worked together and shared experiences with our partners in sustainable management, and kept improving and promoting our global corporate social responsibility.

We worked together with our suppliers and kept sharing, disseminating, promoting the corporate social responsibility. In 2012, we have provided CSR trainings for 181 suppliers, 815 suppliers' managers, and CSR technicians. We required our suppliers to establish an effective CSR management system and become more socially responsible.

In the future, we will fully take the advantages of ICT to change the society, use innovative technologies and solutions to support everyone's right to enjoy communications, improve the environment, and improve people's living standards. Meanwhile, we will promote corporate social responsibility in the whole industry chain, support social welfare, and return our benefits to the countries and communities that we serve. And in this process, we will respect business ethics and human rights, and contribute the wisdom of the whole company's staff to global sustainable development.

Company Profile

Name of the company: ZTE Corporation

Address: ZTE Plaza, South Keji Road, Hi-Tech Industrial Park, Nanshan District, Shenzhen, Guangdong Province, People's Republic of China

Business of the group: Dedicated to the design, development, production, distribution and installation of various advanced telecommunications equipment, including: operators' networks, terminals, telecommunications software systems, services, and other products.

Total turnover in 2012: 84,219,358 (1,000 RMB)

Net profit in 2012: -2,840,962 (1,000 RMB)

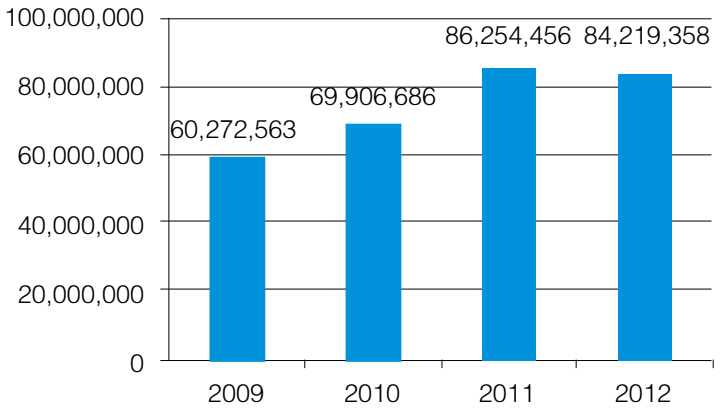

Figure 1 *Turnover from 2009 through 2012 (1000 RMB)*

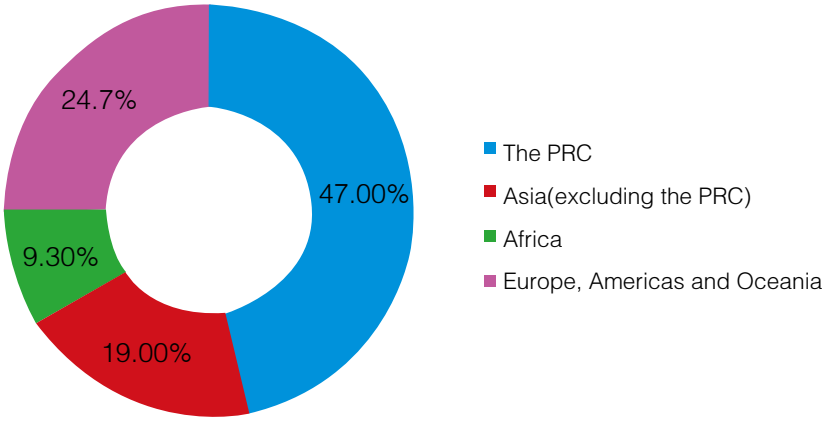

Figure 2 *Proportion of Revenue from Operations by Regions in 2012*

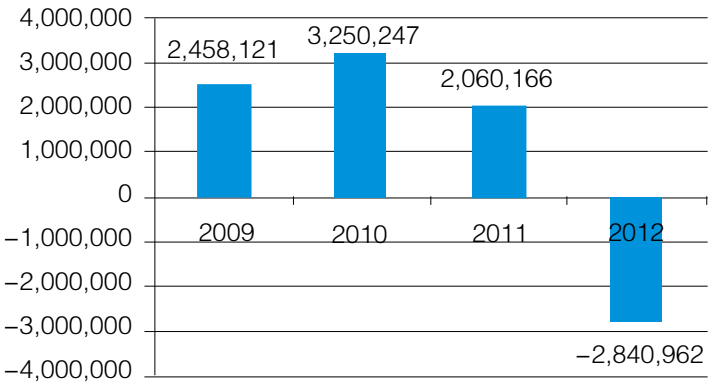

Figure 3 *Net Profits from 2009 through 2012 (1000 RMB)*

Total number of employees in the group: 78,402 (among which 65,437 were employees of the parent company).

Key controlled subsidiaries: 31
(Key controlled subsidiaries refer to the subsidiaries whose shares are controlled by ZTE Corporation, with a registered capital greater than or equal to 10 million RMB).

Stock exchange of listed securities: Shenzhen Stock Exchange and Hong Kong Stock Exchange

Retain membership in the following major CSR organizations: United Nations Global Compact, GeSI, and GreenTouch

Retain membership in the International Organization for Standardization and the following forums: ITU-T, ITU-R, ITU-D, ETSI, 3GPP, 3GPP2, NGMN, OMA, BBF, GSMA, IEEE, QuEST Forum and others (more than 70 memberships in all)

Total tax payment for 2012: 9.954 billion (RMB)

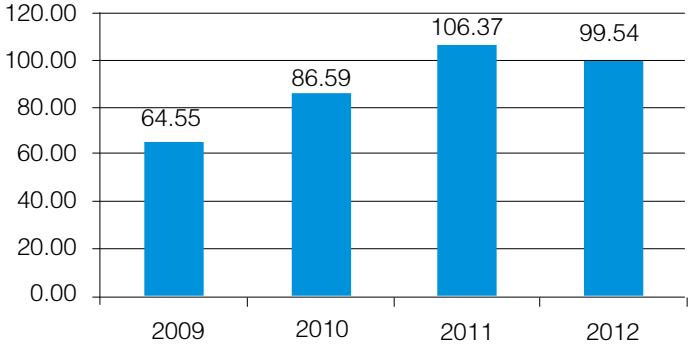

Figure 4 *Tax Payment from 2009 to 2012 (100 Million RMB)*

Number of patents: In 2012, ZTE was granted 2988 patents by China. And according to an official

report released by the World Intellectual Property Organization (WIPO), ZTE filed applications for 3,906 patents under the Patent Cooperation Treaty (PCT) in 2012, making it the first company from China to top the tables for two successive years, 2011 and 2012.

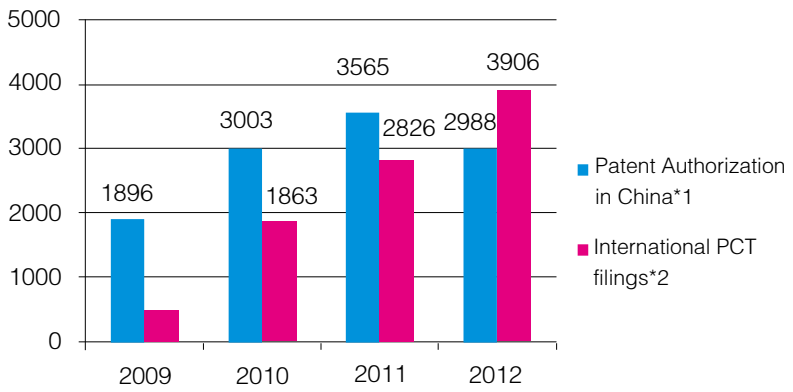

Figure 5 *Number of Patent Authorization in China and International PCT filings from 2009 to 2012*

Notes:

**1: Based on statistics from the official search websites of State Intellectual Property Office of P.R.C.*

**2: Based on the official report released by the World Intellectual Property Rights Organization (WIPO).*

Corporate Governance

The company has established a governance structure to enable all shareholders to be entitled to all forms of rights and have equal status. The company's Board of Directors is responsible for calling meetings for shareholders, reporting to meetings for shareholders, and executing resolutions made at the meetings for shareholders. It is also responsible for supervising the development of overall operational strategies, determining business guidelines and investment plans, and supervising and directing the management of the company.

The Board of Directors of the Company comprises 14 Directors, including 1 Chairman and 2 Vice Chairmen. Except for the Chief Executive Officer (Mr. Shi Lirong) and 2 Executive Directors (Mr. Yin Yimin and Mr. HeShiyou), all Directors are Non-executive Directors independent of the management, including 5 Independent Nonexecutive Directors, namely Ms. Qu Xiaohui, Mr. Wei Wei, Mr. Chen Naiwei, Mr. Tan Zhenhui and Mr. Timothy Alexander Steinert, who possess academic and professional qualifications as well as substantial experience in the telecommunications, financial, legal and management sectors and who have influence in relevant sectors and are proactive in the performance of their duties, and 6 Non-executive Directors, namely Mr. Hou Weigui (Chairman), Mr. Zhang Jianheng, Mr. Xie Weiliang, Mr. Wang Zhanchen, Mr. Zhang Junchao and Mr. Dong Lianbo, who have extensive business and management experience. Their presence enables stringent review and control of the management procedures and ensures that the interests of shareholders as a whole, including minority shareholders, are safeguarded.

The Company appoints directors in strict compliance with the criteria and procedures set out its Articles of Association, ensuring that the directors are appointed in an open, fair, just and independent manner. In order to fully reflect the opinions of minority shareholders, a cumulative voting scheme is adopted for the appointment of directors. The Board of Directors has a reasonable mix of expertise and acts in the best interests of the Company in good faith. The Company has formulated a set of rules of procedure for Board of Directors meetings, and board meetings are convened and held in strict compliance with the Articles of Association and Rules of Procedure of the Board of Directors Meetings. To optimize the corporate governance structure, three specialist committees — the Nomination Committee, Audit Committee and Remuneration and Evaluation Committee — have been established by the Board of Directors in accordance with the Governance Standards for Listed Companies. The majority of members and the convenors in each of these committees are Independent Non-executive Directors, providing scientific and professional opinions for reference by the Board of Directors in its decision-making.

In 2012, the Remuneration and Evaluation Committee of the Board of Directors linked the salaries of the senior management with the results of the Company and personal performance in accordance with the Scheme for the Administration of Senior Management's Remuneration and Performance. Senior management personnel are recruited and appointed in strict compliance with relevant rules, regulations and the Articles of Association. In order to establish a long-term incentive mechanism closely linked with the Company's business performance and long-term strategy, so as to help optimise the overall remuneration structure and create a competitive advantage in human resources that will contribute to the long-term, sustainable growth of the

Company's operation, the Remuneration and Evaluation Committee of the Board of Directors has formulated the Phase I Share Incentive Scheme of the Company, which has been completed at December 2012 upon approval by the general meeting of the Company.

The company strictly observes the Company Law, the Securities Law, Corporate Governance Standards for Listed Companies, Rules for Corporate Internal Control, Supplementary Guidelines for Corporate Internal Control and Guidelines for Internal Control of Listed Companies and other pertinent laws, regulations and regulatory documents, as well as the requirements of the China Securities Regulatory Commission set out in the normative documents for listed companies. In light of the industrial characteristics and the characteristics of the company itself, ZTE has been constantly improving and standardizing its internal control organization frameworks and operating mechanisms to guarantee the compliance of operations and management, security of assets, and the truth and integrity of financial reports and other relevant information of the company. To ensure the effective implementation of all business activities of the company, and achieve the company's strategies. ZTE has set up its internal control construction and appraisal system with its Board of Directors, Audit Committee, Risk Control Committee, Internal Control Construction Project Team, and Audit Department as the main framework, which fully covers the company and its operations on multiple levels.

The Company has conducted a self-assessment on the effectiveness of the design and operation of its internal control for the year ended 31 December 2012 in accordance with the Basic Rules for Corporate Internal Control, Guidelines for Corporate Internal Control Assessment and the requirements of other pertinent laws and regulations. The Company has developed, in respect of businesses and matters within the scope of assessment, an internal control regime that meets the needs of its operational requirements and covers all segments of the Company's operation for effective implementation, and that the Company's internal control objectives have been achieved without any significant deficiencies.

The establishment and operation of the Business Continuity Management System (BCMS) improves the company's capability to resist natural disasters and all kinds of emergencies. As of 2012, ZTE has initially established a relatively complete BCMS framework, and developed a BCMS promotion plan for overseas branches and supply chain, focusing on the implementation of the BCMS of the supply chain. ZTE has also completed the research and assessment of the suppliers' BCMS ability, released a series of supply chain business continuity promotion program files, selected key suppliers to conduct site investigations, guided and reviewed the BCMS promotion plan of key suppliers.

The operation of the BCMS in overseas branches and the supply chain helps the company resist disasters and recover its business after disasters, and reduce operational risks; promotes the sustainable development of business; greatly supports the development of international markets; thus promoting the common growth of the company, shareholders, customers, employees, suppliers, and other stakeholders.

CSR Strategy

Corporate social responsibility is not just an accessory for ZTE Corporation, but is integrated in all strategies of ZTE Corporation as one of the most important parts of the corporate culture of ZTE Corporation.

CSR Vision and Strategy

◆ ZTE's CSR vision is to

Conduct all business in an ethical and sustainable way that protects and advances the human rights, health, safety, well-being and personal development of all the people working directly or indirectly for ZTE.

Operate in an environmentally responsible manner and actively contribute toward solving the world's current and future challenges.

Help all customers – internal and external – by taking advantage of the opportunities of a changing world and positively impact societies around the world on a local level.

◆ ZTE's CSR strategy

ZTE's CSR strategy is to proactively develop, implement and improve CSR compliance throughout ZTE and its supply chain based on the industry's best practices, continuous learning and efforts for improvement. Its long-term objective is to develop into a global CSR leader.

CSR Architecture

In 2005, ZTE Corporation started to gradually establish its environmental and occupational health and safety management system, obtained certifications from the ISO14001 Environmental Management System and the OHSAS18001 Occupational Health and Safety Management System, and introduced the EU WEEE/RoHS directive. In 2006, ZTE was engaged in the study of international CSR standards such as the SA8000. In 2007, it officially launched the CSR system, appointed an executive vice president as the company's CSR representative, and formed the CSR promotion team. In 2009, ZTE joined the UN Global Compact. In 2010, ZTE established its own hazardous substance management system and received a certification from the QC080000 Hazardous Substance Management System. In 2011, ZTE appointed the chief OHS officer to be fully responsible for the occupational health and safety of employees and promote the OHS system globally. By the end of 2012, 11 overseas branches of ZTE have obtained the OHSAS18001 certification. In 2011, through the cooperation with the international advanced CSR organizations, ZTE joined the Global e-Sustainability Initiative (GeSI) and GreenTouch in order to improve continuously and share experiences with partners in respect to sustainable management, and keep improving and boosting global CSR. In 2012, ZTE calculated the greenhouse gas emission during 2009 through 2011. And the Greenhouse Gas Emission Report of 2012 had obtained the ISO14064-1 certification.

In 2012, after a review of ISO 26000: 2010 Guidance on Social Responsibility standard, ZTE optimized its CSR management system according to the ISO26000 standard and other international CSR standards (such as the Global Reporting Initiative Organization Sustainability Reporting Guide, SA8000,

and EICC), and the requirements of stakeholders.

The latest ZTE CSR architecture is displayed in Figure 6. It consists of six core themes: bringing you closer, environmental protection, employee care, fair operation, supply chain CSR, and social welfare.

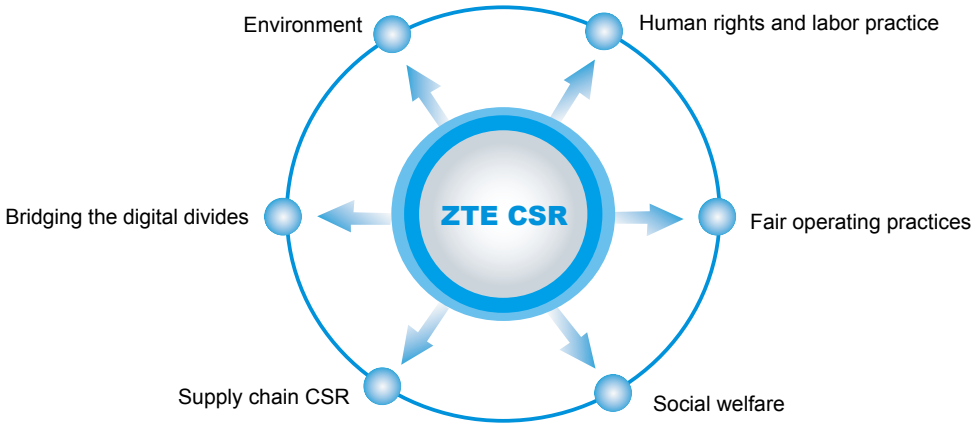

Figure 6 *ZTE CSR Architecture*

Stakeholders Engagement

An organization's recognition of its social responsibility, and its identification of and engagement with its stakeholders are two practices of social responsibility. Stakeholder engagement will also help to strengthen the company's corporate social responsibility. In order to better push forward corporate social responsibility, ZTE has identified the significant stakeholders, established various communication channels with all stakeholders to hear their voices, know their expectations from ZTE, and learn from their skills.

