ZTE Corporation

2020 Sustainability Report

Contents

Message from the CEO

Every upgrade of communications technology brings about tremendous changes to people's lives, injects strong impetus to economic growth, and provides huge opportunities for companies. The year 2020 was certainly extraordinary. The sudden pandemic has changed the way people live and work, making ICT services a necessity, like air, water, and electricity. At the same time, more enterprises have accelerated digital and intelligent transformation, not only to reduce costs and improve efficiency, but to become more agile and intelligent, thus better adapting to the rapid changes in technologies, markets, and macro environments.

In 2020, upholding the principle of "Simplicity prevails, agility makes success", ZTE continued to build reliable and trustworthy infrastructure, provide intelligent connectivity, and empower all industrial verticals as well as the ecosystem as a faithful "driver of digital economy".

In technology, we pursue stronger core competence. In addition to continuous innovation and breakthroughs in ICT products and solutions, we continue to strengthen our foundation for more robust growth through innovations in chipsets, algorithms, architecture, databases, and operating systems. ZTE has ranked among the top three in 5G-declared Standard-Essential Patents (SEPs), and launched a series of 5G products equipped with 7nm chipsets for application on a global scale, with the second-highest shipment in the world. In the field of algorithms, the company has been building commercial networks with optimal performance and resource efficiency for operators backed by its more than 30 years of experience and continuous improvement. Regarding technical infrastructure, ZTE has been fully supporting agile iterations and continuous evolution in the era of fragmented demands with constant innovations featuring flexibility, agility, and elasticity. Moreover, the company's self-developed financial-class distributed database GoldenDB has been applied in large state-owned banks, joint-stock commercial banks, rural credit cooperatives, as well as urban and rural commercial banks, leading commercial use in the financial industry. Also, its self-developed industry-level operating system has been widely used in many key industries such as telecommunications, high-speed rail, electric power, manufacturing, and automobile, with a total of 200 million shipments.

In markets, we aim to achieve high-quality growth with partners. ZTE has been actively innovating 5G industry applications, covering various scenarios in education, healthcare, manufacturing, finance, transportation, and people's livelihood. ZTE has been driving industrial transformations through its ultimate networks, "Precise Cloud and Network Solutions", and enabling platforms, and earnestly fulfilling its responsibilities as a technology leader with strong innovative strength. For example, the industry's first 5G ATG network that supports a super-high flying speed of 1,200 km per hour and an ultra-wide coverage diameter of 300 km, to secure every connection at the height of over 10,000 meters; 5G smart healthcare solution that incorporates such innovative applications as operation demonstration, remote consultation, remote ward rounds, as well as AI-aided and mobile diagnosis, to protect every human life; multiple innovative scenarios and applications for education, such as 5G + 4K remote classrooms, 5G cloud-based XR education, 5G + AR teaching, and 5G+ holographic classrooms, to ignite children's curiosity and dreams about the future; self-developed distributed database GoldenDB, a secure and reliable foundation for bank trading, to safeguard every transaction by over 300 million customers. Besides, by applying innovative technologies to smart phones as well as personal and home information terminals, ZTE makes all-scenario 5G intelligent lifestyle a reality with a rich variety of 5G smart terminals.

With the future in our hands, ZTE is determined to stay together with industry partners, and is confident to build a digital and intelligent ecosystem for shared success in the digital economy.

Message from the COO

The year 2020 marked the 35th anniversary of ZTE. Over the decades, we have been committed to "enabling connectivity and trust everywhere," which is also our ultimate goal and responsibility in terms of sustainable development.

To enable consistent connectivity and trust for global users, we have vigorously strengthened our foundation in terms of compliance, internal control, and talent. Sticking to compliant operation, ZTE has incorporated compliance controls into every business process through end-to-end management, and aims to build a best-in-class compliance management system through digital transformation. We take a zero-tolerance attitude towards any corruption or bribery, and ensure that any employee violating laws or regulations is investigated and punished. In 2020, ZTE passed the ISO 37001 certification for its anti-bribery management system, which covers subsidiaries in China and 36 other countries. To intensify internal control and enhance the company's governance system, we remain problem solving-oriented, and focus on the key business activities related to income and expenditure, as well as the integration of investigation and rectification. We strengthen prior and intermediate supervision through the development of an internal control system, focus on the closed loop of problem rectification, and stick to the three lines of defense, to create a clean corporate culture. In terms of talent, we attach great importance to talent management, reinforce targeted training for high-end talent, and advocate learning for all employees. For example, we advanced online learning during the COVID-19 pandemic. Moreover, we have strengthened the capability building of our customers and partners in the ecosystem. Following 2019, we were once again granted the Excellence in Practice Award in 2020 by the Association for Talent Development (ATD), in recognition of our efforts in talent development across the industry.

As a global high-tech company, ZTE started digital transformation in 2016. Through agile development, our R&D efficiency has increased by 30% and the Time-to-Market has been reduced by 40%. During the pandemic, ZTE cloud services enabled more than 70,000 employees worldwide to work from home. More importantly, the remote work efficiency of 30,000 R&D staff reached more than 95%. Through the Supply Chain Coordination (SCC) platform, we have worked closely with over 20,000 enterprise customers and over 7,000 partners, increasing the company's operational efficiency by 15% every year and guaranteeing the best customer experience and compliant mutual development. As the commercial 5G is going live, we have deployed many 5G applications such as machine vision, cloud-based AGV, digital twin, and intelligent warehouse in our 5G production and manufacturing base with the idea of "Intelligent Manufacturing Powered by 5G." In this way, we achieve lower costs, higher efficiency, and better quality, moving faster towards flexible and intelligent manufacturing. Through digital transformation, ZTE aims to develop from offline to intelligent online, and eventually evolve into an ultimate cloudified company.

Viewing lucid waters and lush mountains as invaluable assets, we reduce the impact on the environment from the source. We adopt more environment-friendly materials to improve the processes of production, apply more advanced technologies to enhance product performance, and constantly pursue the ultimate spectral, power, and network operations efficiency to promote sustainable development. In 2020, we reduced the total emissions of volatile organic compounds by more than 90% at our Shenzhen base. Our self-developed 7nm "multi-mode baseband chip" and "multi-mode digital IF chip" reduce power consumption by 50% and 58% respectively. Moreover, incorporating big data and AI, our PowerPilot precision power saving solution reduces power consumption by 20% at site level.

We actively share our achievements with global communities and strive to be an excellent corporate citizen. During the fight against COVID-19, we coordinated worldwide resources and constructed 4G/5G networks with operators for over 210 hospitals in 82 cities of 26 provinces at home, bridging the communications gap for life support. Investing more than CNY 14 million in public welfare every year, ZTE Foundation has launched 37 public welfare projects and organized 73 volunteer activities. Moreover, it donated pandemic prevention materials, including facial masks, goggles, protective suits, and ventilators, to the pandemic frontlines in China and over 50 countries and regions abroad.

Aiming "to connect the world with continuous innovation for a better future," ZTE is willing to drive the digital transformation of industries with core 5G capability. Let's achieve high-quality growth together and share a win-win digital future!

About This Report

The sustainability report is issued annually by ZTE Corporation. It adheres to the principles of "Materiality, Quantitativeness, Balance, and Consistency", and discloses the principles, major progress, achievements, and future plans of ZTE Corporation and its subsidiaries in terms of environmental, social, and governance performance, with a time span from January 1, 2020 to December 31, 2020.