Table 1 *Communication between Stakeholders*

Stakeholders	Communication Channels	CSR Topics Concerned
Customers	Regular meetings, including technical exchanges and symposia	Sound internal CSR management system Green low-carbon energy-saving solutions Reliable products and technologies that can bring value to customers Supply chain CSR Strategy and management Respect for business ethics Respect for intellectual property rights Product safety and safe operation
	Daily communication and visits	
	Customer authentication and reception	
	Questionnaire	
	Customer service hotline	
Employees	Internal newspapers, websites, journals, e-mails	Remuneration and benefits Training and career development Healthy and safe working environment Human rights and labor rights
	Employee surveys and recommendations	
	Labor union	
	Complaint channels: President-mailbox, Minister-mail, internal bbs	
	Various staff associations: volunteers association, photographic society, sports association	

Stakeholders	Communication Channels	CSR Topics Concerned
Shareholders, investors	Regular disclosure of corporate information	Shareholder returns
	Hotline, e-mail, investors reception	
Governments, communities	Regular meetings	Compliance with all applicable laws and regulations Tax payment according to the laws Creating jobs actively Independent innovation and intellectual property strategy Environmental protection Providing products and technologies that bring benefits to local people Training local talents Social welfare
	Seminars	
	Government policy communication meetings	
	Government censorship and company's self-examination	
Suppliers	ZTE supply chain management website	Business ethics Reasonable price Policies and requirements of the supply chain CSR Enhancement of suppliers' ability
	Annual supplier conference, supplier CSR training, and supplier CSR meeting	
	Regular exchanges, visits, and learning between ZTE top management and supplier top management	
	Supplier evaluation and audit	
	Supplier CSR agreement, the Supplier Code of Conduct	
Industrial organizations	Industry forums	Healthy and sustainable development of the industry
	Industry meetings and conference calls	

Future CSR Orientation

In 2013, the key issues for ZTE's CSR strategy is improving and implementing its CSR management system based on ISO26000 Guidance on Social Responsibility, and stakeholders' requirements, including the following:

1. Improve and optimize the whole CSR management system, including the CSR management program.
2. Carry out the CSR activities and projects (such as bringing you closer and environmental protection) around the company's strategy, products, and solutions, thus ensure a harmonious and sustainable development of the company's business and CSR.
3. Enhance the overseas CSR, including the overseas health and safety.
4. In depth analysis improvement of the supply chain CSR, and promote the improvement and sustainable development of the whole industry.
5. With the help of ZTE Charity Foundation, use ZTE's own advantages in the industry to carry out middle-term and long-term social welfare projects, thus promote the sustainable development of public welfare.

Bringing You Closer

Information and Communications Technology (ICT) keeps developing and promotes the development of information industry. It infiltrates into and has a multiplier effect on the economy, society, and people's living standards, thus contributes more to the economic development, social development, and to the improvement of people's living standards. Moreover, it plays an increasingly important role for other industries' development, which is more universal in developing countries. The growth of ICT has greatly boosted economic development in developing countries.

ZTE puts forward the idea of "Bringing you closer", which promotes the sustainable development of the society by boosting the development of ICT in the fields of education, employment, healthcare, social security, public safety, environmental protection, chemical industry, construction, and agriculture.

ZTE "Bring you closer" focuses on the following aspects:
1) Create value for customers through continuous innovation, and boosts the progress of ICT.
2) Use of advanced communications equipment and network technologies to enhance the overall level of communication in developing countries and regions, and promote local economic development, improving people's living standards.
3) Develop smart solutions and products to let more people enjoy the convenience and services provided by ICT, and promote the communications between people around the world.
4) Serve customers with dedication and be committed to customers. Provide customers with competitive products and services, focus on customers' needs, improve customer satisfaction, protect consumers' health and safety, and protect the information and privacy of customers and consumers.
5) Set up training centers around the world to provide customers with professional knowledge services such as training, consulting, and assessment. Transfer advanced knowledge and realize the localization of talent and technologies.

Independent Innovation, Letting Every ZTE Employee Dare to Be Innovative

Innovation can bring "dreams" that once seemed unreachable and wildly fantastic to our real life, and boost the continuous progress and development of society. Insisting on independent innovation has always been a strategic emphasis in ZTE Corporation's development. Through continuous innovation, the company creates value for customers and boosts the overall technical progress of the industry. The investment in research and development every year accounts for about 10 percent of the company's sales revenue. The company has set up 18 R&D centers worldwide, including China and the United States, and set up joined innovation centers with top telecommunications operators, with more than 30,000 R&D staff members dedicated to technological innovation. In addition, the company has established a special "Overseas Talent Base" Operations Office, set up a green channel for top talent in Europe, the United States, Japan, South Korea, Russia and other places. Currently, ZTE has introduced more than one hundred overseas talents. They have played the role of "leaders" for important technology and product innovation in ZTE.

ZTE widely cooperates with universities and academies in the field of telecommunications. The ZTE University Industry Collaboration Forum has been established, which is the largest university-industry collaboration organization in the telecommunications industry and currently has 27 member units. The

company hopes to fully mobilize scientific research resources from various sources by establishing a complete technology innovation system in coordination with universities and operators to expedite technological innovation, and boost the integration of research, product development, and application.
ZTE invested 100 million RMB to set up internal venture capital fund dedicated to promoting innovation, and officially released the Internal Venture Capital Fund Management Program. The program is intended to mobilize all employees to pursue innovation beyond the planned business scope of the company, and support and establish valuable VC project teams through review so as to produce mature projects proven by the market and technology as well as create market opportunities. Through this bottom-up innovation initiative and an effective innovation management mode, the company and its employees together convert innovative projects to productive technology. In 2012, some innovative projects have passed the assessment and begun implementation.

Intellectual Property Strategy: Harvesting a Global Patent Portfolio

Since it began exploring intellectual property work in 1996, ZTE has taken full account of intellectual property. ZTE respects the intellectual property rights of others, and commits itself to improving its own intellectual property rights and forming core competitiveness for free development of the enterprise through continual innovation and intellectual property protection. The company always takes intellectual property, including patents and trademarks, as an important component of its strategic plan and has actively promoted the planning and implementation of its intellectual property strategy.

ZTE has the industry's most comprehensive intellectual property system, covering various functional modules of intellectual property strategic planning, application, licensing, operations, and management. ZTE applies meticulous management philosophy throughout all areas of the company's R&D, marketing, sales, thus achieves four values including the intellectual property assets creation, intellectual property competition protection, risk prevention and control of intellectual property, and intellectual property assets operation.

ZTE has a full-time staff team with rich experience in corporate intellectual property, located in the ZTE R&D institutions in China, the United States, and other places. They are proficient in the Berne Convention, the TRIPS Agreement, and the global intellectual property law. They also have national patent agent or attorney qualification. Two of them are in the Chinese intellectual property expert database, which has about one hundred persons.

Patent Applications and Licenses

As of the end of 2012, ZTE has filed applications for 45,000 patents globally, with more than 11,000 patents granted, covering international communication technical standards for LTE/3G/2G, cloud computing, and smart devices.

In 2012, the company received 2988 patent licenses from China and filed applications for 3,906 patents under the Patent Cooperation Treaty (PCT). According to the official report released by the World Intellectual Property Organization (WIPO), ZTE was ranked first in international patent applications for two consecutive years (2011 and 2012). As of the end of 2012, ZTE has filed applications for more than 11,000 PCTs, covering markets including the United States, the United Kingdom, France and Germany, the Netherlands, the United Kingdom, and other countries.

ZTE has always respected intellectual property rights, and actively exchanged experience with industry

partners in an open and shared attitude. Since 2005, ZTE has reached cross-licensing of intellectual property rights with Qualcomm, Siemens, Ericsson, and other communications companies, and promoted the R&D and overseas market expansion.

Copyright

ZTE attaches great importance to software asset management and copyright work. ZTE implements and improves the step-by-step copyright strategy, solidifies and protects creative works, and thus makes the copyright strategy fully support the company's R&D and marketing.

Up to now, ZTE has registered the copyrights for 1,000 works, including computer software. In addition, the company adheres to genuine software sources, only uses and works with legal resources and permissions, and establishes long-term cooperation relationships with the world-renowned enterprises. At the same time, ZTE has always insisted on promoting copyright trading and value realization through authorizing or transferring copyrights to other companies. This also provides the company operations with good financial and marketing support.

Allowing Employees to Share the Patent Value-Added Benefits

In 2012, ZTE revised its Intellectual Property Incentive Program to increase the incentives of the patent application and licensing, and added some new intellectual property awards, such as intellectual property operations award, competition award, outstanding patent award, and outstanding intellectual property award.

As the high-tech listed company with the most R&D engineers in China, ZTE has built a system to ensure that every ZTE employee is willing to innovate. ZTE R&D engineers are the main body of the company's intellectual property innovations. If their innovations cannot be awarded fairly, the employees' innovation capability will not be able to be released. With the accumulation and development of the company's intellectual property capabilities, new incentive programs will cover the whole value cycle of patents, including the patent application, the basic patent licensing, the standard patent licensing, and patent transfer and authorization to other companies. In the future, employees will not only get the initial award of successful patent application, but also will get additional award based on the patent-pending value , so as to stimulate the enthusiasm of the employees on the applications of high-quality technology patents

Case: GoTa was Accepted by the ITU Report

GoTa (Global open Trunking architecture) is jointly developed by ZTE and Chinese national research departments. It is a global leader in professional digital trunking standards. GoTa has become the most widely used and most internationalized domestic digital trunking system.

In November 2012, GoTa digital trunking standard submitted by China was accepted by the ITU (International Telecommunications Union) report on the ITU conference in Geneva. Switzerland.

GoTa was approved as a Chinese digital trunking standard by the China Ministry of Industry in 2008. GoTa is based on 3G technology, and can be evolved to the next generation of broadband, multimedia based digital trunking technology.
The trunking communication system is a mobile communication system used for the group dispatching

communication. It has high security and is generally used in important sectors of the national economy and professional emergency field of mobile communication, for fast scheduling and security.

In addition to the strategic significance of this development, GoTa technology has the potential to bring about 1 billion RMB to 4 billion RMB of revenue for the whole industry supply chain including hardware and software development, data applications and systems integration. GoTa networks are working in more than 40 countries worldwide including Norway, the Czech Republic, Poland, Russia, Ghana, and Morocco, covering more than 100 industries, including healthcare, customs, urban law enforcement, ports, logistics, construction, transportation, forestry, rental, factories and enterprises, and individual users, as well as the Olympic Games, the National Games, European Cup and other major sporting events, with more than three million lines in global commercial deployment.

Improvement of Communication in Developing Countries and Regions

The development of communication technology has greatly influenced people's life and is positively changing the society. Meanwhile, we are faced with huge challenges: different countries have different communication requirements, communication costs must be further reduced to make the communication affordable for everyone, the Internet needs to be more popular, social differences and a digital divide create challenges, and certain societies use communication technology differently.
These challenges cannot be solved without the development and application of communication technology. ZTE has been utilizing its own technologies to improve the communication in developing countries and regions, so as to contribute to the elimination of the digital divide.

Ethiopia

Ethiopia is an ancient country with 3,000 years of civilization history. It is Africa's second most populous country. In 2011, Ethiopia had 91 million citizens, but it lacked resources and its traditional agriculture was also backward. In order to develop telecommunications, Ethiopia met with some world famous telecommunications companies. However, Ethiopia's economy was weak and could not afford the expensive price. As it is located in a plateau, with high mountains and long distances, strong solar radiation, and strong wind, cables laid under the ground emerge to the earth's surface and are exposed to sunshine, radiation, and wind, and will age fast. Few companies are able to withstand such a challenge for laying cables for Ethiopia's telecommunications network.

ZTE entered the telecommunications market of Ethiopia in 1996 and established an Ethiopian subsidiary in 2007. With its advanced communications equipment and network technology, ZTE has not only dramatically improved the overall level of communication in Ethiopia, but also created employment opportunities for the local people and trained local employees. In November 2006, ZTE exclusively built the national network of Ethiopia and helped Ethiopia become one of the countries with the highest level of communication in Africa. Before 2006, Ethiopia's mobile penetration was about 1%; the broadband (512K bandwidth) initial installation fee was about 90,000 RMB, and the broadband monthly fee was 20,000 RMB; a SIM card was sold for dozens or even hundreds of dollars on the black market, and was still in short supply; telecommunications mobile users were only less than 900,000. In five years, with ZTE'S efforts, the capacity of Ethiopia's GSM network rapidly increased from 1.2 million lines to 20 million lines, increased by 19 times. In 2012, Ethiopia had 17 million mobile phone users, and became one of the countries in Africa that had the best communication conditions. The

telecommunications industry of Ethiopia developed rapidly as a result of the cooperation between ZTE and the telecommunications sector in Ethiopia.

The development of the telecommunications industry greatly contributes to the economic development. According to the statistics of the Government of Ethiopia, its Gross Domestic Product (GDP) has maintained double-digit growth for several years. In 2011, Ethiopia's GDP growth rate was 11.4%. In the past six years, Ethiopia has become one of the fastest growing economies in the sub-Saharan Africa non-oil and mineral economies.

When helping the development of the telecommunications industry in Ethiopia, ZTE also attaches great importance to the transfer of advanced technologies, training of local talents, technology localization, staff localization, and culture localization.

Technology localization: to keep the overall progress and the simultaneous development of communication technology, in addition to the technical training of staff, customers also need technical training. ZTE set up the local ZTE University, which provides local staff and customers with scheduled trainings, and examines their work skills. ZTE proposed a plan for training 1,000 engineers with no charge for Ethiopia in three years. As of the end of 2012, ZTE has completed the plan. From 2010 through 2012, ZTE has provided free social trainings to 11981 persons.

Staff localization: in ZTE headquarters of Ethiopia, local employees occupy 55%-60% of all the staff of ZTE Ethiopia, while outside the headquarters areas, the staff localization ratio is much larger and reaches more than 70%. In some areas, only administrative, human resource, and financial employees are Chinese, and all the rest are local employees. In addition to the staff localization, the management is also gradually localized: the company stipulated that a team with five employees should have at least one Ethiopian employee as the team leader, and can even have a non-Chinese employee as the team leader. This is a significant measure to encourage local talent. ZTE has become the first employment choice for Ethiopia university graduates, annually attracting many excellent students to work in ZTE.

Culture localization and cross-cultural communication: ZTE issues the cross-cultural communication costs every half a year to organize various cultural and sports activities for the Chinese staff and local staff, and to strengthen communication between them. The company also organizes the Chinese staff to visit local staff, for them to understand the local culture, make friends with the local staff, and enhance the sense of belonging.

Smart Solutions and Products

ZTE I-City Solutions

With the accelerating process of the industrialization of cities, urban operational issues have become increasingly prominent. City managers are actively exploring smarter and more efficient management models.

In September 2012, ZTE launched the “ZTE I-City” smart city solutions. For the first time in the industry, ZTE introduced the "4I smart city” concept (Information, Intelligent, Innovation, I with City), and the cloud computing platform, thus put forward new ideas on urban construction.
“ZTE I-City” smart city solutions cover three areas: keeping stability, promoting growth, and protecting

people's livelihood. They include twelve key applications, including the e-government, safe city, and emergency command, respectively, taking into account one of the urban functions.

"ZTE I-City" smart city solutions use the following three applications to help the government manage the city in a convenient, fast, and accurate way, and achieve sustainable development of the city.

Keeping stability: through the applications of e-government, safe city, digital urban management, emergency command subsystem, city managers can fully grasp the urban economic performance data, public security situation, and police force situation. According to this basic information, city managers can plan and deploy related resources in advance, so as to efficiently respond to extreme weather conditions, public emergencies, and catastrophic natural disasters, and maintain urban security and stability.

Protecting people's livelihood: intelligent healthcare, food safety, intelligent community, and intelligent scenic spot subsystem, will enhance the experience of people's lives and allow people to live and work happily.

Promoting growth: the construction of the smart city will be the "multiplier" of economic growth, "converter" of economic development mode, and "booster" of industrial upgrade. The applications of intelligent industrial park, intelligent transportation, intelligent logistics, and intelligent environmental protection will promote the rational allocation of urban resources, promote the city's economy to develop towards information industry, spawn and spur new smart city industry chain, and ensure the city's sustainable economic development.

ZTE smart city solutions have been successfully applied around the world, including the TD-LTE wireless government network in Beijing with independent intellectual property rights, the intelligent industrial park in Suzhou, and the safe city application in Marseille, France.

ZTE Smart Education Solutions

Achieve universal primary education is one of the Millennium Development Goals of the United Nations. Education is very important for eliminating poverty, improving the overall quality and standard of people' s living. For countries and regions with large population and low levels of Education For All (EFA), unevenly distributed educational resources, and great differences between urban and rural areas, the promotion of EFA remains a challenge. Using advanced communications technologies for distance education to improve the cultural quality of citizens and skill levels has an important and far-reaching significance.