Since 2009, ZTE has annually released sustainability reports/corporate social responsibility reports for 13 consecutive years.

——Reporting Principles

This report is prepared in accordance with the Appendix 27 *Environmental, Social and Governance Reporting Guide* (ESG Guide) in the *Main Board Listing Rules* issued by Hong Kong Stock Exchange. It also takes reference to the Global Reporting Initiative (GRI) Standards, the UN Global Compact, and ISO 26000: Guidance on Social Responsibility.

This report is finally formulated by identifying important stakeholders, analyzing and rating material issues to achieve sustainable development, making decisions on the scope of the report, as well as collecting, summarizing, organizing, and reviewing relevant data and materials in the preparation process.

——Scope and Boundaries

Unless otherwise specified, the policies, statements, and materials in this report cover the actual business scope of ZTE Corporation and its subsidiaries, which is the same as that of the annual report issued by ZTE Corporation.

Unless otherwise specified, CNY is the currency unit used in this report.

——Definition of Terms

For the convenience of expression and reading, "ZTE Corporation", "ZTE", "this company", "the company" and "We" in this report refer to ZTE Corporation and its subsidiaries.

Unless otherwise specified, the terms used in this report have the same meanings as those defined in the company's Annual Report 2020.

——Data Source and Reliability Statement

All data used in the report comes from ZTE Corporation and its subsidiaries. The board of directors of the company is responsible for the truthfulness, accuracy, and completeness of this report.

This report is issued in both Chinese and English. In the event of any conflict or ambiguity between the two versions, the Chinese report shall prevail.

——Confirmation and Approval

This report has been approved by the board of directors for release.

——Access to This Report

You can access to the electronic version of this report through the following website: https://www.zte.com.cn/global/

ZTE in 2020

About ZTE

ZTE Corporation is a global leader in telecommunications and information technology. Founded in 1985 and listed on both the Hong Kong and Shenzhen Stock Exchanges, the company has been committed to providing integrated end-to-end innovations to deliver excellence and value to consumers, carriers, businesses, and government and enterprise network customers from over 160 countries around the world to enable connectivity and trust everywhere.

The year 2020 is the 35th anniversary of ZTE. In the face of the COVID-19 pandemic and external challenges, ZTE focuses on our main business and actively promotes our business through technology innovations and high-quality operations. Our operating revenue in both Chinese and international markets and our three major businesses (operator network, consumer business, and government and enterprise business) have all achieved year-on-year growth.

Committed to becoming a "driver of digital economy", ZTE Corporation will intensify industrial upgrading through innovation, ingenuity, and perseverance. We will also pursue higher core competence by focusing on innovation in products and solutions and continuously improving capabilities in chipsets, algorithms, architecture, databases, and operating systems, thus laying a solid foundation for more robust growth and powering the world with core 5G capability.

ZTE in 2020

Indicators	Unit	2020
Domestic operating revenue	Million CNY	68,051.2
Overseas operating revenue	Million CNY	33,399.5
Net profit attributable to holders of ordinary shares of the listed company	Million CNY	4,259.8
Number of employees	Person	73,709
Total annual expenditure of ZTE Foundation in public welfare	Million CNY	14.04

Notes: For other economic data and information, refer to the *ZTE Annual Report 2020*.

External Recognition and Membership

ZTE actively strengthens external cooperation and communication and contributes to industrial issues and development. By far, it has joined over 270 industrial associations across the world, and is a member of 70-plus international standardization organizations and forums, including the China Federation of Industrial Economics, China Institute of Communications, China High-end Integrated Circuits Alliance, Chinese Institute of Electronics, International Telecommunication Union (ITU), 3rd Generation Partnership Project (3GPP), European Telecommunications Standards Institute (ETSI), Institute of Electrical and Electronics Engineers (IEEE), Global System for Mobile Communications Association (GSMA), United Nations Global Compact, Global e-Sustainability Initiative (GeSI), Committee on Social Responsibility of the Chinese Electronics Standardization Association, and Committee for Social Responsibility of China Association of Communications Enterprises.

Corporate Governance

- Passed the ISO 37001 certification for anti-bribery management system
- Passed the ISO/IEC 27701:2019 privacy management system certification
- Won the Privacy Strategy Contribution Award by BSI
- Won the "2020 Trustworthy Brand in China's E-Government Security Field" at the 2nd China E-Government Security Congress
- Won the "Benchmark Organization" of the 11th China Talent Development Awards for 2019-2020

Technical Pioneer

- Won the Best Test & Measurement Technology Award at the 5G World 2020
- Won the Excellent Product Award for Cloud Computing at the 10th China Cloud Computing Standards and Application Conference
- One of the first network security partners of the China Academy of Information and Communications Technology
- 5G Industrial Internet Security Lab was listed among the first labs under the Alliance of Industrial Internet.
- Won the 7th Gold Patent Award of Guangdong Province in 2020

Sustainability

Member of the United Nations Global Compact

ZTE H shares included into the FTSE4Good Index Series

ZTE added into Hang Seng Corporate Sustainability Index

ZTE was honored with the 2020 Excellence in Practice Award by ATD

Governing Unit of the China Association for Quality

Core member of the China Communications Standards Association

The Annual Charity Innovation Award and Annual Charity Project Award at the 10th Charity Festival

Member of the Global Enabling Sustainability Initiative (GeSI)