Distance education is a new teaching mode constructed on networks and developed on the basis of traditional teaching. It is an effective high-tech means to promote the modernization of education. With continuous development of distance education, more and more governments, schools and individuals in the world start using distance education system for learning or teaching. Distance education will change the limitations of traditional education mode. Its open education networks will construct a lifelong education system and learning society.

ZTE smart education solutions integrate collection of deep-seated information, interoperability with no borders, high-efficiency resource integration, and other advanced functions, and are a complete

set of information, intelligence, innovation, and cooperation solutions for customers in the education industry. The solutions integrate video conferencing, IPTV and video terminals, and present educational information anywhere and anytime through computers, thin clients, e-book package and by means of mobile phones, radio, card aware devices, so that users can learn and exchange educational information anywhere and anytime. Through various communication methods, the solutions integrate public network and private networks, combine wired and wireless communication technologies, and ensure efficient and stable education network resource sharing. Using an open platform based on Service Oriented Architecture (SOA) and with strong encapsulation capability, the solutions allow the development of new applications and rapid access of third-party applications. Through intelligent analysis of users' learning behavior, the solutions can promote positive interaction of learning. The solutions can also provide knowledge services to build cloud education platform, support professional education and certification system construction, and promote in-school and vocational education.

ZTE smart education solutions provide more choices for the education industry. With ubiquitous campus networks, an open and flexible software platform, various educational applications and knowledge services, we help more companies and education industry customers break away from the limitation of traditional education methods, enhance the quality of teaching and training, raise the employment rate, and realize a leap towards intelligent education methods. ZTE smart education solutions have been successfully applied to the educational programs of some countries.

Case: Egyptian Education System

Egypt is one of the most populous countries in Africa and the Middle East. The Egyptian government attaches great importance to the development and improvement of the education system. Egyptian Ministry of Education hopes to establish a centralized education system, implement nationwide distance education to accelerate the development of electronic audio-visual education, promote the development of basic education, and lay the foundation for the modernization of education in Egypt. As early as 2001, ZTE began building a national digital education project in Egypt. The backbone of the education system covered 27 provinces and 7 regions, including 33 nodes, a distance education center, and 7 distance education sub-centers. In 2006, ZTE participated in the construction of phase 2 of the project in Egypt. Phase 2 is four times the size of phase 1. It directly expanded the existing system to the whole of Egypt. This project promoted the development of basic education, enhanced the level of communication, and achieved a modern mode of education. It saved time and money, provided flexible teaching methods, the sites in the system can quickly send each other their own curriculum documents, and the experiments and other courses that are broadcasted live over the Internet can effectively ensure the quality of distance learning. It also greatly reduced the investment in education in the future. In 2002, the project was awarded by the Egyptian Ministry of Education because of its superior engineering capabilities. A feedback from users indicated that the education system provided detailed pictures, was easy to use, and the results were very good.

Case: New Guinea Education System

In 2009, the New Guinea Council adopted the 2010-2018 education program, and clearly pointed out that the government will invest a lot in education to upgrade the education system.

To achieve this goal, the New Guinea government decided to construct educational infrastructure and modern digital education platforms in rural areas. The project is based on vocational education, and aims to improve the education level of rural residents. The objectives of this project are: constructing a nation-wide data center for digital education systems, with all digital classrooms supporting real-time

mode (instant classroom teaching) and non-real-time mode (PC teaching); providing video conferencing functions; and deploying the system in 11 provinces.

To a large extend, ZTE's solution to the project increases the teaching improvement space. With seamless interfacing with traditional education, the solution enhances the teaching experience. It uses a unified IT infrastructure, and centralized data storage and backup mechanisms. It uses high-grade security management, enables users to efficiently share the bandwidth, and is easy to manage and maintain. It deploys classrooms quickly by using a mobile construction program, which is easy to use. It is also safer and more flexible. It can use flexible transmission schemes to provide rapid urban coverage.

ZTE Smart Healthcare Solutions

The United Nations Millennium Development Goals have three goals that are related with healthcare, including reduce child mortality, improve maternal health, and combat HIV/AIDs， malaria and other diseases. In developing countries, problems such as high cost of healthcare, fewer channels, and low coverage, disturb the people's livelihood. Particularly, a less efficient healthcare system, poor quality of medical services, difficulty to get medical treatment, and expensive medical treatment, are the main public concerns. The application of information and communication technologies in the medical information systems can greatly reduce the difficulty for patients to get medical treatment, let medical institutions share medical information, and improve medical treatment skills in developing countries, and thus help accelerate the achievement of the United Nations Millennium Development Goals.

In developing countries, infrastructure and equipment management of pharmaceutical distribution are relatively backward. And the distribution networks are too simple, not designed from the perspective of distribution networks. Developing countries lack medical logistics management systems, the data exchange and sharing platform for business information systems of medical and health institutions in the connected areas, and the basis and carrier of information integration between different systems. Therefore, the logistics supply chains are inefficient and have high expense ratio (in many countries, the logistics costs of pharmaceutical manufacturing industry are more than 10%). And the pharmaceutical logistics have too many intermediate links, so prices of drugs increase during drug logistics, and thus cause the current pharmaceutical prices to be artificially high. Uneven distribution of medical resources and enormous waste of drugs further lead to lack of medical care, and high incidence of infectious diseases and epidemics in remote areas.

In addition, for today's medical information technologies, the overall low development level and lack of uniform standards are the most prominent problems. Many hospitals independently construct their own information systems, which do not have unified data structure and format. These systems cannot work with each other, resulting in a waste of resources and money. Meanwhile, the medical information systems have problems such as personal privacy and information security.

ZTE pharmaceutical logistics solution integrates information of logistics companies and logistics information (such as cars, drugs, roads, staff, warehouses) into a single platform, analyzes the information, scientifically sorts the information, and then reasonably dispatches cars, drugs, roads, staff, and warehouses, thus reduces the no-load rate, saves warehousing costs, reduces logistics costs, improves logistics efficiency, and reduces carbon emissions. ZTE provides consulting and planning of information systems for pharmaceutical logistics companies before they construct their information

systems, and thus brings technological, model, and process innovations for the pharmaceutical logistics industry. ZTE unites the upstream and downstream professional logistics companies in the pharmaceutical logistics industry chain, uses its professional ICT integration capabilities and technical strength to introduce new technologies such as cloud computing, networking, and e-commerce. The solution uses advanced logistics management information system and equipment to effectively integrate the upstream and downstream resources in the pharmaceutical supply chain, analyze and forecast the demand for drugs, optimize the transportation, warehousing, and distribution management of drug supply. The solution also provides anti-counterfeiting and tracing of drugs to improve the regulation of drugs, so as to achieve the automation, information technology, and benefits of pharmaceutical logistics, and enhance the social medicine level.

ZTE smart healthcare solutions reflect the international trend of the medical industry. With rapid development of information technology and rapid implementation of information platform, the solutions can improve the services and core competitiveness of a hospital. Medical information technology not only enhances the work efficiency of doctors, but also enables doctors to have more time to serve patients, and thus improve patient satisfaction and trust. Meanwhile, it can improve the resource usage efficiency of medical institutions, increase the number of served patients, and help medical institutions become bigger and stronger. The medical information level also reflects how a government is concerned about the citizens' health. Its improvement will help to improve the doctor-patient relationship, thereby increasing the citizens' satisfaction of the government in power. Medical cloud and regional medical and health information systems improve the linkage, supervision, communication, and cooperation of the medical profession, and also provide a broader market and development space for medical institutions at all levels (hospitals, research institutes, disease prevention departments). ZTE smart healthcare solutions have been applied in China, South America, Southeast Asia, and other regions. They have provided all the services of the healthcare cycle, beginning from the prevention of disease, including self check, health reminder, health management, health advice, medical consultation, clinical diagnosis, remote consultation, treatment options, and rehabilitation.

Children's Mobile Phone: Children's Safety Guardian

In the process of children's growth, whether to let them use a mobile phone or not has troubled the majority of parents. If children do not have cell phones, communication is not convenient, and sometimes may make parents very anxious, worried about the safety of children. But if mobile phones are given to children, parents may worry that children would be exposed to radiation, play games, or access the Internet.

ZTE is well aware of the parents' love and concern for children, and is very concerned about and understand of children's needs, so ZTE launched a mobile phone exclusively designed for children. ZTE took "security" as the most crucial element in the design of children's mobile phones. On the one hand, the children's mobile phone ensures that the children's physical health and safety will not be affected through significantly reducing mobile phone radiation, using healthy materials, and ensuring that the screen does not hurt the eyes. On the other hand, the children's mobile phone can protect children's personal safety through a more precise positioning function, which enables the parents to be informed of the children's specific location to prevent children from being lost or entering danger zones. In addition, ZTE children's mobile phone also added a lot of features, for example, parents can set four shortcut call numbers on the client side, set the number of emergency calls, and can manage calls by setting a caller ID whitelist, that is, only allows specified phone numbers to get through the children's mobile phone

to avoid the harassment of children from unknown phone numbers, and eliminate the risk of children abduction by phone. In addition, the appearance of ZTE children's mobile phone has anti-bacteria treatment and can reduce 95% of the resident bacteria; the safety lanyard will automatically disconnect when external force is applied, so as to prevent choking. These features make ZTE children's mobile safer and more environmentally friendly.

Serving with Dedication and Being Committed to Our Customers

ZTE conducts its work in products and services by following the core value of "Serving with dedication and being committed to our customers", and protects the rights and benefits of customers and consumers. The company keeps customers as the focus of its concerns, executes the TL9000 Quality Management System, and uses 6SIGMA and other methods to perform quality improvement. Therefore, the company has established an overall quality management and improvement system based on customer satisfaction, field operations of products, and internal flows. ZTE constructed the integrated advantages of the company as "Leading Products, Reliable Quality, and Top Services" to continue to provide competitive products and services for customers.

Global Customer Service Center

ZTE Global Customer Service Center provides customers with 7x24 technical support. It has nine product sub-centers, nine advanced laboratories, one technical support team of skilled engineers, perfect technical issue solution banks, an advanced analog laboratory environment, fast and effective control and use of global technical resources, ensuring that ZTE's global customers can enjoy technical support services in a convenient and quick manner.

ZTE is dedicated to constant improvement of its capacity of global customer service, and it has gradually built eight Regional Customer Service Centers (RCSC) around the world, along with 45 Local Customer Service Centers (LCSC). The company has also established technical support service systems consisting of local, regional, and head offices to provide steady localized field support service teams for the overall implementation of customer support service. Through online support, remote diagnosis, field troubleshooting, and other service modes, ZTE delivers quick responses, high-efficiency and high-quality treatment for service requests from customers, to effectively guarantee the safe and steady operations of customers' online equipment.

ZTE provides global customers with request and complaint acceptance channels, such as hotline telephones, fax numbers, email addresses, physical addresses, websites, and B2B. Furthermore, in order to give customers more convenient services, the company has set up a technical support website, which is an Internet-based window, providing customers with technical support services. The website also offers knowledge base, service center, technical forums, technical documents, and other service warranty functions.

Standardized business flow management is the foundation of customer support service specifications. ZTE's ITIL-based model has formed a set of complete customer support service management flow systems and an IT system platform. Currently, it aims at fault management, problem management, technical consulting, service changes, version management, service management, network supervision, and other customer support services, thus providing an overall steady flow and regulation system.
In 2012, ZTE optimized the customer service process, made bold innovations in the service level

agreement customization, open service process requirements, and B2B docking work orders of customers' systems, and thus greatly improved the customer service capabilities.

Product Health and Safety

ZTE provides customers with competitive products, services, and solutions while at the same time, is very concerned about the health and safety of customers and consumers, focusing on information and privacy protection of customers and consumers. As early as 2005, ZTE passed the ISO27001 “Information Security Management System” certification. In 2010, the company began the ISO15408 “Information technology, security technology, information technology security evaluation criteria” certification (abbreviated as CC). In 2011, ZTE achieved the certification, and became China's first enterprise that achieved the certification. The company's products have passed the U.S. Federal Information Processing Standard FIPS 140-2 (security requirements for cryptographic modules) certification regulated by the National Institute of Standards and Technology of the U.S. In addition, the company set up a Product Safety Commission, which is responsible for the company's security affairs.

ZTE is concerned about the ergonomic design of products to ensure that all of its products comply with the applicable health and safety standards. ZTE carefully adheres to the product safety design concept based on user scenarios, and uses the concept throughout all aspects, including product planning, design, development, testing, and manufacturing. User scenarios include the product operational environment, user skills, user habits, and user behavior analysis. When designing products, ZTE reduces noise and electromagnetic radiation, and sets the other specifications to ensure the safety of products.

ZTE is an important member of quality and safety standardization organizations, such as ITU-T SG5, IEC TC108, and CCSA. It is actively involved in the activities of product quality and safety, and quality and safety standardization all around the world. ZTE formed its own R&D and production standards based on the product quality and safety requirements of Europe, the United States, and IEC, and improved the design review and testing validation.

In order to ensure a safe and reliable product design, ZTE strictly controlled seven security risks (including risk of electric shock, energy hazards, fire hazard, the risk of overheating, mechanical hazards, radiation hazards, and chemical hazards). ZTE established a complete product safety laboratory in every R&D center, and operated the laboratories in strict accordance with the international standard ISO17025. These laboratories have been accredited by CNAS, UL, Intertek, CSA, and TUV. In them, ZTE can perform product quality and safety tests, such as CE, FCC, UL, ETL, NEBS, CSA, the PSE, and OFTA. They provided very convenient detection and control methods for ZTE’s products quality and safety.

ZTE strictly evaluated the product safety in each session, from product R&D through shipping, in accordance with IEC/EN/UL 60950-1 and GB 4943.1. In 2012, ZTE’s products passed various certifications, including China CCC, Europe CE, North America UL, ETL, Canada CSA, Nigeria PC, and CB certifications of other countries. Certified products meet the safety certification requirements of more than 100 countries worldwide.

In 2012, ZTE contributed lots of efforts to product safety verification and product safety laboratories, which were 22% more than in 2011. The one-time pass rate of product safety tests was more than 95%, which was 3% higher than in 2011.

ZTE University

ZTE University was founded in July 2003 as a corporate university initiated by ZTE Corporation. As the knowledge products delivery department of ZTE, ZTE University has a complete curriculum system and professional teaching staff, with more than 150 employees dedicated in curriculum development, or working as full-time lecturers and consultants. It also has a professional part-time lecturer team, consisting of ZTE management cadres, product R&D experts, marketing and sales experts, after-sales experts, and experts from other departments.

ZTE University provides four kinds of knowledge services, including skills transfer services, certification and assessment services, management consulting services, and learning tools development services. It provides professional knowledge services to employees, customers and partners, and boosts the development of ICT.

ZTE University established training centers in 15 regions and 4 overseas branches around the world, delivering knowledge services in South America, Central America, North America, South Asia, Southeast Asia, Middle East, South Africa, North Africa, India, Ethiopia, Asia-Pacific, Western Europe, Eastern Europe, and Russia. ZTE has provided knowledge services, including training, consultation, evaluation, certification, and learning tools, for 100 countries and regions, and more than 500 thousand domestic and overseas customers.

Figure 7 *ZTE Corporation's Global Training Centers*

In 2010, ZTE University began implementing large-scale training, including free training. Till now, ZTE University has completed 71,601 individual training sessions to 33120 people, saving $10 million training fees for the countries that got the training, enhanced the capacity of local staff, and created employment opportunities.

Case 1: ZTE University and India BMS College Established a Joint Laboratory

In 2012, ZTE and BMS College established a 3G joint laboratory in India. This laboratory was established in the campus of BMS College. It provided career-oriented ICT courses for students of BMS College, including 3G wireless basic theory and practical courses. The establishment of the laboratory provided a solid internships and research platform for the students majoring in telecommunications of

BMS College and other universities, and also provided the necessary hardware platform for the joint students' education of ZTE University and BMS College.

ZTE and BMS College jointly developed a Faculty Development Program (FDP). Teachers of different majors in BMS College will participate in the FDP. ZTE will introduce to them the latest trends of ICT and the latest technology solutions.

In addition, every year, ZTE invites students from various universities to visit the training center in Bangalore, India, experience working life in the offices of the training center, closely touch various devices in the laboratories, and get to know the latest technology and solutions.

Case 2: ZTE University and Brazil UNIP University Jointly Provided On-Job Postgraduate Courses

In 2012, approved by the University Curriculum Committee, ZTE University and Brazil UNIP University together launched the on-job postgraduate courses, setting a precedent that a Brazilian university and an enterprise jointly carry out on-job postgraduate courses.

UNIP University is Brazil's largest private university, with 35 campuses around Brazil and up to 400,000 students. Brazil lacks talents in the communications industry. As the 2014 World Cup and 2016 Olympic Games are coming, Brazil local governments are planning a large number of fixed-line broadband networks and wireless 4G network constructions, and are in urgent need for lots of talents in the communications industry.

The on-job postgraduate courses include a total of 45 Saturday lectures. ZTE is responsible for half of the courses, including five modules of the fixed-line, mobile, transmission, satellite communications, and digital television, with 80% theory courses and 20% practical courses on ZTE equipment. Except for three days of practical courses on ZTE equipment, all of the other courses are taught at the university campus.