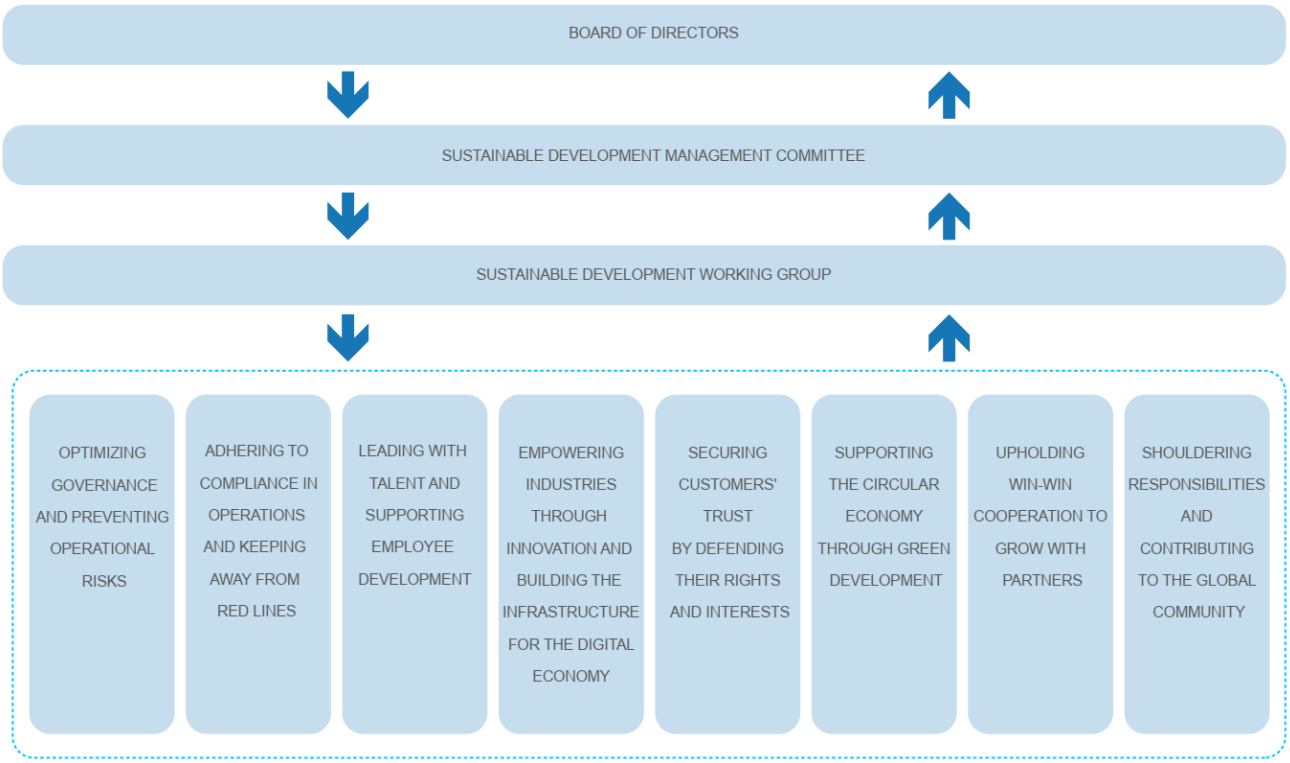
- Among the top 10 of the "Top 20 Chinese Enterprises with the Best Overseas Image" rated by the China Foreign Languages Publishing Administration
- Won the Green Development Award for CSR by people.com.cn
- Rated as a five-star enterprise for corporate CSR (the highest-level) by the Shenzhen Association of Enterprises for the Promotion of Social Responsibility
- Won the 2020 Sustainability Award (Social Field) by the Shenzhen Association for Quality
- ZTE Foundation was rated the FTI full score for three consecutive years

Sustainability Strategy and Management

ZTE pays great attention to sustainable development and related environmental, social, and governance issues. To be a "driver of digital economy", ZTE identifies the sustainability issues it focuses on through its global management system, evaluates corresponding opportunities and risks, and exercises standardized management.

Sustainability Management

ZTE has established a sustainability organizational structure that covers the whole company. The Sustainable Development Management Committee is responsible for major sustainability projects and the assessment of relevant achievements, and reports them to the Board of Directors regularly. Horizontally, members from functional departments constitute the Sustainable Development Working Group to enable cross-level communication and overall planning.



The Sustainability Governance Framework of ZTE

- Sustainable Development Management Committee: The Committee is composed of senior management members of the company, and serves as the chief decision-making body for sustainable development. It plays a leading role in sustainable development issues related to the environment, society, and governance, guards the company against relevant risks, and gives progress reports on sustainable development work to the Board of Directors on a regular basis.
- Sustainable Development Working Group: The Human Resources Dept. coordinates all business units to report to the Sustainable Development Management Committee on issues related to the environment, society, and governance, and provides information needed for decision-making, so as to guide the BU and support the execution of sustainable development strategies and decisions.

As a member of the UN Global Compact, ZTE is dedicated to the global sustainable development. Based on the company's vision, ZTE strengthens its competitiveness by regarding talent, compliance, and internal control

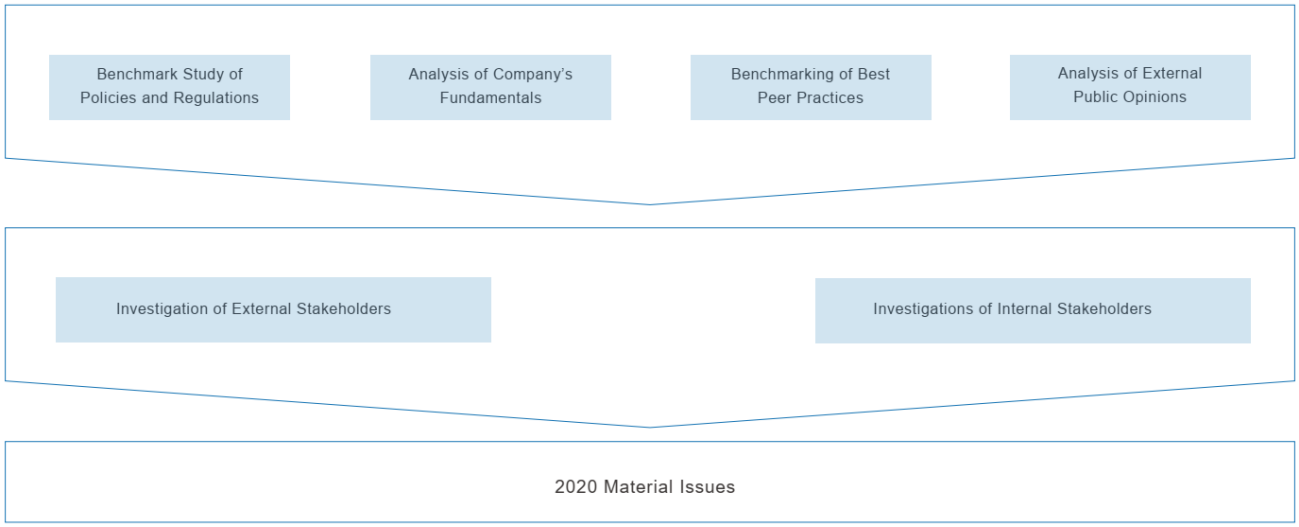
as the foundation for all business activities, and defines five strategic priorities for sustainable development based on 17 UN Sustainable Development Goals (SDGs) and industrial trends.

- Empowering industries through innovation and achieving shared success in the digital economy: Leverage our strengths in R&D innovation and commercialization of basic technology, to enable the digital transformation of industries with new technologies, and to achieve sustainable development of both the society and economy.
- Securing customers' trust by defending their rights and interests: Guarantee cybersecurity for customers through high-quality products, and promptly address customer concerns through superior services.
- Supporting the circular economy through green development: Enable the green development of different industries through technology, rationally control resource and energy consumption, cut carbon emissions, optimize waste management to support the circular economy, and continuously reduce the impact of business operations on the environment.
- Upholding win-win cooperation to grow with partners: Establish strategic cooperation with suppliers, guide partners across the value chain towards sustainable development, and continuously enhance our partners' capabilities.
- Shouldering responsibilities and contributing to the global community: Engage in sustainable development in global communities, identify key topics, and contribute to the global community via technology, capital, and volunteer services.