In addition, ZTE cooperated with some other universities. Technical training of ZTE's products has become the standard curriculum of the University of Javeriana in Colombia and the Department of Electronics of INATEL University in Brazil. ZTE also cooperated with Columbia's public school SENA and UPM University that ranks first in communications of Spain's universities. ZTE has trained lots of local communications talents.

Case 3: ZTE Established Chile LTE Innovation Training Center

In June 2012, the High-Tech Innovation and Training Center established together by ZTE and the University of Chile held a signing ceremony.

Chile's per capita GDP ranked first in South America, and the mobile phone penetration rate was over 120%. According to the planning of Subtel, the Telecom Regulatory Authority of Chile, Chile will use the Asia-Pacific standard 700 MHz and 2.6 GHz bands to deploy LTE networks. The University of Chile was established in 1843, and is one of the South America's top 10 famous universities. In 2011, ZTE and the University of Chile together established an LTE laboratory to evaluate the LTE technology itself and verify the operators' LTE businesses.

The cooperation agreement signed in June 2012 between the University of Chile and ZTE was based on constructing the laboratory in 2011. It served as a High-Tech Innovation Center and the basis of the ZTE training center in Chile. In this way, ZTE can launch a project to provide Chilean students with internship opportunities, and provide training courses for engineers through this project. In the cooperation agreement, ZTE is committed to training a large number of professional talents for the communications industry in Chile. ZTE and the University of Chile will cooperate with in LTE technologies, new business creation, and professional trainings, and jointly contribute to the development of wireless networks in Chile and enhance the information industry of Chile.

Case 4: Excellent Engineers Education and Training Program

The “Excellent Engineers Education and Training Program” is designed to train a large number of innovative and highly qualified engineers, who can satisfy the needs of the economic and social development. It is an important model and guidance for promoting higher education, training talents in accordance with the society’s needs, and comprehensively improving the quality of engineers’ education and training. ZTE has signed the “Excellent Engineers Education and Training Program” agreement with 19 universities and colleges, and started training students with universities and colleges. With the “Excellent Engineers Education and Training Program”, ZTE opened its resources to social institutions, actively explored cooperation with universities and colleges, and tried to move ZTE’s enterprise trainings and knowledge services to universities and colleges, thereby formed an excellent training program in which ZTE, universities, and colleges combined their advantages in education. In this way, ZTE built a bridge for university graduates to join enterprises, and trained a large number of excellent, innovative, and internationally competitive engineers, who can adapt to and support the development of the communications industry.

Employee Care

Talents are the most important resources of ZTE Corporation. Becoming a model corporation in the markets of different countries, and a trusted employer by different nationalities and cultures is ZTE's major strategic target.

ZTE Corporation defines its human resource strategy as "people-oriented," and has established a set of mechanisms to introduce, train, use, and stimulate global staff. ZTE Corporation rigorously observes the labor laws and makes continuous improvement in equal employment, benefits for employees and labor unions. The company places emphasis on the rights and interests of its employees, and by providing training and distinct vocational development channels, it helps employees with their individual growth. ZTE Corporation also shows concern for customer evaluations, increases human resource efficiency, and is dedicated to the achievement of win-win solutions for its customers, shareholders, employees, and the society.

Respect for the Diversification of Employees

By the end of 2012, the total number of individuals employed by ZTE Corporation Group was 78,402, among which 65,437 were employees of the parent company, with an average age of 32, and 85 retired employees. ZTE Corporation and all of its employees have entered into labor contracts according to the law. ZTE Corporation follows the strategy of internationalization of the staff, and pushes forward staff localization very firmly. The company has provided employment posts for local residents from more than 100 countries.

ZTE Corporation's staff is classified into categories as follows:

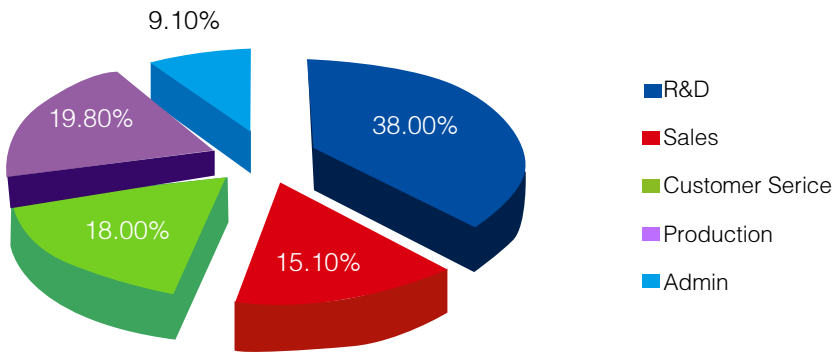

Figure 8 *Categories of ZTE's Staff*

The age distribution of the staff is as follows:

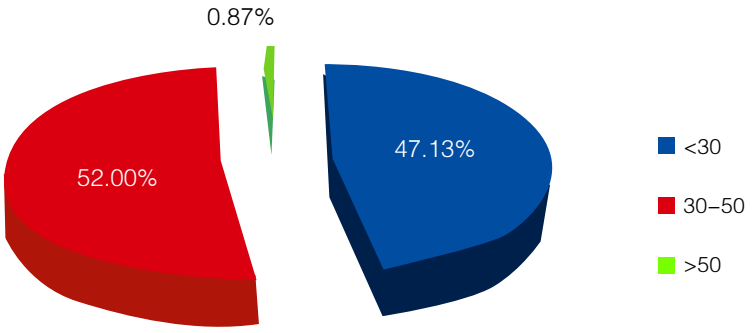

Figure 9 *Age Distribution of ZTE's Staff*

The educational degree structure of ZTE's staff is as follows:

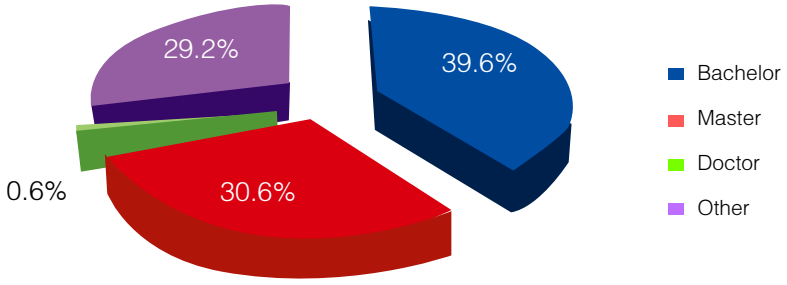

Figure 10 *Educational Degree Structure of ZTE's Staff*

Female Employee Care

Every year, ZTE organizes several lectures and activities for female employees, involving women's health, marriage, family, and parent-child relationship.

For pregnant female employees, in addition to the maternity leave regulated in the national law, ZTE set up a special pre-natal leave. Female employees can apply for the pre-natal leave once they are pregnant.

ZTE also set up special dining areas for pregnant female employees and mother-baby rooms for lactating female employees.

Cross-Cultural Communication

In order to enhance the communication between the Chinese staff and local staff, to understand the cultural background of the different countries and regions, ZTE set up a "Cross-Culture Magic" column on the ZTElite website, and describes the customs of various countries. Meanwhile, the company launched a monthly topic of cross-cultural cases, collected details and stories between overseas Chinese and local staff in cross-cultural integration and construction, and personal life and work, and used cases to show these details and stories, so that more employees would be aware of life abroad.

In 2012, ZTE launched the "cross-cultural project", 15 foreign employees selected from global

employees went to ZTE Headquarters in Shenzhen for practice and training, so as to be local staff with a global vision. The company customized training programs for these local employees, and determined training contents according to their positions and skill requirements. On the one hand, these local employees enhanced their skills; on the other hand, they became more familiar with headquarters workflow and culture, and thus laid a good foundation for their career development in the company.

For each Chinese employee stationed overseas, ZTE provides the overseas employee's annual leave and the leave when the spouse comes to visit him/her, international first-aid service, and family accompany policy for excellent and core staff, so that the overseas Chinese employees would not worry about their families.

Human and Labor Rights

ZTE prohibits any discrimination for race, color, nationality, language, wealth, social origin, social status, age, gender, sexual orientation, race, disability, pregnancy, religion, political affiliation, union membership, or marital status during the recruitment, selection, promotion, discipline, development, welfare, and labor contract termination of employees. ZTE do not employ any child labor or forced labor. ZTE does not tolerate any on-site or off-site harassment by the management or colleagues. ZTE respects every employee, and does not use any form of corporal punishment, mental or physical coercion, or verbal abuse.

Remuneration and Benefits

ZTE provides employees with appropriate remuneration and benefits, which are closely related with employees' development, individual performance, and organizational performance. In order to establish long-term incentive mechanisms closely linked with ZTE Corporation's performance and long-term strategies, to improve the overall salary and remuneration system, and to achieve win-win agreements between ZTE Corporation and its employees, the first issue of ZTE Corporation's stock incentive program was determined and adopted by the first interim meeting of shareholders held on March 13, 2007, and then implemented. The number of subjects for the first issue of the stock incentive program of ZTE Corporation was 4,022 employees, including only 19 directors and senior managers. The other employees were medium ranking cadres and core employees in technology, sales and management positions, and 60 percent of them were R&D personnel. By the end of 2012, the first issue of ZTE Corporation's stock incentive program was completed.

In addition to full payment of all statutory social insurances for each employee, ZTE Corporation also buys two commercial accident insurances for each employee. The labor union of the company provides commercial insurances for each employee and his/her spouse, including accident insurance and comprehensive insurance for dangerous diseases, and provides his/her children with comprehensive insurance. Each employee can choose to buy these insurances. Beginning in 2001, up to now, with the efforts of the labor union, employees' supplemental commercial insurances have claimed up to more than 40 million RMB.

Table 2 *Major Benefits of Employees in ZTE Corporation*

Major Benefits	Major Benefits
Five social insurances	Two commercial accident insurances
Personal protective equipments	Meal allowance
Annual leave with pay, maternity leave, and other national statutory holidays	Employee dining halls, mother-baby rooms, dining areas for pregnant female employees
Labor union activity fee	Free shuttle buses
Special pre-natal leave of female employees	Regular physical examinations

Equal and Harmonious Internal Communications

ZTE Corporation has created multiple internal communication channels for employees, and employees can keep timely and smooth communication with the ZTE management, colleagues, and partners through these channels, including ZTE Corporation's Chinese and English journals, the ZTElite Website, internal forums, Instant Messenger (IM), ZTE president's mailbox, ZTE Operating Committee's mailbox, EAP periodicals, system journals, labor union, and employees' representatives.

Balance Between Work and Life

ZTE Corporation places great emphasis on its corporate culture and cohesion of employees. ZTE Corporation appropriates funds for the construction of employees' cohesion and holds activities to promote employees' cohesion.

The internal "Cupid's Corner" builds a dating platform for single employees in search of partners for a happy marriage. The "Parent-child Corner" cares for the growth of children, and colleagues who are new parents can share their experiences in childcare and solve related problems. The volunteer association, photography association, motorists' club, cycling association, outdoor association, dance association, badminton association, basketball association, football association, psychological association, and other clubs help provide a healthy balance between the work and life of employees.

The work clothes and hat design contest was held for employees and joined by employees. After the contest, the employees put on the work clothes designed by themselves and felt very proud. The space swap and decoration contest enabled the employees to make their homes more beautiful with their own hands. The green inn activity encouraged the employees to exercise more and have better health, and drive cars less for green travels. The fraternity club enables the employees to find happiness in cultural exchange.

Employees' Career Development and Growth

ZTE Corporation actively expands its employees' individual development space, and provides them with a "three-channel" development mode system: technical channel promotion, business channel promotion, and management channel promotion. This system allows employees to realize their own value in combination with ZTE Corporation's value based on individual interests and special skills, and realize the synchronous growth along with ZTE Corporation. Each year, about 25 to 30 percent of the company's

employees are promoted through the above mentioned channels. The percentage of employees receiving assessment of regular performance and career development is 100 percent.

To appraise achievements made by employees and teams, ZTE Corporation has set up various awards to facilitate commendations of employees. Since 2009, the company has set up the highest individual honor, the ZTE Gold and Silver Awards. The awards are individual prizes set up to honor the company's most dedicated personnel each year, 10 gold award winners and 20 silver award winners. All candidates are voted for by other employees.

Creating a learning organization is a key strategy among ZTE's long-term strategies. ZTE provides different kinds of training resources and channels, and has built a comprehensive training system, including new employees' orientation training, on-job training, further study, and managerial improvement training. Considering the characteristics of adult learning, ZTE applies multiple training modes and methods. The training modes include systematic training, inviting lecturers from the outside, sending employees for lectures that are not given by ZTE, internal lectures, distance training, online learning, appointing a teacher to a new employee, and question & answer platform. The training methods include classroom lectures, field presentations, role playing, case analysis, educational games, project certification, and self-study.

In order to adapt to the international development of ZTE Corporation, the company delivers training to employees around the world via the ZTE eLearning website. ZTE eLearning provides rich learning opportunities based on the "Learning Cloud" concept of improving employees' ability. There are more than 6,500 multimedia courses covering technologies, management, marketing, occupational skill, enterprise culture, foreign languages, and case studies for employees to study. In countries and regions with poor network conditions, the ZTE offline learning tool can be used. Employees may study at any time according to their needs of work and career development. In order to enhance overseas employees' understanding and recognition of ZTE Corporation, to improve employees' quality and skills in an overall manner, and to promote cultural cohesion, ZTE Corporation arranged foreign employees to study in China or in local training centers, and gave them distance learning opportunities. All new employees receive the training.

In 2012, ZTE Corporation completed 77,341 individual training sessions for different posts and different courses in management, R&D, marketing, logistics, finances, mobile phones, and other subjects, and completed trainings for 1,994,123 employees. The yearly centralized training volume per employee in 2012 was 80.1 hours.

In order to satisfy increasing expectations for the promotion of advanced education, in 2009, ZTE Corporation attempted a mode of cooperation with various colleges so that common employees would be able to pursue educational degrees in their spare time. ZTE Corporation has set up secondary college education degree promotion channels for employees. In 2012, ZTE Corporation continued to take Shenzhen Polytechnic, Shenzhen Open University, and other schools as pilot cooperators. The first ZTE logistics management class has been completed.

Health and Safety

It is an essential duty for the company to care for the health and safety of its employees, and it directly

relates to employees' life and the company's sustainable development. In 2005, ZTE headquarters got a certification of the OHSAS18001 Occupational Health and Safety Management System. In 2007, ZTE Shenzhen Xili branch got the certification, and in 2009, ZTE Hangzhou branch got the certification. In 2010, besides manufacturing and R&D, the company started to apply the occupational health and safety management system to engineering installation and maintenance service delivery, from China to key overseas countries. By the end of 2012, 11 ZTE branches in overseas countries have passed the OHSAS18001 management system certification.

ZTE carries out safety trainings for employees every year. In 2012, the company gave safety training to 37046 employees and performed 222 emergency drills in China.

Every year, the company arranges an occupational medical examination and physical examination for each employee. In 2012, ZTE first conducted a survey on health and safety conditions for part of the staff. ZTE analyzed the questionnaires filled out by the employees, and gave suggestions for each problem. The company also organized various sports activities to improve the physical fitness of employees.

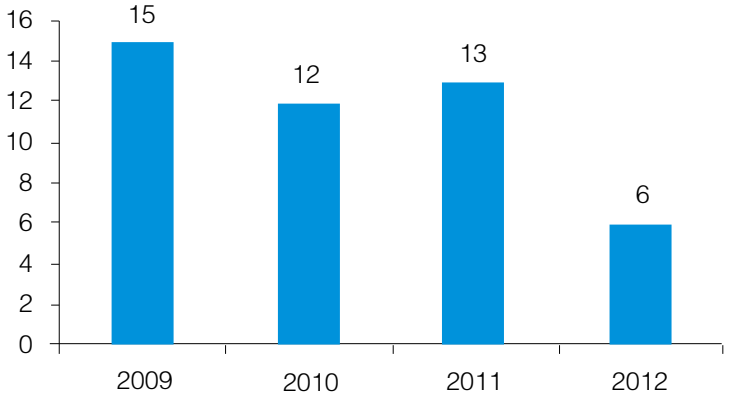

Figure 11 *Number of Safety Accidents from 2009 to 2012*

Employee Assistance Program

EAP (Employee Assistance Program) is a systematic and long-term welfare and support project set up by ZTE Corporation. It provides professional psychological direction, training, and consulting to employees and their family members to help them solve different kinds of psychological and behavioral problems. From 2009 till now, EAP has helped more than 5000 employees. Now, psychological consulting has been accepted by the majority of employees of ZTE, and has become one of the most important approaches to reduce employees' mental stress.