The Sustainability Strategy System of ZTE

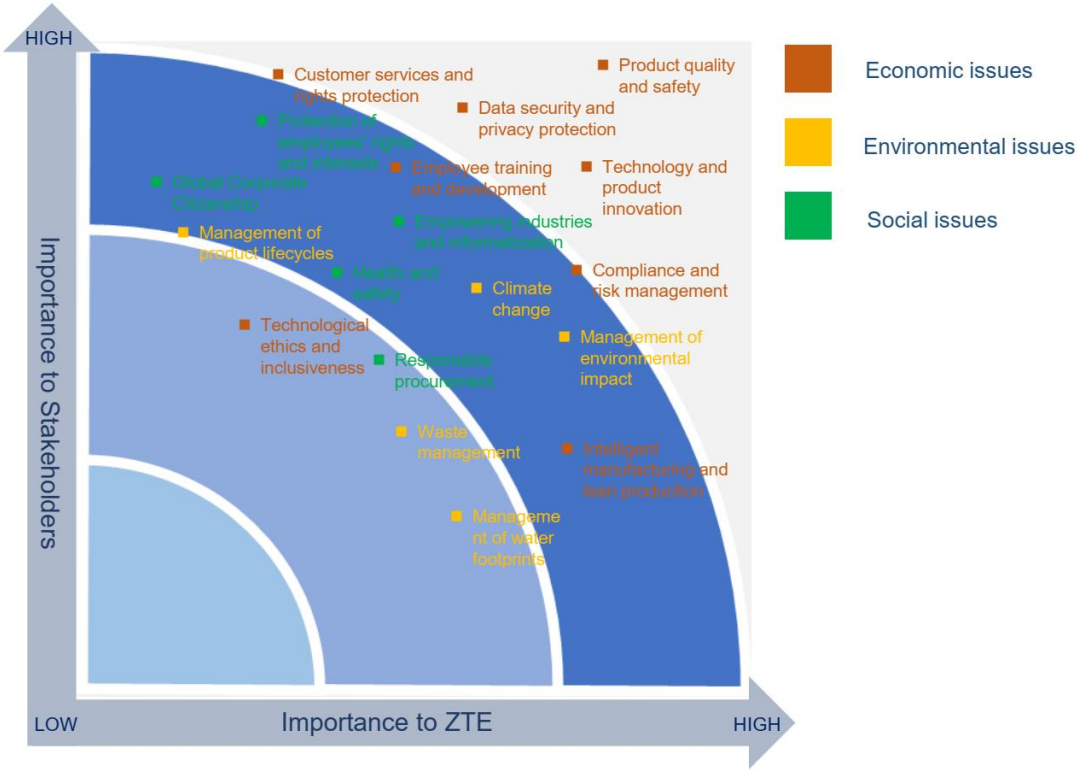
Materiality Analysis

We have established the process for the identification of material issues, based on which we annually identify important issues of the year through the analysis and investigation of internal and external stakeholders.



ZTE Materiality Analysis Process

In 2020, we thoroughly analyzed external stakeholders' concerns through regular communication, industrial associations, customer interactions and audits, and seminars. Based on corporate strategy, we conducted interviews and investigations on sustainability-related issues among the company's employees. The consolidated analysis results help us pinpoint annual material issues and suggest corresponding measures for management and performance improvement. The progress achieved in the material issues of 2020 will be covered in subsequent sections.



ZTE Material Issues Matrix

Major Progress in 2020

ISSUES	PROGRESS
Optimizing governance and preventing operational risks	■ Rated as a five-star enterprise for corporate CSR (the highest level) by the Shenzhen Association of Enterprises for the Promotion of Social Responsibility. ■ Realized business integration and normalized system operation in BCM; by the end of 2020, ZTE had established integrated BCM organizations in 51 countries, developed BCPs and completed drilling in 31 high-risk countries. BCPs were established in 100% of the countries exposed to BCM risks in engineering services. ■ Effectively responded to COVID-19 to ensure the fast recovery of business ■ Defined the BCM measuring indicators that cover various business segments of the company to reflect the BCM capability of the company. ■ Established systems and data backup in multiple centers to improve IT guarantee.
Adhering to compliance in operations and keeping away from red lines	■ Passed the ISO 37001 certification for anti-bribery management system, which covers subsidiaries in China and 36 other countries. ■ Passed the ISO/IEC 27701 27701: 2019 privacy management system certification, the world's first authoritative standards for 5G products, and promoted the embedding of data protection compliance requirements into the product development process. ■ Released the *GDPR Law Enforcement Case White Paper* and the *5G Application Scenario and Privacy Protection Research Report*. ■ Won the Privacy Strategy Contribution Award by BSI.
Leading with talent and supporting employee development	■ Expanded the size of employment, with the number of employees totaling 73,709. ■ Amid the COVID-19 pandemic, ZTE offered more than 5,000 jobs to college graduates around the world in 2021. ■ The average period of training was 102 hours per employee, 100% of the company's employees were trained. ■ Upgraded the health and safety management system certification from OHSAS18001 to ISO 45001, and passed the ISO 45001 certification in the operation sites of four more countries, including Russia, Uzbekistan, Morocco, and Mexico, which brings the total number of countries with ISO 45001 certification to 27. ■ Passed the Level II Safe Production Standardization Certification organized by the Department of Emergency Management of Guangdong Province.
Empowering industries through innovation and building the	■ Applied for more than 80,000 patents worldwide, around 36,000 of which were authorized. ■ According to the report released by the world-famous patent data company IPLytics at the 5G Patent and Standards Seminar held in February 2021, ZTE ranked among the top three globally in terms of the families of 5G-related Standard-Essential Patents (SEPs) to the European Telecommunications Standards Institute (ETSI).

infrastructure for the digital economy	■ ZTE's 5G Industrial Internet Security Lab was listed among the first labs under the Alliance of Industrial Internet. ■ Created about 100 scenarios for innovative 5G application, launched over 60 demonstration projects, and developed over 500 partners in industrial, transportation, energy, government, financial, cultural, and tourism industries etc.
Upholding win-win cooperation to grow with partners	■ Held the 2020 Global Partners Day themed "Embrace a bright future with joint efforts", attracting over 300 strategic and core suppliers from around the world. ■ Provided the learning program themed "Sword-Sharpening Action" for Chinese engineering service outsourced personnel, and launched 41 classes that trained 1,085 persons in 380 days both online and offline in 2020. ■ Organized a total of 64 members from 34 suppliers to participate in the training sessions about the seven major modules under the "Green Supply Chain Innovation Pioneering Program for the Electronic Industry in the Pearl River Delta".
Securing customers' trust by defending their rights and interests	■ In July 2020, completed the development of the company's 5G NR and 5GC converged core network series products and the third-party security assessment of the product lifecycle process. ■ In October 2020, released a new security vulnerability feedback reward program as a way to encourage global security practitioners and organizations to provide feedbacks to the company on security vulnerabilities in its products and services. ■ In 2020, 63 categories of the company's products passed the ISO 9000 certification. Nanjing Intelligent Manufacturing Base became a new certified site, and a total of 11 sites of ZTE have been certified in China. ■ In 2020, the company's QC topics covered 171 departments in 9 business segments of the company, with more than 44,000 participants, and one of the QC teams won the highest-level award at the 2020 National QC Team Results Presentation Competition.
Supporting the circular economy through green development	■ The CDP climate change rating was improved to Level B. ■ In the 2020 reconstruction of the cooling system of the SMT production line in the Shenzhen base, the cooling water cycle of central air conditioners was used to replace the dedicated cooling system of the production line, thus reducing power consumption and heat dissipation. The power consumption was reduced by 280,000 kWh per year. ■ Independently developed "multi-mode baseband chips" and "multi-mode digital intermediate-frequency chips" with the 7nm process, which enables a reduction of 50% and 58% in power consumption respectively in baseband chips and intermediate-frequency chips compared with the previous-generation 16 nm process. ■ By using more environment-friendly materials and updating the production process, the total emissions of volatile organic compounds were reduced from 46 tons annually to 4.5 tons, amounting to 0.66 kg per hour. ■ Replaced separate packaging with assembly packaging in pilot projects, saving 8,071 m3 of

	delivery volume annually; promoted integrated packaging in pilot products, saving 46,184 m3 of delivery volume annually.
Shouldering responsibilities and contributing to the global community	■ ZTE Foundation input CNY 14,044,030.80, launched 37 public welfare projects, and organized 73 volunteer activities. ■ ZTE has 3,173 volunteers, who offered 2,244 hours of voluntary services in total. ■ ZTE Foundation was rated the FTI full score for three consecutive years. ■ The Health Technology Assessment (HTA) Center developed its own "HTA-based dynamic adjustment mechanism for hospital drug catalogs" and donated it to medical institutions for free.