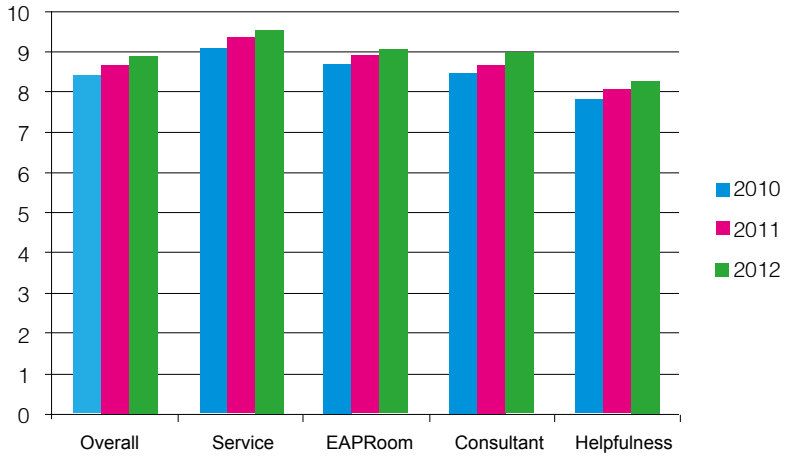

Figure 12 *EAP Service Satisfactory From 2010 to 2012*

In 2012, ZTE EAP service developed stably, and focused on overall services in the integration of consulting, propagation, training, and crisis intervention.

In 2012, ZTE Corporation:

- Provided 1,773 people with different kinds of psychological consulting services, including face-to-face consulting services for 1,439 individuals, email consulting for 274 individuals, and phone consulting for 60 individuals. The average satisfactory score was 89.2, which was higher than that of 2011.

- Renewed and updated the psychological help website. Updated the EAP articles on the sub-website of ZTE internal website. The articles about the workplace, marriage, parenting, and psychological popular science were welcomed by the staff.

- Provided training services. In 2012, ZTE gave 20 EAP special lectures to employees. Some lectures were recorded into video and uploaded to the company's internal website for every employee to learn.

- Supported the psychological association, which was set up by employees who are interested in psychology. The members of the psychological association organized some salons, such as the relaxation training camp, and happy life "know how to love, equilibrium force in the workplace - work-life balance". In these salons, everybody was involved, shared experience with others, and had lots of pleasure and harvest.

- Supported the EAP team to launch an activity named “constructing a pleasant toilet environment”. The members of the EAP team pasted a well-designed “EAP web” flyers page on the partition walls of the toilets. On the “EAP web” flyers page, there are tips for physical and mental healthcare. The flyers page is changed once every two weeks to let the employees feel fresh about its contents. After the activity started, the toilet environment became more beautiful, there were less graffiti on the walls of the toilets, and the activity was welcomed by the employees.

Environmental Protection

The most urgent challenges to mankind are protecting the environment and coping with the climate change. ZTE Corporation combines environmental protection into every operational link of the company, and the life cycles of its products. With a scientific and rigorous attitude, ZTE applies product Life Cycle Assessment (LCA) to constantly create new products and services for more environmental protection efficiency. The company integrates green strategies throughout the product development, manufacturing, supply chain operations, logistics, engineering, and other operations, thus explores a green and environmental protection road.

In 2012, ZTE calculated the greenhouse gas emission during 2009 through 2011. And the Greenhouse Gas Emission Report of 2012 had obtained the ISO14064-1 certification.

In 2012, ZTE was fully compliant with all environmental protection laws, nor receive any penalty for acting against environmental protection.

Climate Change and Reducing Greenhouse Gas Emissions

Climate change is one of the most significant challenges facing our world today. ICT has played an important role in the process of climate change and reducing greenhouse gas (GHS) emissions. The latest released research of the GeSI Smarter 2020: the Role of ICT in Driving a Sustainable Future indicates that the ICT industry's footprint is projected to rise to 1.3 $GtCO_2e$ or 2.3 percent of global emissions by 2020. ICT- enabled solutions offer the potential to reduce annual emissions by an estimated 9.1 $GtCO_2e$ (seven times ICT direct emissions) by 2020, representing 16.5 percent of the projected total in that year. ICT adoption in the power sector, transportation, agriculture and land use, buildings, manufacturing, consumer and service could yield 2.0 $GtCO_2e$ in abatement (22% of total), 1.9 $GtCO_2e$ (21% of total), 1.6 $GtCO_2e$ (18% of total), 1.6 $GtCO_2e$ (18% of total), 1.2 $GtCO_2e$ (13% of total), 0.7 $GtCO_2e$ (8% of total) separately. Besides, ICT-enabled solutions create 29.5 million jobs and yield USD 1.9 trillion in savings

The efforts made by ZTE in mitigating climate change and reducing GHG emissions include: 1) reduced GHG emissions from the company's own operations; 2) through a multi-level technological innovation, developed green products, green technologies, and green solutions to help our customers and the whole society to reduce greenhouse gas emissions.

ZTE Greenhouse Gas Emissions

In 2012, based on the operating and control rights, ZTE calculated the greenhouse gas emissions of ZTE Shenzhen region from 2009 to 2011, and then made the report on greenhouse gas emissions. ZTE also invited a third party to check and verify the report of greenhouse gas emissions in 2012, and passed the ISO14064-1 certification.

The company organized the identification of greenhouse gas emissions within the boundaries of the company, including scope 1: direct greenhouse gas emissions; scope 2: indirect greenhouse gas emissions of the company's energy consumption (manufacturing and office electricity consumption) and scope 3: other indirect greenhouse gas emissions (greenhouse gas emissions of the outsourcing and

business travels).

Greenhouse gas emissions calculation results show that: In 2011, the greenhouse gas emissions of ZTE Shenzhen region are 196,098 tons of CO2e, the main emission is concentrated in scope 2, accounting for 86.25%. The emissions of scope 1 and scope 3 are 3% and 10.75% respectively.

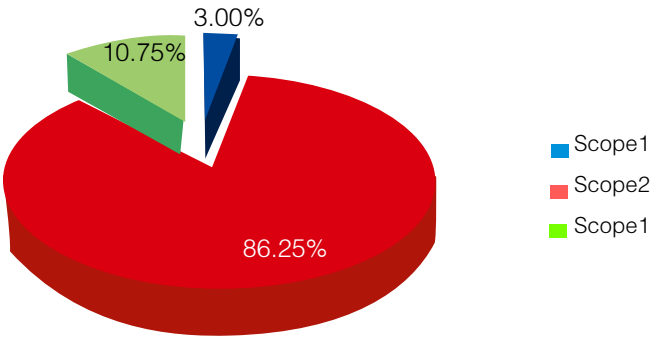

Figure 13 *Greenhouse Gas Emissions and Their Proportions of ZTE in 2011*

Scope 1 includes the following greenhouse gases: CO2, CH4, N2O, and HFCs, and the emissions of PFCs or SF6 are zero. Scope 2 and Scope 3 include CO2, CH4, N2O, and the emissions of HFCs, PFCs, or SF6 are zero.

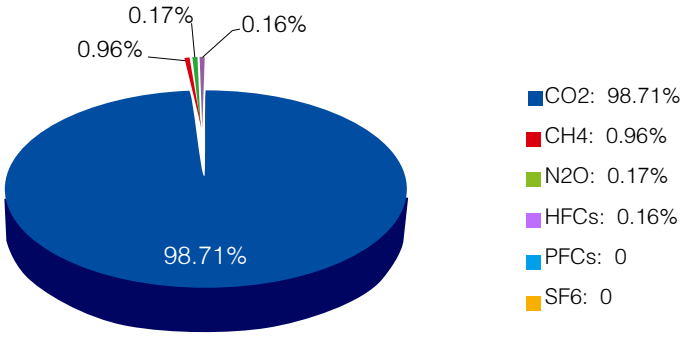

Figure 14 Greenhouse Gas Emissions Proportions of ZTE in 2011

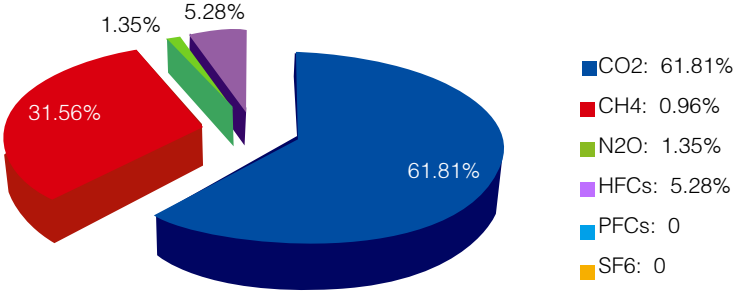

Figure 15 Greenhouse Gas Emissions Proportions of Scope 1 in 2011

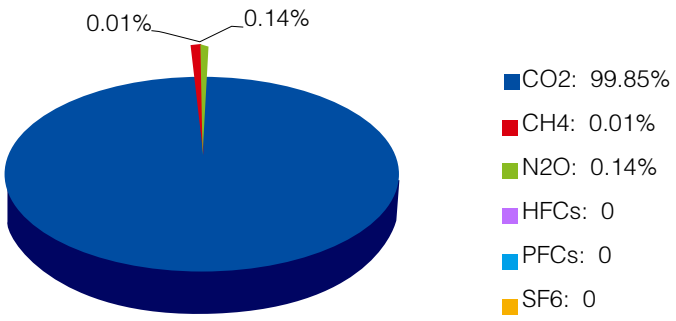

Figure 16 Greenhouse Gas Emissions Proportions of Scope 2 and Scope 3 in 2011

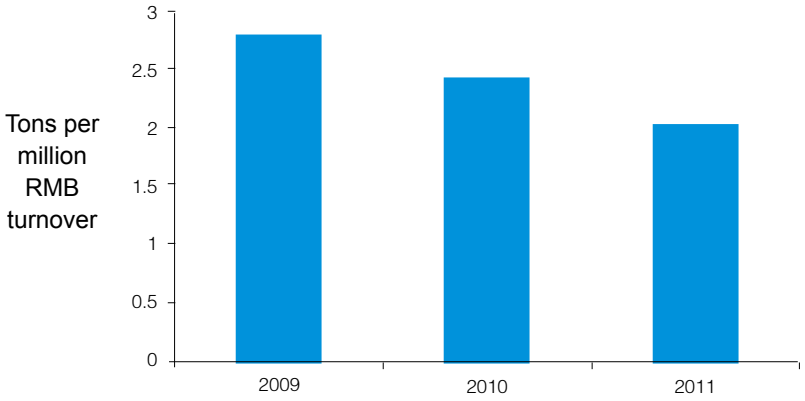

Figure 17 Greenhouse Gas Emissions per Million RMB Turnover of ZTE from 2009 to 2011

Greenhouse Gas Emission Reduction Projects

The greenhouse gas emissions reduction projects of ZTE Shenzhen region during 2009 to 2012 are listed in the following table.

Table 3 GHG Emissions Reduction Projects of ZTE Shenzhen Region During 2009 to 2012

S.N.	Project	Electricity Savings (10,000 kWh/year)	Carbon Emissions Savings (ton/year)
1	In 2010, installed a frequency converter for the air compressor of building B3 at the headquarters to change it from power frequency operation mode to frequency conversion operation mode, and thus saved more energy.	3.7	36.119
2	In 2010, installed a timer for each new drink machine. Every night from 20:00 pm to 8:00 am the next day (which is 12 hours), the new drink machines will automatically shut down.	6.1	59.55
3	In 2010, installed a timer for each coil machine in building 3 in Xili industrial park. The 1600 coil machines can shut down automatically when the employees get off work.	46.1	450.03

S.N.	Project	Electricity Savings (10,000 kWh/year)	Carbon Emissions Savings (ton/year)
4	In 2009, made the air compressors of building B1 and B2 in Xili industrial park to work in frequency conversion operation mode, and changed their networking, and thus saved more energy.	83.94	838.31
5	In 2009, optimized the power supply lines, and disabled 13 low-load transformers, totally 17080KVA. Reduced the transformers' self-loss and the power consumption.	185.4	1851.59
6	In 2010, installed 50,000 timers for the lights of some office areas in Xili industrial park.	252	2460.02
7	In 2010, according to the changes of the manufacturing technique, adjusted the temperature of factories from 24 ℃ to 26 ℃, and thus saved energy while satisfying the manufacturing technique requirement.	142.2	1388.16
8	In 2010, installed frequency converters for the frequency pumps of all the offices and factories, and saved 20% to 40% electricity.	254	2479.55
9	In 2010, in the manufacturing process, used the energy feedback energy-saving electronic loads to replace the aged loads, and used the inverter grid to output and feed back the power lost by aged power supplies to the grid for reuse, and thus saved 85% of electricity.	71.89	701.79
10	In 2011, improved the SMT production line by changing single production line to double production lines.	21.60	204.96
11	In 2011, implemented the project of wave soldering plus nitrogen. Its core idea is using nitrogen to reduce oxidation of the solder, and then the solder joint can be formed more easily due to the inert characteristics of nitrogen. In this way, the solder joint can be formed in an environment of 5 ℃ lower, with the same quality.	2.88	27.33
12	In 2011, changed the ordinary high-temperature room to high-temperature cabinet.	523.87	4971.00
13	In 2011, installed solar photovoltaic power generation equipment on the top of the office and factory buildings at headquarters, and the photovoltaic field area became more than 16,000 square meters. Installed more than 4500 pieces of polycrystalline silicon cell components, thus the total capacity reached 1.27 MWp, and the annual electricity generating capacity reached 1.36 million KWh.		1290.50
14	In 2012, installed solar photovoltaic power generation equipment on the top of the office and factory buildings in Xili industrial park, and the photovoltaic field area became more than 23,000 square meters. Installed more than 8880 pieces of polycrystalline silicon cell components, thus the total capacity reached 2.2 MWp, the expected annual electricity generating capacity was 2.4 million KWh, and the actual annual electricity generating capacity was 1.167 million KWh.		1090.44

Note: The carbon emissions were calculated using the grid emission factor of the year, which was released by the Chinese government.

Reducing the Product Carbon Footprint and Impact to the Environment

ZTE is concerned about the environmental performance of the product life cycle. ZTE strictly complied with the principles and framework standards of the ISO 14040 environmental management and life cycle assessment, established comprehensive assessment capabilities of the product life cycles, set up an expert team of ZTE typical products such as mobile phones, multimedia terminals, network broadband terminals, bearer network equipment, and base stations. The expert team analyzed and improved 11 environmental indicators of the life cycles of these products, including: raw material depletion (RMD), energy depletion (ED), water depletion (WD), global warming (GW), ozone depletion (OD), air toxicity (AT), photochemical ozone creation (POC), air acidification (AA), water toxicity (WT), water eutrophication (WE), hazardous waste production (HWP).

ZTE analyzed the terminal products such as smart mobile phones, and found that for the terminals, greenhouse gas emissions, raw material consumption, and energy consumption mainly occur in the manufacturing phase, which is a major environmental hazard stage. Therefore, for the terminal products, to reduce the impact on the environment during the manufacturing phase, reducing greenhouse gas emissions is the critical task. Every year, ZTE establishes environmental protection objectives and greenhouse gas emissions objectives to reduce the impact on the environment.

Through analysis of the system products, ZTE found that the environmental impacts of the system products mainly occur in the use phase, therefore, low energy consumption is the ecological focus when designing the products.

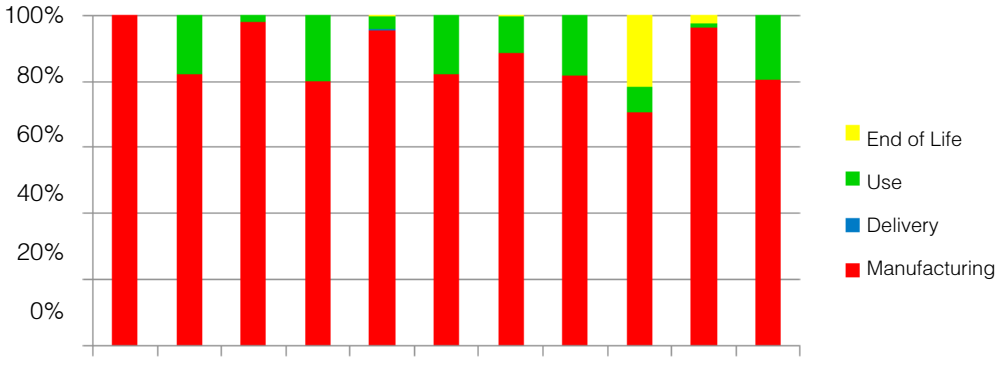

Figure 18 *LCA Analy sis Results of Smart Mobile Phones*

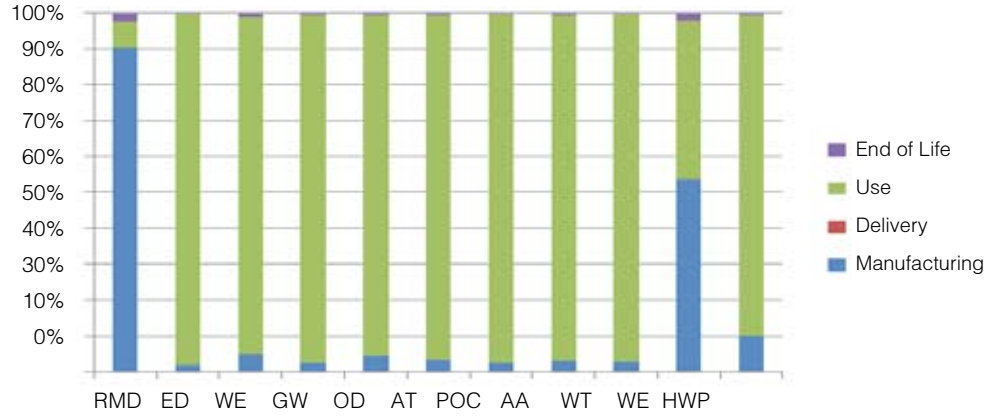

Figure 19 *LCA A nalysis Results of System Products*

In 2012, ZTE enhanced the management and control of hazardous substances, and the product design of environmental protection, thus reduced the product carbon footprints and impacts to the environment. For details, please refer to the Green Operations and Green Products sections of this report.