Stakeholder Engagement

ZTE attends to stakeholders' concerns and needs, and maintains extensive and sincere communication via diverse channels to address their concerns.

Stakeholder Category	Representatives	Expectations	Communication Methods
Shareholders and investors	■ Investors	■ Corporate business and fundamentals ■ Long-term development plans and financial performance ■ Corporate governance and risk control ■ Communication and interactions with investors	■ Regular information disclosure ■ Shareholders' meetings ■ Investor roadshows and meetings ■ Hotline and mailbox
Regulators	■ Governments at various levels and competent authorities ■ Securities regulatory commissions and exchanges	■ Compliant operation ■ Protection of the rights and interests of stakeholders such as customers and employees ■ Stable operation of products ■ Driving economic growth	■ Participation in relevant meetings ■ Communication with industrial associations
Customers	■ Relevant operators at home and abroad ■ Consumers ■ Businesses	■ Excellent product performance ■ Information security and privacy protection ■ Green product standards ■ Timely and efficient customer services	■ Pre-sales communication ■ After-sales services ■ Regular communication (such as customer visits) ■ Quality exhibitions ■ Third-party training
Employees	■ Employees	■ Rich contents about the capability building ■ Open and transparent development paths ■ Balance between work and life ■ Steady corporate development ■ Healthy and safe workplaces	■ Online platform for communication ■ Employee complaint hotline ■ Employee Assistance Program (EAP) ■ Employee representative meetings ■ Face-to-face talks with senior executives and other internal activities
Employee Families	■ Families of all employees	■ Health and safety of employees ■ Employee development	■ Open Day for employee families ■ Activities for caring employees' families ■ EAP

Suppliers	■ Suppliers of production materials ■ Service suppliers	■ Open and transparent selection procedures ■ Steady financial performance and reasonable payment policies ■ Long-standing and steady partnership ■ Fair, equal, open, and transparent procurement environment	■ ZTE Global Partners Day ■ Supplier training ■ On-site review and communication ■ Regular visits ■ High-level exchanges ■ CTO Day
Communities	■ Communities near plants ■ Areas designated for partner assistance ■ Global service community	■ Contributing to the sustained development of communities ■ Sharing the outcomes of corporate development	■ Face to face communication ■ Public welfare activities ■ Complaint hotline
Social organizations (such as media, NGOs and industrial associations)	■ Colleges and research institutes ■ Media ■ NGO ■ Industrial associations	■ Sound partnership ■ Timely sharing of experience and practices ■ Transparent information communication and sharing ■ Common growth across the industry	■ Press conferences ■ Regular communication ■ Project cooperation ■ *ZTE Communications* ■ *ZTE Technologies*

Activities in 2020

On November 6, 2020, ZTE attended the International Forum on Corporate Social Responsibility of Industry and Information Technology organized by MIIT and OECD in Shanghai. At the forum, ZTE elaborated on the CSR trends amid the current international situation and its CSR practices from four aspects, i.e. legal requirements, collaboration across the supply chain, cross-cultural integration, and CSR systematic management, which won recognition from all attendees.

On November 20, 2020, China Electronics Standardization Association, in collaboration with OECD, RBA, GRI and SEE Foundation, initiated the "Green Supply Chain Innovation Pioneering Program for the Electronic Industry in the Pearl River Delta". ZTE played an active role in the program, organizing a total of 64 members from 34 suppliers to participate in the training about the seven major modules under the program.

On June 30, 2020, ZTE held the 3rd Health and Safety Forum themed "Making Working at Height Safer" in Shenzhen. The forum gathered nearly 20 of the company's partners in engineering services, production, administration and some other fields, including the Emergency Management Bureau of Nanshan District, Shenzhen, and third-party professional organizations, and discussed issues related to health and safety, particularly risk control in working at height.

On September 25, 2020, ZTE attended the "2020 Sustainable Development (Shenzhen) Summit & Shenzhen Annual Meeting about Quality" sponsored by Shenzhen Association for Quality. At the event, ZTE representatives introduced the company's sustainability strategy and management philosophy, which were highly recognized by the attendees.

ZTE was listed among the top 10 of the "Top 20 Chinese Enterprises with the Best Overseas Image" released at the 2020 Chinese Enterprise Global Image Summit jointly organized by the Publicity Department of the Central Committee of the CPC, the State-owned Assets Supervision and Administration Commission of the State Council, and the All-China Federation of Industry and Commerce. At the summit, ZTE talked about issues like an enterprise's incorporation of global standards, localized management, ESG improvement and corporate culture development, the balance with social public welfare and environment, publicity strategies suitable for local society, and impact investment.

In September 2020, ZTE set up the Road Traffic Safety Work Station of Xili Industrial Park jointly with the Subdistrict Office and Xili Detachment of Nanshan Traffic Police Brigade, Nanshan District, to create a safer environment in the park and neighboring areas for both employees and the community.

From November 9 to 11, 2020, ZTE participated in the Information Communication Industry Supply Chain Management Seminar & "Family-Friendly" Enterprise Exchange Meeting in Hangzhou. At the meeting, attendees exchanged ideas about responsible supply chain management and the philosophy and policies of "family-friendly" enterprises. ZTE shared with attendees its practices in conflict mineral supply chain management aiming to "fulfill corporate CSR and advance responsible mineral procurement".

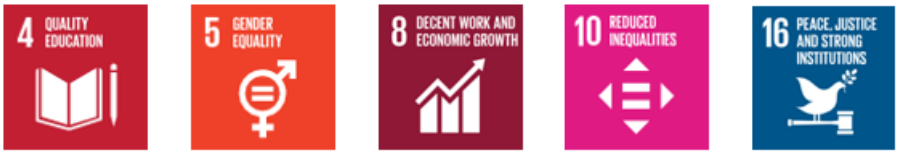
Reinforcing Internal Management and Pursuing Quality Growth

ZTE views internal control, compliance, and talent as three major cornerstones, and constantly strengthens internal management to ensure a continuous driving force for the company's sustainable development.

In 2020, ZTE sped up its digital transformation and kept attracting and motivating core talent. Meanwhile, ZTE stepped up compliance management and internal control to foster an upright corporate environment. Maintaining its strategic determination, ZTE strengthened execution along the three-phase path (namely, the recovery, growth, and expansion phases) to maintain stable and high-quality growth.