Green Cloud Conferences

The ZTE meeting shared services center (referred to as “meeting SSC”) officially formed in 2010. Videoconferencing and conference calls reduced the number of business travels, and thus reduced transport vehicles emissions, energy consumption, and carbon emissions. In 2012, the company promoted teleconferencing, and developed a new conference booking system called E-meeting, which has been used within the whole company now. The new E-meeting system plans the interworking of the conference bridges and video conferencing system. It uses the cloud computing technology in R&D centers and offices located in different places to build cloud meeting rooms for meetings and communications of employees. In the cloud meeting rooms, TVs, cables, and projection facilities are all available. The cloud conferences improve the effect of communications, realize remote "face-to-face" meeting, and reduce corporate travel and other operating costs, reduce the travel pressure on the staff, effectively reduce the social traffic pressure, and reduce carbon emissions.

Videoconferencing has become one of the main forms of remote communications in ZTE. In 2012, the number of on-site meetings decreased by 7.7% compared to 2011. The number of conference calls and videoconferencing increased 14.4% and 47.6% respectively in 2012 compared to 2011.

Green Operations

Total Consumption and Consumption Structure of Energy and Resources

In 2012, the buildings of ZTE Corporation in Shenzhen consumed different kinds of energy equivalent to 21,712.784 tons of standard coal, of which, electricity accounted for 93.08 percent.

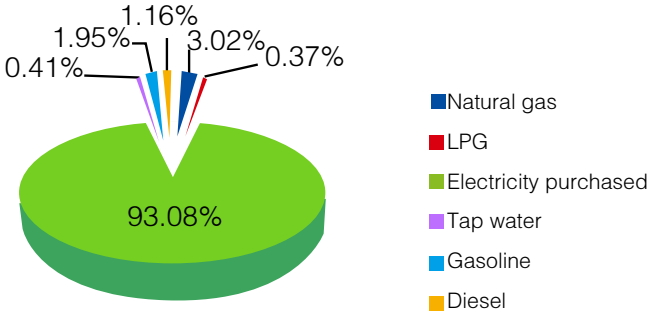

Figure 20 *Energy And Resources Consumption Structure of ZTE in Shenzhen*

Water Consumption

The water used by ZTE Corporation is mainly from the urban water supply system, without impacts on rivers, lakes, underground water, or glaciers. No industrial water is involved during manufacturing. At present, ZTE Corporation only uses water in offices and for employees’ personal needs. The company uses management measures, new technologies, and updated equipment to save water. In 2012, the whole company used 1.0405 million tons of water.

Wastewater

The production processes in ZTE are mainly assembly, so the manufacturing process does not produce any process wastewater. Sanitary wastewater is a general sewage, which comes from wastewater of the office toilets and dining hall kitchens, with no toxic and hazardous substances, or special substances emissions.

Table 4 *Wastewater Discharge Test Results of ZTE in Shenzhen, 2012*

Index Name	Test Result [mg/L (pH dimensionless)]	Emission Limit [mg/L (pH dimensionless)]
pH	7.68	6-9
CODcr	105	110
BOD5	26.3	30
Animal and vegetable oils	12	15

Waste Gas

The waste gas generated by ZTE comes from process exhaust gas and generator exhaust gas in the manufacturing process. All the waste gas is purified and reaches the required standard, and then discharged through pipelines to the high altitude.

Table 5 *Test Results of the Waste Gas Generated by ZTE in Shenzhen, 2012*

Index Name	Year 2012		Emission Standard	
	Emission Concentration (mg/m^3)	Emission Rate (kg/h)	Maximum Allowable Emission Concentration (mg/m^3)	Maximum Allowable Emission Rate (kg/h)
Non-methane hydrocarbons	5.22	5.13×10-2	120(L)	14(L)
Lead	<0.05	——	0.7	0.038
Tin	1.208	1.19×10-2	8.5	2.4
Lampblack	1.0	——	2	--

Noise

The noise of ZTE is generated by air conditioning units, air compressors, cooling towers, fans, pumps, and other auxiliary power equipment. ZTE takes various measures to control the noise. The monitoring results show that the noise at the factory boundary meets the standards.

Table 6 *Measurement Results of the Noise at the ZTE Factory Boundary in Shenzhen, 2012*

Index Name	Year 2012		Emission Standard	
	Day	Night	Day	Night
Noise (dB)	57.3	47.1	60	50

Waste and Disposal

Industrial waste produced by ZTE includes the general waste, hazardous waste, and recyclable waste. The general waste and recyclable waste are contracted to professional recyclers for disposal and recycling. The hazardous waste is processed by a hazardous waste treatment company authorized by the Environmental Protection Agency.

For the recyclable waste, ZTE makes environmental protection objectives every year, requiring that the recyclable waste be recycled in accordance with the goal of the recycle rate. In 2012, the recycle rate of the recyclable waste ranged from 80% to 95%.

Green Products

Green Design

In 2012, ZTE Corporation adopted the concept of ecological design at the product design stage to minimize the impact on the environment during the products' life cycle. ZTE Corporation considers the principles of recyclable design, universal design and minimized design at the product design stage, and insists on the design requirements of the EU WEEE directive of recyclability and reuse rate of telecommunications equipment, with recyclability rates of more than 75 percent and reuse rates greater than 65 percent.

ZTE Corporation established a product energy efficiency evaluation standard system, formulated internal evaluation methods for all kinds of products by combining the industrial standards and customer requirements, and evaluated the energy efficiency of typical products according to the evaluation methods. ZTE Corporation utilized the product life cycle evaluation method to establish the product carbon emission database for all kinds of products of the company and embedded the product life cycle evaluation concept into product development through the R&D process to achieve ecological designs of products, form process management, and provide a guarantee for product life cycle evaluation and continual improvement.

In 2012, ZTE Corporation focused on the improvement of energy saving and consumption reduction of typical products. Based on the data of 2011, the company set down improvement objectives for different types of typical products to boost its energy efficiency optimization level. In 2012, ZTE Corporation completed the energy efficiency promotion projects for 18 products in 10 categories including terminals, wireless, wireline, services and transmission, and the energy efficiency of all products was optimized by 5-10%.

Hazardous Substances Management

ZTE Corporation conducts hazardous substances control strictly according to the requirements of the

QC080000 management system, with up to 26 types of Level-1 controlled substances and 138 to-be-declared substances, and carries out hazardous substance free process research in collaboration with a number of partners and professional organizations. The company established environmental protection labs, introduced professional chemical analysis equipment such as gas chromatography and mass spectrometry (GC-MS), ICP-OES, UV spectrophotometer, an X-ray fluorescence analyzer, and an ion chromatograph, achieved RoHS and halogen-free testing capability, and was certified by both CNAS and DILAC. The company utilizes the IT system platform to collect contents of hazardous substances in materials and manage materials, and requires suppliers to disclose the contents of hazardous substances in their products in the system using the format specified in the IPC1752 standard. In addition, reduction of hazardous substances and search for substitute materials are required at the product development stage to make sure that the green products of ZTE Corporation always conform to related regulations.

Product Recovery

ZTE Corporation strictly abides by the waste electronic equipment regulations of various countries, and actively boosts the recovery of used products and resource recycling.

The company has set up a professional reverse logistics disposal department responsible for green recovery and recycling work of ZTE Corporation. “Safe, Environmental, Professional” is the promise of the company in regard to equipment recycling.

In today's information society, the company attaches importance to information safety. For equipment recycling, the company will conduct a series of strict safety and environmental evaluations before deciding on disposal methods to ensure the information safety of the process and result of disposal, and to ensure that the disposal process is fully transparent and traceable. Green recycling is the company’ s basic requirement for recycled equipment disposal. The company ensures that recovery and disposal meet the requirements of domestic and international regulations.

The company maintains close cooperation with the world’s leading environmental protection service providers and has built a recycled materials disposal network covering the whole world, thus realizing one-stop disassembly and recovery disposal of telecommunications equipment worldwide to dispose electronic waste in an environmentally friendly manner and to reuse resources. The company has set up a recovery disposal master control platform in Shenzhen and regional disposal platforms in various regions throughout China to realize local disposal and service of scrapped materials produced by the various regions. Overseas, the company cooperated with excellent environmental service providers in Asia, Europe, Latin America, and Africa to build regional recycled materials disposal platforms and track the recycled materials disposal process till the recovery disposal is completed, thus ensuring no resources that can be used will be wasted and realizing environmentally friendly disposal of waste.

Green Solutions

ZTE Corporation pays close attention to green technology innovation of products and considers energy saving and emission reduction technology as a significant aspect of green technology innovation at the level of product application. ZTE Corporation’s green technology innovation has experienced a

long period of development and research, and has continued to further improve the energy saving and emission reduction capability of the network. With respect to the equipment platform, the energy consumption of the SDR platform, ATCA platform, dynamic energy saving technology, energy saving technology based on software, innovative exchange architecture, and highly integrated design can be reduced by 50 percent. With respect to board-level and chip-level energy saving, the innovative technologies including component efficiency improvement, modular design, board density increases, chipset transceivers, and port power consumption control play a crucial role.

Online Environment Monitoring Programs

With economic development, some of the major river valleys and seas are suffering serious water pollution, some regions and cities are experiencing prominent atmospheric haze, and many areas are witnessing the pollutant emissions exceeding the environmental capacity. The environmental pollution in rural areas is getting worse. Heavy metals, chemicals, persistent organic pollutants, as well as soil and groundwater pollutants are presenting themselves. Some areas are seeing serious ecological damage, degrading ecosystem functions and weakening ecological environments. With the growing number of unexpected environmental disasters, the environmental issue has become one of the major elements that threaten human health, public safety and social stability

Improving the environmental monitoring network is very important for the environmental protection department in its integrated decision-making, environmental regulation, disaster warning and prevention, and public service. Online environment monitoring information and intelligence are important means to achieve these goals.

Based on Internet of Things, mobile Internet and cloud computing architecture, ZTE online environment monitoring programs provide government environmental management institutions, enterprises and the society with the online monitoring solutions, including: A full three-dimensional environment monitoring network that monitors water, gas, solid, noise and COD values, pH, flow, total phosphorus, total nitrogen, ammonia, heavy metals, sulfur dioxide, particulate suspended matter and other environmental factors; organic connection of the environmental agencies, enterprises and other units as one through the network, video conferencing, and management software; faster environmental monitoring and emergency command reaction speed and higher processing capabilities with the use of emergency command information technology; The establishment of a variety of pollution dispersion models, which can simulate the spread of contamination and make accident predictions, hence providing intuitive results and data reference to be used for the emergency command decision-making and simulation exercises, and laying a good foundation for further data analysis, data mining, and early warning and forecast.

The online environment monitoring system provides the environmental protection work with a comprehensive scientific and technological means of protection and means of information, thus getting improved environmental protection capabilities and overall enhancement of environmental safety. The online environment monitoring system has been successfully applied in some cities.

Smart Grid

Smarter2020 shows that, ICT adoption in the power sector could yield 2.0 GtCO2e in abatement (22% of total estimated abatement total) by playing a critical role in the creation of a more dynamic power market with supply and pricing responding to changes in demand .

The smart grid, built on the basis of the integrated, high-speed bi-directional communication network, uses advanced sensing and measurement technologies, state-of-the-art equipment and technology, advanced control methods and decision-making support system to achieve reliable, safe, economic, efficient, environmentally friendly and safe use targets of the electricity grid.

The electricity energy usually passes four steps from production to consumption: generation, transmission (including substation and dispatching), power distribution, electricity use. For each of the steps and based on the industry demands, ZTE has developed detailed solutions to improve the production efficiency on condition of safe production, thus providing customers with green and interactive electricity services.

ZTE smart grid programs include: New energy solutions, that is, solar grid / off-grid solutions; Power automation solutions, that is, to provide automated support and comprehensive monitoring solutions for the electricity production links of generation, transmission, substation, distribution and dispatching, and provide a panoramic view of the information, to ensure safety in production, improve energy use efficiency, and reduce the complexity of grid management; Power communication solutions, that is, to meet different business needs of the smart grid with the State Power Transmission Network (SPTNet), State Power Dispatching Data Network (SPDnet) and State Power Information Network (SPINet), to achieve high-bandwidth, long-distance, real-time, safe, and flexible QoS; Smart electricity use solution, that is, intelligent remote meter reading and information collection and analysis, to achieve efficient use of electricity and improve customer satisfaction; Smart information integration solution, that is, to provide integrated, intelligent, collaborative and shared information that suits the power enterprise's management features, to enhance the work efficiency and reduce management costs.

Application Cases

The solar program case: Solar power station of Spain phase I, installed capacity of 3MW, 13,000 sets of 280W polycrystalline silicon photovoltaic panels, 100 sets of 30kW inverter systems, covers an area of 40,000 m2, annual generation capacity of 4 million kWh.

LTE Green Innovative Energy-saving Solution

In 2012, ZTE officially launched the LTE-commercial-system-based green energy-saving solution. With the innovative use of the dynamic amplifier regulator, intelligent OFDM symbol shutdown, intelligent load off, high-efficiency power amplifier, natural cooling and other key technologies, the solution significantly reduces equipment energy consumption and operating costs without affecting the operation of the network. Field test shows that the solution helps reduce single-station energy consumption by 40%.

According to estimates, the energy consumption of the base station equipment accounted for 90% of the entire mobile communications network equipment energy consumption. Regarding this fact, ZTE launched a new LTE-based green energy saving solution, which uses a variety of ways to reduce the power consumption of the base station. Dynamic amplifier regulator with intelligent OFDM symbol shutdown technology is the industry's unique combination regulating method and is found to reduce 32% of the base station power consumption. Suppose the power consumption of a single base station is 1500W, the annual savings of its energy consumption reaches 5200KWH, and a network of 1000 base stations saves more than 5.2 million kWh of electricity annually and reduces CO2e emission by 4500 tons. If new forms of energy, such as solar energy and bio-energy can be adopted, the energy

consumption of the entire network can be reduced by more than 50%.

Intelligent Transportation

Smarter2020 shows that, with the application of ICT technology and solutions in transportation, emission reductions in transportation could reach 1.9 GtCO2e (21% of total).

Along with the progress of urbanization and as a result of higher motorization level, people are putting forward higher requirements over transportation, and urban transportation has become the focus of attention of government officials and residents. In view of the problems of traffic congestion, environmental pollution, increased greenhouse gas emissions, traffic safety and traffic violations in the urbanization process, ZTE launched a comprehensive intelligent transportation solution. The intelligent transportation system of ZTE works in a 4-layer architecture, that is, the perception layer, network layer, integrated control platform and a layer of various transportation applications. With the support of the unified intelligent traffic management and control platform and based on the existing traffic information network, urban road traffic information system and the information resources of traffic monitoring centers in all prefectures and cities, the system collects, summarizes and integrates the urban trunk road network traffic information and the operating vehicles' dynamic information. Besides, the system is building its platform in 3 steps: interconnect the applications, construct the data center and integrate the applications, so as to sustain, optimize and innovate in the transportation services.

The application of ZTE intelligent transportation solution helps: 1) improve transportation and management activities, that is, the operating efficiency of the road network is improved, traffic congestion is eased, license plate anti-counterfeiting is enforced for easier accident investigation; 2) guarantee convenient and safe travel with the integrated traffic information service; 3) protect the environment and serve the economy, that is, the system includes the traffic safety, climate change, energy and the environment information into the integrated transport planning system to realize the sustainable development of the environment and society.

Fair Operation

Compliance with laws and regulations is the basic requirements of the company's operations. Violation of laws and regulations, including commercial bribery, disclosure of trade secrets, infringement of intellectual property, would seriously impair the efficiency of the company and brand image, distort competition, and put the company in the face of great risks.

Compliance Management System

]ZTE released the ZTE Code of Business Conduct, which covers detailed principles to be followed in business behaviors, the requirement of conformance with all applicable laws and regulations, mutual respect, and integrity; and the attitude of integrity, impartiality and frankness towards all employees, shareholders, customers and partners.

In 2012, the company updated and published Legal Compliance Handbook in English and Chinese versions that cover more than 80 countries and regions of the world, including China, North America, Europe, India, South America, the Middle East, Africa and Southeast Asia. The brochures describe local laws and regulations, law risk prevention, anti-commercial bribery, protection of trade secrets, and respect for intellectual property rights.

ZTE's Anti-commercial Bribery Code of Conduct puts forward specific requirements on how to handle relations with the upstream and downstream partners, sets down the zero tolerance policy on commercial bribery, and requires all managers and other employees not to take bribery or other improper means in commercial activities, but should effectively comply with the local laws of the local country, and to take positive and effective systems and measures to prevent the occurrence of commercial bribery.

Compliance Propaganda and Training

The Company has issued the Prevention of Job-related Crimes to all employees and organized the Exhibition of Violation of Discipline in different regions, where all staff can read about the analysis and comment on common laws and regulations and job-related crime cases. In addition, the company has made mass compliance-related propaganda through its website, newspaper and emails. All employees are now aware that legitimate business is the foundation and values of the company. Meanwhile, in 2012, with the key countries and key positions identified and in view of the local operation situation, the company sent some legal staff and local lawyers to hold workshops for both Chinese and foreign employees, where employees can learn the articles of commercial bribery in local laws and regulations and the harms of the bribery behavior.

Staff at key positions should attend the legal training to obtain the job qualification. People from the public security, procuratorate, court and other judiciary bodies are invited to the trainings on prevention of job-related crimes and prevention of commercial bribery.

Compliance Auditing and Following up

The Auditing Department of ZTE Corporation is directly under the Audit Committee of the Board of Directors of the Company and it regularly reports to the Audit Committee of the Board of Directors and the Board of Supervisors of the Company. The Auditing Department is responsible for the company's overall internal control, by checking the company's status of legal compliance and business ethics. The Audit Department makes the annual plan through risk analysis. After the plan is approval by the President and the Audit Committee, the department carries out its audit work as planned. The company has a hotline and mail box for reporting auditing affairs. In fact, everybody can report to the company through e-mail, letter, fax, telephone, face-to-face approaches. The company has developed a rewarding and protection system, that is, the name, work unit, report material and content of the informant are strictly confidential, and the informant will be awarded if some conditions are met.

An employee who breaches the company's regulations and violates relevant laws will, besides being punished within the company system, be transferred to judicial organs for processing. A ZTE supplier who's found bribing any ZTE employee, will immediately have its supplier qualification cancelled and at the same time should hold related legal responsibilities.

Supply Chain CSR

ZTE Corporation realizes that ZTE Corporation's CSR is not only embodied in the improvement of its own responsibility, but also in pushing forward the continual improvement of ZTE Corporation's entire supply chains' corporate social responsibility. ZTE Corporation cooperates with global suppliers, and performs continuous evaluations to measure and improve the level of corporate social responsibility of the parties involved, to push forward the benefits and improvement of the supply chains as a whole.

In order to establish a more friendly cooperation, ZTE Corporation always makes it a goal to become the best customer of suppliers, and encourages suppliers to become enterprises accountable to the society, and shares technology, markets and management experiences with suppliers to help them grow.

ZTE Corporation and its suppliers work together in the fields of social responsibilities and environment management, and join efforts to build responsible, transparent, and green supply chains, for example:

Supply Chain CSR Management System

In 2012, ZTE Corporation continuously improved the supplier CSR management standards, effectively carried out the supply chain CSR management work, and urged the suppliers to continue to abide by and insist on all relevant laws and regulations of supplier CSR management of ZTE Corporation, including:

- Updated the Supplier Code of Conduct and continuously required the suppliers to follow the ZTE Supplier Code of Conduct;
- Established a supplier CSR management experts team;
- Used the customers and third parties' advanced experience in CSR for reference, continuously updated and improved the supplier CSR management process documents, and auditing procedures and auditing entries;
- Continuously improved internal CSR skills and invited third-party professional organizations and internal specialists to provide a number of trainings and technical workshops;
- Thoroughly implemented CSR and shared the CSR evaluation results with stakeholders, including customers and suppliers;
- Required the suppliers to establish an effective CSR management system, including CSR management on sub-suppliers;
- Actively and effectively carried out supply chain CSR training to improve the CSR awareness of suppliers' top management and helped suppliers improve their CSR techniques.

New Supplier Introduction

In order for suppliers to have a more definitive understanding of ZTE's CSR requirements, ZTE Corporation conducts CSR surveys on ZTE's supply chain Website. ZTE also releases "ZTE's Code of Conduct." Suppliers for ZTE Corporation must comply with ZTE's CSR requirements, local laws and regulations. Moreover, for new suppliers, the company specifies a "CSR Zero Tolerance Policy." In addition, ZTE Corporation advocates diversity of supply chains during the process and suppliers' introduction, encouraging equal involvement by suppliers with different cultures and nationalities. At the same time, the company also instructs suppliers to develop their own diversified supply chains.

In 2012, ZTE Corporation introduced 89 new suppliers, 52 of which were field evaluated in respect to CSR. Aiming at the statistical analysis of nonconformities, ZTE Corporation formulated a targeted and focused guidance improvement plan and required the suppliers to establish an effective CSR management system so as to improve CSR at the system level.

Continual CSR Improvement of Existing Suppliers

In addition to providing continuous training on CSR for suppliers, the audit and evaluation of the existing suppliers is also a focus of ZTE Corporation's CSR control.

In 2012, ZTE Corporation made more efforts in training full and part-time CSR auditors and arranged three classrooms and 19 field training for part-time CSR auditors. The company also issued the supplier CSR management process, improved the supplier CSR auditing guidance tool kit, and signed the CSR agreement with 783 suppliers. In addition, the company updated the supplier CSR audit checklist, conducted field auditing and coaching for suppliers with high risks, to continuously help the suppliers improve the CSR performance and reduce CSR risks.

Supply Chain CSR Training

In addition to the continued provision of CSR training for the personnel of ZTE Corporation, it is also a focus of concern for ZTE Corporation to help supply chain members continuously improve their overall CSR levels, share the best practices of CSR in the industry, and successfully implement the key factors of CSR.

In 2012, ZTE Corporation continued to carry out CSR training and field coaching for suppliers. In addition to suppliers' middle management and CSR managers, top managers of suppliers are the focus of ZTE Corporation's concern. Only if the top management of suppliers can recognize the importance of CSR, emphasize CSR from the perspective of strategy and culture, and personally participate in and push forward the construction of the company's and sub-suppliers' CSR to reduce risks in CSR, can the entire supply chains' CSR forge ahead constantly.

In 2012, ZTE Corporation worked much more in field auditing and coaching for high-risk suppliers for the sake of better target-oriented CSR trainings. The company provided the CSR training, including field auditing and coaching, for 181 suppliers, 815 managers and CSR technical personnel from suppliers. The company also invited professional tutors from third-party agencies to share optimal practices in the industry, customers' CSR demands, and CSR know-how. The training covered the trend of the international community to implement CSR and CSR characteristics of the communications industry; a summary of the enterprise health and safety and environmental management system; FAQs and improvement of human rights, business ethics and labor rights; FAQs and improvement of health and safety and environmental management systems; occupational health protection requirements and knowledge; and firefighting expertise. At the end of the training, the company carried out training assessment and the average training satisfaction was higher than 85 marks.

Table 7 *Statistics of supplier CSR training of ZTE Corporation for 2012*

Supplier training		Number of trainees
Regular training		152
Special training	Carbon management and carbon investigation for Green supply chain	37
	Key CSR Issues	30
	Field auditing and coaching for suppliers	596
Total		815

Conflict Minerals

The mining of Tin, Tungsten, Tantalum, Gold and other precious metals in the Democratic Republic of the Congo and its neighboring countries has resulted in serious human rights and environmental issues. Part of the mining activities in the region is related with conflicting armed groups that lead to a chronic and unstable situation in the region. These minerals are known as “conflict minerals”, which can be widely used in information and communication technology products.

ZTE has developed a non-conflict minerals policy, and required suppliers to sign the agreement of "Conflict-free Metal Declaration of Commitment” as a part of the formal procurement contract as a promise of no purchase or use of conflict minerals. ZTE Corporation has joined the Gesi (Global e-Sustainability Initiative), one of the main tasks of which is to study the conflict minerals and formulate mineral conflict-related tools (for example, report template, audit guide, Conflict Minerals Free Smelters of tantalum, tin, tungsten and gold).

Future Challenges and Planning

ZTE has faced new challenges during supplier CSR management process. Different suppliers are found with different CSR problems. Through the analysis of nonconformities, the distribution of major nonconformities is identified. ZTE’s supplier CSR management is now focusing on how to further break down the audit results of nonconformities, how to help suppliers rectify the nonconformities, and how to make suppliers establish their effective CSR management system so as to upgrade their CSR level as a whole.

Social Welfare

ZTE Corporation and its staff have been committed to pay back to the society, and the cities and countries of its operations. ZTE Corporation has set up three funds: ZTE Child Care Fund for children, Yunnan World War II Veteran Relief Fund (for veterans from World War II in Yunnan Province) and ZTE Student Charity Fund (for out-of-school students in the poverty-stricken areas).

In 2012, with the approval of the Ministry of Civil Affairs, the company set up the "ZTE Charity Foundation".

While ZTE's role in, or responsibilities towards society is growing, its more and more staff members are joining the charity causes. They set up non-profit organizations and conduct charity activities.

Donations to Schools

Donation of Books

In July 2012, with the help of China Children and Teenagers' Fund, ZTE Child Care Fund donated twelve Corners of LOVE Books to Chongqing Maoba Central Primary School. There were a total of 24 shelves and 4416 books. Every classroom was assigned a collection of 736 books. On October 10, all the Corners were built up.

According to the principal of the Maoba Central Primary School, the school currently has a total of 12 classes and 527 students, 70% of which are left-behind children. The school has no library or reading room for the students to enjoy extracurricular reading. The books donated by ZTE Corporation cover fairy tales, essays, novels, poetry, science, and celebrity biographies, which are supposed to help the children broaden their horizons and knowledge, enrich their extracurricular lives, and help improve the overall quality of students.

In addition, ZTE Child Care Fund also donated 500,000 RMB worth of books to three ZTE Hope Primary schools.

Donation to Heyuan Polytechnic School

In April 2012, ZTE Corporation donated 2 million RMB worth of instruments and meters to Heyuan Polytechnic School as the teaching aids and to help with the laboratory building. The instruments and meters provide students with more opportunities of hands-on practice, helping them better grasp the

commonly used instrument operation skills of the communications industry in the hope that they will be quickly qualified for work needs after graduation.

Donation of Mozambique Scholarship

In December 2012, ZTE Corporation launched the scholarship program in Mozambique. The scholarship program will last for five years. In each year, the company will grant 10 training places and the selected personnel will be sent to China for a training in telecommunications for 3-4 weeks.

Donation to an Elementary School in South Africa

On February 6, 2012, Diepsloot Primary School bustled, because ZTE Corporation, Cell C and New Age Holding, as initiated by the Ministry of Communications of South Africa, came to the elementary school to donate computers, uniforms, tables, chairs and other items.

Donation to South Sudan

In September 2012, ZTE Corporation donated stationery materials to the elementary and middle schools in South Sudan.

Care for Children

In March 2012, eleven ZTE volunteers visited Xi'an Orphanage and brought small gifts to the children. The "House of Light and Love" of Beijing is a non-profit educational charity that provides homeless children, orphans, disabled children, out-of-school poor children with knowledge teaching, psychological education and artistic training. There are currently 100 children in the House. In May 2012, employees of ZTE Beijing initiated a program named “Let there be love, helping the children to have a cool summer”. They bought fans, vegetables and fruits for the children. Moreover, they bought a birthday cake and held a birthday party for all birthday stars of June.

In June 2012, ZTE staff started a welfare program named "Little Hands in Big hands”. 16 volunteers from ZTE visited Shenzhen Orphanage and brought fruits and snacks for the children.

In June 2012, employees of ZTE Indonesia visited Sayap IBU Foundation. Sayap IBU Foundation is located in Jakarta. It is a social welfare organization in Indonesia that is dedicated to helping orphans and disabled children. ZTE employees sang, danced and had fun with the children. They also donated money, clothing, food, baby supplies to the Foundation.

In early August 2012, Chinese and local employees of ZTE Corporation in the US came to Spofford Home in Kansas State, a local children's charity, to teach children Chinese. They introduced to the

children the major cities in China, the characteristics of each city, and play fun games with the children. The company donated US$ 25,000 for the Home.

Relief of Earthquake and Other Disasters

Earthquake Relief for Yiliang County, Yunnan Pronvince

On September 7th, 2012, an M5.7 earthquake struck the junction area of Yiliang County, Zhaotong City, Yunnan Province, and Weining Minority Autonomous County of Guizhou Province. The disaster caused 43 deaths, and seriously damaged the electricity and communications systems. Yunnan Province triggered class-1 disaster emergency response.

The company sent staff to the scene to study the disaster situation, determine the relief program, and carry out disaster relief actions quickly. In addition, the company worked closely with the operators to dispatch manpower to repair and restore all damaged base stations, optical fiber cables and other communications equipment, in a bid to protect effective communication in the disaster-hit area.

Donation of Relief Supplies to the Falcón Tank Explosion Victims

In the early hours of August 25, 2012, a large-scale tank explosion happened in the largest oil refinery in Venezuela - Amuay Refinery. The accident, caused by gas leakage, destroyed not only the nearby houses, but also the infrastructure and premises across the street of the refinery. The explosion caused 48 deaths and 80 injuries. Many people became homeless.
Knowing about the serious shortage of necessities of the victims, ZTE Venezuelan subsidiary took swift action to help. The staff representatives purchased daily necessities and brought them to the victims in the earliest time.

Drought Relief in Yunnan Province

In February 2012, ZTE Corporation donated 50,000 RMB to Xintian neighborhood committee, Qujing City, Yunnan Province, to help repair the pumping station, in the hope to help local people fight drought and to guarantee water resources for living and production purposes.

Donation to Liuyang Villagers

In January 2012, ZTE Corporation presented 49,000 RMB worth of New Year goods to 166 families who suffered cadmium pollution in Liuyang County of Hunan Province. In addition, the company donated 500 yuan for every child of the total 16 who was sick from the cadmium pollution. The total donation was 57,019 RMB.

World War II Veterans

In March 2012, the trade union of ZTE Corporation put 17 staff volunteers on a donation visit to Baoshan City of Yunnan. They brought to the 173 World War II veterans a total of 370,000 RMB in cash and 44,000 RMB worth of warm clothes.

Since 2005, the 60th anniversary of the victory of World War II, the company has launched the program named "Employees help Yunnan Veterans of World War II". Following the company's years of efforts, the World War II veterans gradually gained care and aid from the local government and the recognition and respect of the society as well.

Staff Volunteers

Love on the 24 km Road

In January 2012, Shanghai, "If I can finish 12 km on foot, please donate 5 RMB for breakfast and lunch. I'll drink some water and then walk forward ...If I can finish the 30 km, please donate 24RMB for 3 days' food. Wait for me at the finish line". A river takes the water of every trickle.

The program named Love on the 24km Road, co-hosted by ZTE Corporation, attracted 55 volunteers from the company together with 11 family members. At the same time, 250 other volunteers were invited to the program to help promote the idea of social welfare. In a week' s time, 7039 RMB was raised, which would be used to improve the nutrition for the students of Sumuhanshou Central Primary School in Inner Mongolia.

All contribution details are maintained by more than three parties to ensure the information is correct and traceable.

Staff Volunteers

In March 2012, ZTE Sanya Institute set up a social welfare organization called "Love Circulation". 10 ZTE volunteers are working for it to host a series of charitable activities in the promotion of internal cohesion and sense of responsibility, and to get along better with the locals. So far the organization has made a total annual donation of 91,806 RMB, including those for injured family members of staff. The volunteers also paid visits to in-patient family members of staff.

On December 22, 2011, ZTE staff established the "ZTEMoon Welfare" organization. This non-commercial and unofficial public organization was targeted at helping out-of-school children in poor areas. There are more than 60 volunteers in "ZTEMoon Welfare" and 39 students have got help. The first-hand student information was collected by the volunteers. The donation program and result are open to the public. In 2012, "ZTEMoon Welfare" organized an old clothing donation program. Clothes from Shenzhen, Beijing, Shanghai, Xi'an, Nanjing and Chengdu were collected in more than 50 boxes and then mailed directly to the poor mountainous areas of Yunnan.

On a cold morning of October 2012, ZTE employee Yu Xutao, not being very good swimmer, rescued a drowning person. The company awarded Yu Xutao 10,000 RMB in cash for his "courageous" behavior and bought long-term insurance policies for every family member of Yu Xutao, that is, free three accident policies and free three serious disease policies until the adult family members are 60-year-old and until his child is 25-year-old.