Our Objectives	Our Progress
Corporate governance ■ Pass the Business Continuity Management System (BCM) ISO 22301 certification, with the external review problem closure rate reaching 100%, and the scope of certification covering key products, main processes, and offices. ■ Improve the Business Continuity Planning (BCP) drilling rate to 100%, increase the number of BCM internal review trainees by 30.	**Corporate governance** ■ Successfully passed the ISO 22301 certification, with the external review problem closure rate reaching 100%, and the scope of certification covering key products, main processes, and offices. ■ By the end of 2020, ZTE had established integrated BCM organizations in 51 countries, developed BCPs, and completed drilling in 31 high-risk countries. BCPs were established in 100% of the countries exposed to BCM risks in engineering services. The number of BCM internal review trainees was increased by 30.
Compliance ■ Advance the construction of the anti-corruption and anti-bribery system, establish ISO 37001 anti-bribery management system and pass third-party certification. ■ 100% completion rate of risk assessment of key European subsidiaries, 1 international standard certification of ISO 27701 privacy information management system for core product lines, and 1 set of optimized data protection rules system.	**Compliance** ■ Passed the ISO 37001 certification for the anti-bribery management system, which covers the operations of subsidiaries in China and 36 other countries. ■ Completed risk assessments in 10 key European countries, obtained the world's first ISO/IEC 27701 international standards certification for privacy protection of 5G products, won the "BSI Privacy Strategy Contribution Award", issued 4 core rules for data protection, developed 39 scenario-based red lines, and launched 1 compliance control landscape for data protection.
Talent ■ Steadily expand the employee team. ■ Further enlarge the scope of training with 100% employee training coverage. ■ Upgrade the OHSAS 18001 certification to ISO 45001 certification, and pass ISO 45001 certification in four more countries.	**Talent** ■ ZTE employs 73,709 persons globally, and offers more than 5,000 jobs to college graduates around the world in 2021. ■ The average period of training was 102 hours per employee, and 100% of the company's employees were trained. ■ Upgraded the OHSAS 18001 certification to ISO 45001 certification, and passed ISO 45001 certification in the operation sites of four more countries, including Russia, Uzbekistan, Morocco and Mexico.

Contributing to the UN Sustainable Development Goals



Optimizing Governance and Preventing Operational Risks

In accordance with the *Company Law*, the *Securities Law*, the *Corporate Governance Standards for Listed Companies*, and relevant laws and regulations of the China Securities Regulatory Commission, ZTE has been continuously improving its corporate governance system, regulating corporate operations, and optimizing the internal control systems.

Optimizing Governance and Making Scientific Decisions

ZTE appoints its directors in strict compliance with the criteria and procedures set out in its *Articles of Association*, ensuring that the directors are appointed in an open, fair, just, independent and diversified manner. There are nine directors, including three independent non-executive directors and two female directors. Four specialized committees have been established under the Board of Directors, namely the Nomination Committee, Audit Committee, Remuneration and Evaluation Committee, and Export Compliance Committee. The majority of the members and respective conveners of these committees are independent non-executive directors, to make sure that these committees provide scientific and professional opinions in support of the decision-making process of the Board of Directors.

ZTE has established a corporate governance structure to ensure that all shareholders can fully exercise their rights and, especially the minority shareholders can, enjoy equal status. In accordance with the *Articles of Association*, a written notice will be given before the shareholders' general meeting to notify all registered shareholders of the issues to be deliberated along with the date and venue of the meeting. Shareholders (including their proxies) shall exercise their voting rights based on the number of their respective voting shares. Shareholders attending a shareholders' general meeting shall have the right to one vote for each share held. The company has introduced a combination of on-site and online voting to afford convenience to shareholders participating in its general meetings, as well as the practice of separately disclosing the votes of minority shareholders in announcements of resolutions of general meetings to give an adequate account of the views of minority shareholders.

For more information on corporate governance, please refer to the *ZTE Annual Report 2020*.

Risk Control and Stable Operation

In 2020, we further strengthened risk management featuring “three lines of defense” and the internal control system. On the one hand, we integrated and optimized risk control at the frontline through digital processes; on the other hand, we introduced the mechanism of reporting key issues to solve frontline problems, improve operational efficiency, and reduce operational risks.

1. Implementing Key Control and Management Online

To reduce process risks and realize online management of processes, we continued to put key control points online, incorporate rules, requirements, and business control into online processes, and connect processes to each other in the system, to quickly locate and control risks in the right window period; we effectively kept records about business operation to facilitate checks, reviews and analysis, hence the higher the level of management; we advocated transparent operations, which helped us quickly respond to and properly solve problems and risks. In 2020, we removed offline control over 15 business units, advanced manual or automatic online control, and prioritized online recording of operations for easy tracking and inspection.

2. Establishing the Mechanism for Reporting Key Issues

To solve frontline problems, improve the operational efficiency, and reduce operational risks, we established the mechanism for reporting key issues in 2020. After identifying key problems on a real-time basis, all departments can report the problems that they can't solve through current processes, that involve disagreement

with other departments, or that may bring major risks to the company, through the operation and management channel in the window period. The departments that conceal the problems or report the problems beyond the window period must be held fully accountable for the risks arising therefrom. In 2020, 77 key issues at the corporate level were addressed through the reporting mechanism, with the handling completion rate as 100%, and no major risks occurred.

Guaranteeing Business Security Through BCM

In 2019, we constructed the Business Continuity Management (BCM) system; in 2020, guided by the BCM Committee, the BCM Office led main business units and supporting departments in steadily advancing BCM in system operation and business integration.

We dealt with the sudden outbreak of COVID-19 in a timely and orderly manner, safeguarding business continuity of the company. Emergency response organizations were set up both at the company level and in various segments to take effective measures in response to epidemic changes. The BCM Committee participated in the crisis response planning and organization, and included the large-scale urgent public health events caused by epidemic into the corporate-level risk identification and planning. Meanwhile, to mitigate the impact of the epidemic on normal business operations as much as possible. In March, we organized remote working drillings on a large scale and in multiple batches to verify our infrastructure strength, the capability to organize remote working and the resilience of normalized remote working. By the end of May, we had developed the remote working drilling scenario and mechanism within a unified framework, which advanced the orderly progress of drilling. In the 4th quarter of 2020, our homeworking drillings covered more than 13,000 R&D staff members across the company.

In addition, we keep expanding the scope of BCM. In 2020, we completed drillings for 54 core systems, unified data backup, and launched Nanjing Unified Backup Platform. We put in place BCPs in 100% of the countries exposed to risks in global engineering services, and advanced the implementation of the plans in the countries.

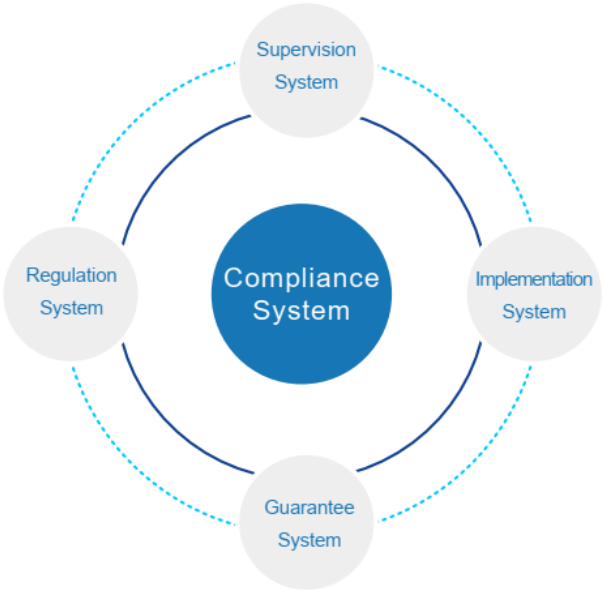
By the end of 2020, we had set up integrated BCM organizations in 51 countries, and developed BCPs and completed drillings in 31 high-risk countries. In China, we carried out BCP drillings in scenarios where the drillings were interrupted on purpose in 23 offices of Sales Division III and 7 regions/sales offices under the Government and Enterprise Business Sales Division China.

Adhering to Compliance in Operations and Keeping away from Red Lines

Operating honestly based on moral standards is the underlying principle that ZTE and its subsidiaries and affiliated companies follow in worldwide operations. ZTE is committed to building an industry-leading compliance system and achieving sustainable development together with its customers, suppliers and other business partners around the world.

Improving the Compliance Governance System

We view compliance as the core guarantee for corporate development. After years of operation, we've put in place an all-round compliance management system that covers supervision, implementation, guarantee and regulation.



Components of the ZTE Compliance System

As the supreme heads in charge of compliance management, the Chairman and the CEO of ZTE join the company's Compliance Management Committee together with all EVPs, SVPs and heads of some business units. According to the *Articles of the Compliance Management Committee of ZTE Corporation*, the Compliance Management Committee is a special functional organization responsible for the operation of the compliance management system and compliance-related decision-making, and the supreme deliberative and decision-making organization for compliance matters at ZTE. The Compliance Management Committee holds a regular meeting once a quarter to examine compliance matters at the corporate level, and holds temporary meetings to examine or address special issues or matters.

ZTE's Compliance Audit Dept. takes charge of compliance audit, and has set up a full-time role that receives and follows up compliance-related reporting. The Compliance Audit Dept. provides a reporting channel that's independent of other departments, and has the right to report directly to ZTE's CLO. In 2020, there were 105 compliance reporting leads received and investigated by ZTE, and for those proven to be true, the company's *Accountability Management Regulations* was exercised.

ZTE Code of Conduct guides corporate operations, and expresses what the company's requirements for employees as well as the high moral standards our customers, business partners and investors expect of us. *ZTE Code of Conduct* covers business ethics practice, information protection, good workplaces, external communication and CSR, violations and reporting, and is applicable to all the employees and partners of the company. This code of conduct was signed by the CEO of ZTE, and all employees of the company must receive training in the code through online platforms.

[Case] WeChat official account "Compliance Trivia"

The WeChat official account, "Compliance Trivia ", operated by the Legal and Compliance Division of ZTE, focuses on the researches and delivery of laws, regulations, and information in the compliance field. Since its opening in 2018, it has accumulated more than 10,000 followers and published 259 articles, 90% of which are original compliance news and research on laws and regulations, and has become one of the influential official accounts in the industry.

Advancing Anti-Corruption and Anti-Bribery Unremittingly

ZTE observes all the applicable laws and regulations concerning anti-corruption and anti-bribery, and rejects corruption or bribery in any form. In all countries where we have a presence, we uphold the principle of integrity and transparency when dealing with business partners and governments to ensure compliant operation.

By constantly optimizing the anti-corruption and anti-commercial bribery management system, ZTE passed the ISO 37001:2016 certification for the anti-bribery management system in November 2020, becoming the first Chinese company to obtain both the ISO 37001 certificate certified by the British Standards Institute (BSI) and accredited by ANSI-ASQ National Accreditation Board (ANAB).


bsi.

Certificate of Registration

反贿赂管理体系 — ISO 37001:2016

ZTE Corporation
ZTE building
No. 55, Hi-tech Road South
Hi-tech Park, Nanshan District
Shenzhen
Guangdong
518057
China

IABMS 726837

The anti-bribery management system in relation to research, development, procurement, sales and engineering service of system product business for telecom operators.

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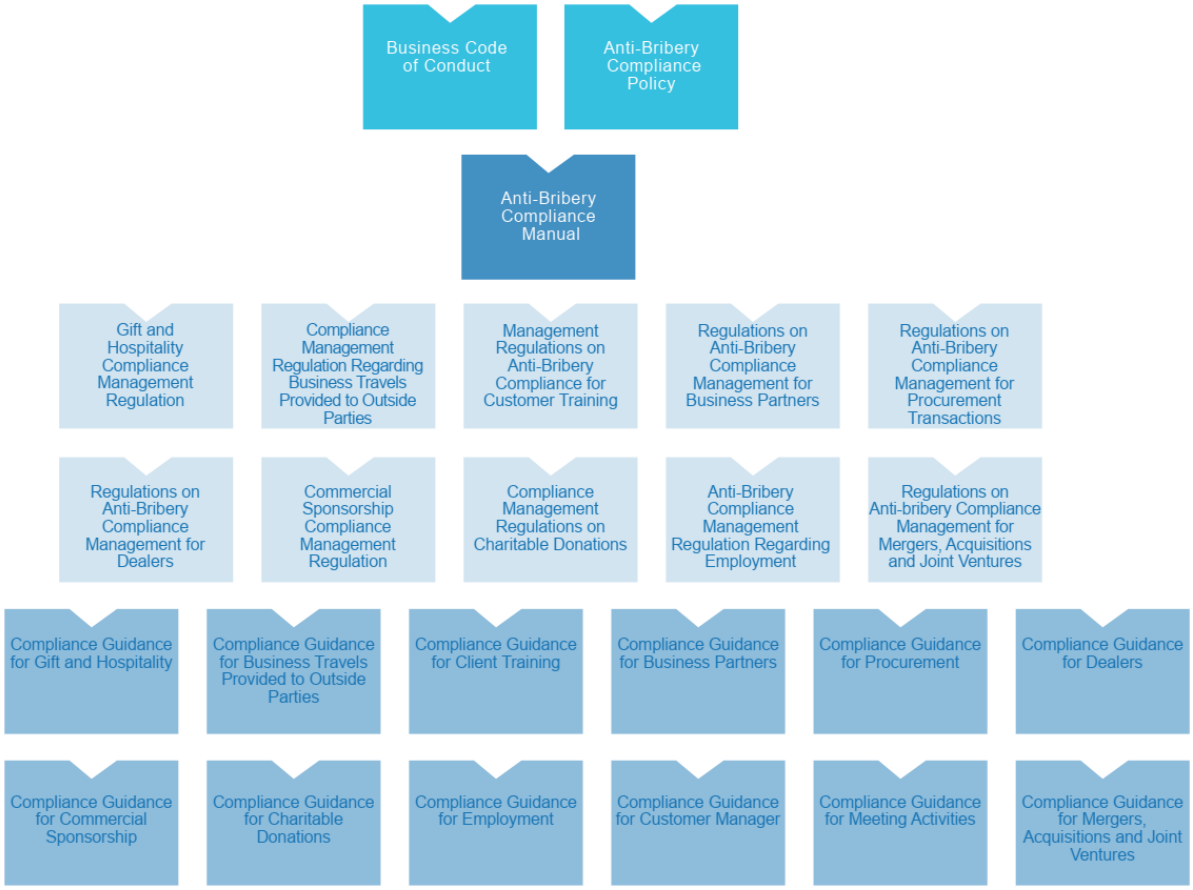
...making excellence a habit.