CSR Awards

ZTE Corporation's efforts in CSR were widely acknowledged by governments, international organizations and media. The following are some awards obtained by ZTE Corporation in 2012:

1. In March 2012, ZTE Ranked No. 2 in Fortune China magazine's annual ranking of top 50 "2012 China Corporate Social Responsibility" enterprises

2. In May 2012, ZTE was named by Peking University Management Case Study Center and the Economic Observer as one of the "China's Most Admired Companies for 2011-2012 "

3. In September 2012, ZTE was named by Zhilian Recruitment and Peking University CSR and Employer Brand Communication Research Center as "top 100 China's Best Employers for 2012"

4. In January 2013, the "Key Technologies and Application Innovations of the New Generation Passive Optical Network EPON/10G-EPON" completed by ZTE together with China Telecom won the second prize of "2012 National Science and Technology Progress" award

5. In December 2012, the ZTE-made gigabit smart switch ZXR5250 won the "Best ICT (Information Communication Technology) Product" award hosted by German communications media Funkschau

6. In December 2012, the GoTa (Global open Trunking architecture) digital trunking standard developed by ZTE Corporation was adopted by the ITU

7. In November 2012, ZTE was named by Telecom Asia as "2012 Annual Broadband Network Provider"

8. In November 2012, at the AfricaCom exhibition held in Cape Town, South Africa, the PV+oil mixed energy supply solution jointly worked out by ZTE and the multinational operator Bharti Airtel won the "2012 Best Cost Efficiency Initiative" award

9. In November 2012, the ZTE-made new-generation centralized network management scheduling platform won the "Shenzhen Municipal Science and Technology Progress Award" granted by the Shenzhen Government

10. In October 2012, ZTE won the "2012 Best Broadband Equipment Manufacturers in India" award issued by Voice & Data, the top telecommunication magazine

11. In October 2012, at the European BroadBand World Forum (BBWF) held in Amsterdam, the Netherlands, the ICP Store solution jointly worked out by ZTE and Wexnet, the Swedish operator, won the "2012 Best Broadband Partnership Award"

12. In June 2012, the world's first TDD / FDD dual-mode commercial network constructed by ZTE for Hi3G and the WASON state backbone commercial network deployed by ZTE

for the T-Mobile Austria were issued by Global Telecoms Business (GTB), the mainstream telecommunications media in the UK, the “LTE Device Innovation Award” and the “Backbone Optical Network Innovation Award”

13. In May 2012, at the 2012 LTE World Summit held in Barcelona, Spain, the ZTE-made wireless terminal Cikey (with the smart key integrated) won the title of "Best LTE Device / Handset)”

14. In May 2012, at the IMS World Forum held in Madrid, Spain, ZTE’s IMS fixed network transformation solution won the “ Best IMS Solution “award

15. In May 2012, ZTE was granted “The First LTE Supplier in India” award by the Indian Ministry of Communications and the Information Industry

16. In May 2012, ZTE C-RAN solution was granted by the Total Telecom the “Green Technology Initiative” award

Glossary

This glossary contains definitions of certain technical terms used in this report as they relate to the Group. Some of these definitions may not correspond to standard industry definitions or usage.

2G	Second-generation mobile networks utilizing digital wireless technology to provide larger network capacity, improved voice quality and encryption and seamless international roaming for users. Existing mobile communications networks are mainly 2G GSM and CDMA utilizing GSM, GPRS and IS-95B technology for CDMA with a data supply capacity of up to 115.2Kbps, or 384Kbps in case of GSM featuring EDGE technology.
3G	Third-generation mobile networks supporting peak data rates of 144Kbps at mobile user speeds, 384Kbps at pedestrian user speeds and 2Mbps in fixed locations, although some initial deployments were configured to support just 64Kbps. ITU coordinates 3G standards through its IMT-2000 project and key standardization organizations such as 3GPP and 3GPP2.
4G	IMT-Advanced standards as defined by ITU, including LTE-Advanced and Wireless MAN-Advanced (802.16m) standards, supporting theoretical download rates of 1Gbit/s in fixed locations and 100Mbit/s in motion.
GSM	A global system for cellular mobile communications originated in Europe, which has been deployed in more than 170 countries using TDMA radio propagation technology.
CDMA	Code division multiple access, one of the technology standards for 2G mobile communications. It is a spread spectrum technology standard that assigns a pseudo-noise (PN) code to all voice and data bits, sends a scrambled transmission of the encoded voice over the air and reassembles the voice in its original format. By assigning a unique correlating code to each transmitter, several simultaneous conversations can share the same frequency allocations.
UMTS	A reference to WCDMA standards generally used in Europe. 3G technologies have been collectively referred to as UMTS (Universal Mobile Telecommunications System) by European Telecommunications Standards Institute (ETSI) since the early 1990s.
TD-SCDMA	Time division synchronous code division multiple access, a 3G technology developed by China to support voice and data transmission.
LTE	LTE (Long Term Evolution) refers to the long-term evolution of 3G technology with OFDM as the core technology, and is regarded as 4G in the making. LTE is being promoted by 3GPP and its major performance targets include maximum speeds of 100Mbps (download) and 50Mbps (upload) using 20MHz bandwidth. There are two types of LTE, distinguished by the mode of division duplex, namely FDD-LTE of frequency division and TDD-LTE of time division.
SDR platform	Software Defined Radio, a technology where different modes and protocols are implemented by modifications in software and configuration without hardware replacement. The SDR technology provides solutions to a multi-mode, multifrequency and scalable wireless system. The SDR platform is a new-generation multi-mode, multi-frequency and scalable wireless technology platform developed by ZTE.

UPP platform	Unified Packet Platform, a future oriented platform for medium- to high-end products developed by ZTE using IP packet as core technology. It supports a wide range of medium-to high-end products in various product lines such as bearer networks and core networks and raises the start-up thresholds of various products through standardisation and shared core components for better R&D efficiency and product competitiveness. It supports two in-depth measurements to satisfy general application requirements of carriers and corporate users.
V4 platform	A new-generation system platform designed and developed by ZTE to meet market demands for new-generation core network products, wireless base station controllers, services and wireline products. Its software is based on a sound framework with high availability of middleware and its hardware has been improved based on ATCA architecture.
ATCA platform	Advanced Telecom Computing Architecture, an advanced telecom computing structure announced by PICMG (PCI Industrial Computer Manufacturers Group) in 2002 to provide a standardised platform system architecture for telecom-grade applications. It is being extensively used in the telecommunications industry.
ICT	New products and services arising from the integration of IT (information technology) and CT (communications (i.e., the transmission of information) technology).
Wireless multiple network fusion	The fusion of wireless technologies with different protocols and systems to achieve maximum network operating efficiency and consistency in terminal-users' experience. This includes the fusion of 2G, 3G, LTE and WLAN at the system equipment level and the terminal level.
Cloud Radio	Cloud Radio is an innovative radio solution capable of automatic selection of optimal synchronisation modes based on the properties of the mobile networks and mobile bearer conditions. It can effectively reduce inter-cell interference in LTE networks and significantly boost network performance in the cell edge.
Smart pipe	Relative to the "dummy pipe," the smart pipe facilitates optimisation of internet traffic flow through technologies such as flow sensor, classification and control, etc to enhance users' experience and deliver added value.
Internet of Things	A network interconnecting all things in the physical world, characterised by comprehensive sensors, reliable transmission and smart processing and aiming at connection at any time, any location and among any objects. It can help to realize the organic integration of the human society with the physical world, so that humankind can manage production and life in a more detailed and dynamic way to generally enhance the level of informatisation of the society.
Cloud Computing	A concept underlining the fusion of traditional computing technologies such as grid computation and distributed computation with network technology development. The core idea is to centralise the management and scheduling of massive computing resources connected through the network, forming a pool of computing resources that serve users on an as-needed basis. Cloud Computing is applied in business models such as SaaS, PaaS and IaaS.

Bearer network	Bearer layer network that provides the basic bearer function for services. It directs each service information flow from its source to the destination according to various requirements of the service layer and schedules network resources on the basis of the attributes of each service requirement to ensure the functionality and performance of the service, providing QoS assurance and network security assurance for communications of different types and natures.
Core network	Mobile network comprises a wireless access network and a core network, the latter of which provides services such as call control, billing and mobility.
PON	The provision of optical access services to users through the use of passive optical network technology, offering functions such as Qos, flow management and security control. PON can be distinguished into FTTH and FTTB, etc based on different destinations of optical connection, or GPON, EPON and 10G EPON, etc based on different standards.
PCT international patent	PCT stands for Patent Cooperation Treaty. Patent applications filed pursuant to PCT are referred to as PCT international patent applications. A single filing of an international patent application under PCT will enable the applicant to demand patent protection for its inventions in numerous countries at the same time.
Mobile Internet	Internet access service facilitated through mobile terminals such as smart phones/ handheld digital assistants, notebooks and Pad, etc. Enriched by the popularization of smart terminals, Mobile Internet services now include mobile computing, mobile music, smart phone games, positioning technology, wireless communities and wireless payments, etc.

GRI Index

No.	Perfomance Indicator	Relativity	Status	Reference
1. Strategy and Analysis				
1.1	Statement from the most senior decision maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	High	●	2
1.2	Description of key impacts, risks, and opportunities.	High	●	2
2. Organizational Profile				
2.1	Name of the organization.	High	●	4
2.2	Primary brands, products, and/or services.	High	●	4
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	High	●	5
2.4	Location of organization's headquarters	High	●	4
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	High	●	4
2.6	Nature of ownership and legal form.	High	●	5
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	High	●	4
2.8	Scale of the reporting organization	High	●	5
2.9	Significant changes during the reporting period regarding size, structure, or ownership	High	●	Annual Report
2.10	Awards received in the reporting period.	High	●	63
3. Report Parameters				
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	High	●	1
3.2	Date of most recent previous report (if any).	High	●	1
3.3	Reporting cycle (annual, biennial, etc.)	High	●	1
3.4	Contact point for questions regarding the report or its contents.	High	●	1
3.5	Process for defining report content	High	●	1
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	High	●	1

No.	Perfomance Indicator	Relativity	Status	Reference
3.7	State any specific limitations on the scope or boundary of the report.	High	●	1
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	High	○	
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	High	●	1
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/ acquisitions, change of base years/periods, nature of business, measurement methods).	Low	○	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Low	●	1
GRI Content Index				
3.12	Table identifying the location of the Standard Disclosures in the report.	High	●	68
Assurance				
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	High	○	
4. Governance, Commitments, and Engagement				
Governance				
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	High	●	8
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	High	●	8
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	High	●	8

No.	Perfomance Indicator	Relativity	Status	Reference
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	High	●	8
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	High	●	8
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	High	●	8
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	High	●	8
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	High	●	10
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	High	●	10
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	High	●	8
Commitments to External Initiatives				
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	High	●	11
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	High	●	5
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations	High	●	5
4.14	List of stakeholder groups engaged by the organization.	High	●	11
4.15	Basis for identification and selection of stakeholders with whom to engage.	High	●	11
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	High	●	11

No.	Perfomance Indicator	Relativity	Status	Reference
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	High	●	11
5. Management Approach and Performance Indicators				
Economic				
Economic Performance Indicators				
Aspect: Economic Performance				
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	High	●	5
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	High	●	37
EC3	Coverage of the organization's defined benefit plan obligations.	High	●	31
EC4	Significant financial assistance received from government.	High	○	
Aspect: Market Presence				
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	High	●	31
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	High	●	53
EC7	Procedures for local hiring and proportion ofsenior management hired from the local community at significant locations of operation.	High	●	29
Aspect: Indirect Economic Impacts				
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	High	●	17
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	High	●	14
Environmental				
Environmental Performance Indicators				
Aspect: Materials				
EN1	Materials used by weight or volume	High	○	

No.	Perfomance Indicator	Relativity	Status	Reference
EN2	Percentage of materials used that are recycled input materials	High	●	44
Aspect: Energy				
EN3	Direct energy consumption by primary source	High	●	42
EN4	Indirect energy consumption by primary source	High	●	42
EN5	Energy saved due to conservation and efficiency improvements	High	●	39
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements	High	●	39
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	High	●	39
Aspect: Water				
EN8	Total water withdrawal by source	High	●	42
EN9	Water sources significantly affected by withdrawal of water	Low	●	42
EN10	Percentage and total volume of water recycled and reused	Low	○	
Aspect: Biodiversity				
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Low	○	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Low	○	
EN13	Habitats protected or restored	Low	○	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	Low	○	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	Low	○	
Aspect: Emissions, Effluents, and Waste				
EN16	Total direct and indirect greenhouse gas emissions by weight	High	●	37
EN17	Other relevant indirect greenhouse gas emissions by weight	High	●	38

No.	Perfomance Indicator	Relativity	Status	Reference
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	High	●	39
EN19	Emissions of ozone-depleting substances by weight	Low	○	
EN20	NO, SO, and other significant air emissions by type and weight	Low	○	
EN21	Total water discharge by quality and destination	High	●	42
EN22	Total weight of waste by type and disposal method	High	●	43
EN23	Total number and volume of significant spills	High	●	No spills
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Low	○	
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by discharges of water and runoff	Low	●	43
Aspect: Products and Services				
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	High	●	44
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	High	●	45
Aspect: Compliance				
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	High	●	No fine
Aspect: Transport				
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	High	●	42
Aspect: Overall				
EN30	Total environmental protection expenditures and investments by type	High	○	
Social Performance Indicators				
Labor Practices and Decent Work				
Aspect: Employment				
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	High	●	29

No.	Perfomance Indicator	Relativity	Status	Reference
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region	High	●	29
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees employees, by significant locations of operation	High	●	32
LA15	Return to work and retention rates after parental leave, by gender.	High	●	32
Aspect: Labor/Management Relations				
LA4	Percentage of employees covered by collective bargaining agreements	High	○	
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	High	○	
Aspect: Occupational Health and Safety				
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	High	○	
LA7	Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region and by gender	High	●	33
LA8	Education, training, counseling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases	High	●	33
LA9	Health and safety topics covered in formal agreements with trade unions	High	○	
Aspect: Training and Education				
LA10	Average hours of training per year per employee by gender and by employee category	High	●	33
LA11	Programmes for skills management and lifelong learning that upport the continued employability of employees and assist them in managing career endings.	High	●	32
LA12	Percentage of employees receiving regular performance and career development reviews, by gender	High	●	32
Aspect: Diversity and Equal Opportunity				
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	High	●	29

No.	Perfomance Indicator	Relativity	Status	Reference
Aspect: Equal Remuneration for Women and Men				
LA14	Ratio of basic salary of men to women by employee category, by significant locations of operation.	High	•	31
Human Rights				
Human Rights Performance Indicators				
Aspect: Investment and Procurement Practices				
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	High	•	53
HR2	Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening, and actions taken.	High	•	53
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	High	•	33
Aspect: Non-Discrimination				
HR4	Total number of incidents of discrimination and corrective actions taken	High	•	31
Aspect: Freedom of Association and Collective Bargaining				
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights	High	•	Not found
Aspect: Child Labor				
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	High	•	Not found
Aspect: Forced and Compulsory Labor				
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	High	•	Not found
Aspect: Security Practices				
HR8	Percentage of security personnel trainedin the organization's policies or procedures concerning aspects of human rights that are relevant to operations	High	•	33

No.	Perfomance Indicator	Relativity	Status	Reference
Aspect: Indigenous Rights				
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	Low	○	
Aspect: Assessment				
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	High	●	53
Aspect: Remediation				
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms	Low	○	
Society				
Social Performance Indicators				
Aspect: Local Communities				
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	High	○	
SO9	Operations with significant potential or actual negative impacts on local communities	High	●	17
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Low	○	
Aspect: Corruption				
SO2	Percentage and total number of business units analyzed for risks related to corruption	High	●	50
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures	High	●	50
SO4	Actions taken in response to incidents of corruption	High	●	50
Aspect: Public Policy				
SO5	Public policy positions and participation in public policy development and lobbying	High	○	
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	Low	○	
Aspect: Anti-Competitive Behavior				

No.	Perfomance Indicator	Relativity	Status	Reference
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	High	●	Refer to ZTE's annual report
Aspect: Compliance				
SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	High	●	Refer to ZTE's annual report
Product Responsibility				
Product Responsibility Performance Indicators				
Aspect: Customer Health and Safety				
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	High	●	24
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	High	○	
Aspect: Product and Service Labeling				
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	High	○	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcome	High	○	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	High	●	23
Aspect: Marketing Communications				
PR6	Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	High	○	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorshipby type of outcomes	High	○	

No.	Perfomance Indicator	Relativity	Status	Reference
Aspect: Customer Privacy				
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	High	○	
Aspect: Compliance				
PR8	Monetary value of significant fines for non-compliance with laws/regulations concerning the provision and use of products and services	High	●	Refer to ZTE's annual report

Status: ●: covered; ○: not covered

Index of 10 Principles of the UN Global Compact

Category	Principles	Reference
Human rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.	Employee Care Supply Chain CSR
Labor standards	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labor, Principle 5: the effective abolition of child labor; and Principle 6: the elimination of discrimination in respect of employment and occupation.	Employee Care Supply Chain CSR
environment	Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies.	Environmental Protection
Anti-corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Fair Operation

Feedback Form for Readers

Dear readers:

Thank you for reading the Corporate Social Responsibility Report of ZTE Corporation for 2012. ZTE Corporation welcomes your suggestions on the CSR report 2012. Kindly please give your suggestions and opinions.

Preparatory Team of the Corporate Social Responsibility Report of ZTE Corporation for 2012

May 2013

Name						
Contact	Tel：			Email：		
Company						
Evaluation	Balance	Comparability	Accuracy	Timeliness	Reliability	Clarity
Corporate Governance						
CSR Strategy						
Bringing You Closer						
Employee Care						
Environmental Protection						
Fair Operation						
Supply Chain CSR						
Social Welfare						
Overall evaluation						
Your expectations of the next report						

Please give direct scores ranging from 1 to 5, with 1: minimum and 5: maximum.

You can fax your suggestions to: +86-755-26770985

ZTE CORPORATION