ISO 37001:2016 certificate for the anti-bribery management system

1. Anti-Bribery Compliance System

In 2020, based on the former anti-bribery compliance system, ZTE revised and released the revised the *ZTE Anti-Bribery Compliance Policy* and *ZTE Anti-Bribery Compliance Manual*, and developed management regulations that meet the business demands and guidelines that can be applied to specific business or countries/regions. These regulations and guidelines form an anti-bribery compliance system that consists of one code, one policy, one manual, and ten sets of management regulations. The system provides all-round compliance guidance for the company's employees, workers of contractors and external partners when they conduct business on behalf of ZTE.



ZTE's Anti-Bribery Compliance System

2. Anti-Bribery Risk Evaluation and Control

Every year, we regularly conduct risk assessment of relevant regions or fields, constantly refresh the risk database, adjust compliance management strategies and measures to adapt to the changes and risks in operations in a timely and accurate manner, and firmly implement the risk-oriented compliance management principle, to ensure the company's anti-bribery measures are reasonable and appropriate. Our anti-bribery risk assessment team evaluates compliance risks as comprehensively and accurately as possible through such approaches as document reviews, data analysis, interviews, questionnaire surveys, and brainstorming. The scale of operation, business model, the location of operation, parties involved in trading, types of trading, business partners, government relation, local customs, and laws and regulations are also taken into considerations. On such a basis, the team develops risk assessment reports, communicates with relevant business units about risk assessment results, and coordinates the implementation of the policies, regulations and processes targeted at specific regions or fields. In 2020, we completed the anti-bribery compliance risk assessment for key countries located in Europe, Asia, Africa and South America as planned.

Continued supervision over anti-bribery compliance is a major part of the supervision and inspection required in the company's anti-bribery management system. It aims to exercise continued supervision over the effectiveness of the design and execution of the anti-bribery management system, and urge the rectification of defects and weaknesses. In 2020, the company completed continued supervision and inspection over 25 business units across the world. In the first quarter of 2021, we will complete the rectification and closure of the problems identified in the inspection. The Compliance Audit Dept. will regularly conduct compliance audit according to the annual plan to locate system defects and weaknesses, and urge responsible units to complete rectification.

Meanwhile, we established a complete whistleblowing mechanism. In daily supervision, operation or compliance audit activities, anyone who finds potential corruption, bribery, fraud, or other violations in the business activities

conducted by business units or partners can report the case at any time. The company will address the potential bribery, fraud, or other violations in a timely manner.

3. Publicity on Anti-Corruption and Anti-Bribery

In 2020, we carried out anti-corruption and anti-bribery publicity activities in diverse forms. In addition to the annual training for all employees in heightening the anti-bribery compliance awareness, we organized the campaign themed Month of Integrity Culture, helping honest operation be deeply rooted among employees' awareness through message pushes on combating corruption and upholding integrity, employee interviews, animation videos about honest operation, and knowledge competition about honest operation.

To improve the awareness of the employees exposed to high risks, we produce a compliance training video on a quarterly basis on such topics as anti-bribery awareness, expenditures related to operating activities, compliance of business partners, and application of due diligence tools. We also customize training for key business units, and publicize the knowledge about compliance control for key posts.

Guaranteeing Export Control Compliance

We strictly observe all the applicable laws and regulations about export control and sanctions, and constantly input huge resources to ensure compliant practice around the world and secure the steady implementation of our global strategy.

1. Updating Export Control Policies

In 2020, we updated and released the *2020 Export Control Compliance Policy*, which clearly specifies that ZTE strictly observes the applicable laws and regulations of the countries where it operates, including all the provisions in the laws and regulations about economic sanctions and export control. Based on the policy, we worked out *ZTE Global Compliance Manuals for Export Controls and Economic Sanctions–Corporate-Level Manual* and 12 BU-level manuals.

2. Implementing Risk Assessment and Control

ZTE's Export Control Compliance Dept. keeps tracking and maintaining the lists of restricted parties related to export control and economic sanctions around the world, as well as the list of items subject to the EAR. It provides support for constantly updating the internal systems for export compliance control to ensure our business is always in line with our compliance controls. Moreover, it teamed up with business units in identifying restricted parties for 20 times in 2020, to enable close collaboration between compliance control and business.

ZTE's Compliance Audit Dept. organizes the export compliance audits, and supervises the effectiveness of the company's export control compliance system. In 2020, according to the annual audit plan, it audited nine key subsidiaries/business segments, and guided and supervised the audited units in rectifying the problems found in the audit, thus realizing the closed-loop management of problems, and supporting the constant improvement of the export control compliance system of the company.

3. Deepening Compliance Training

In 2020, the Export Control Compliance Dept. continued to publicize relevant knowledge, released 16 articles about export control cases or knowledge, and completed four research reports, that is, the *Research on Company's Monitorship Mechanism*, *Research on the Factors Affecting Compliance Tools and the Optimization of the Screening Function*, *Research on the Key Elements in Compliance System Construction – Risk Assessment*, and the Brief Analysis of China's Export Control Legal System. The department provided nearly 40 general or professional ability training sessions for its employees. In addition, the company provided online and offline compliance training for over 31,000 person-times of contractors and partners in 2020.

Strengthening Data and Privacy Protection

We attach great importance to privacy protection, abide by all the applicable laws and regulations concerning data and privacy protection in the countries and regions where we operate, put in place a complete compliance system, and exercise systematic risk control. We continue to intensify data and privacy protection, and has established the compliance strategy of "meeting compliance requirements, preventing risks, promoting business implementation, and building compliance trust to ensure business sustainability and jointly create a sound ecosystem in compliance".

1. Rules System and Risk Assessment

We've put in place a four-level rules system for data protection compliance, which consists of policies, manuals, regulations, and scenario-based guidelines. In 2020, we developed and released four core regulations, namely, the ZTE Data Protection Compliance General Rules, Personal Data Breach Response Process, Data Subject Right Request Response, and DPIA Specifications. We also released one compliance control landscape for data protection (including 72 compliance guidelines), five red lines for data protection compliance, and 39 items under 17 topics of two categories of scenario-based red lines.

Meanwhile, we deepened the classification and grading of risks involved in lines of business, developed the risk matrix for data protection, completed the risk profiles for eight major lines of business, evaluated and rectified high-risk business scenarios, reinforced compliance in mobile device business, sorted and addressed the risks in engineering services, and implement exemplary governance of information systems. We advanced assessment of risks in European countries, developed tools for country-by-country risk assessment, analyzed the data protection risks, and corresponding data protection compliance measures involved in the business scenarios of our ten key subsidiaries in Europe, and quantified the risks in key European regions. In 2021, we'll move forward risk governance and make it cover all of our European subsidiaries to enable risk control over key regions in an all-round way.

2. Process Optimization and Compliance Governance

We apply the philosophy about privacy protection to product design and service provision, view privacy protection as a major part of the core competence of the company, and join hands with customers, suppliers, and partners to achieve sustainable development based on compliance.

In 2020, we prioritized the inclusion of Privacy by Design (PbD) into the R&D process.

- In terms of system products, we included PbD control into the High Performance Product Development (HPPD) process, carried out key activities like the analysis of the demand for data protection compliance and the evaluation of the impact of data protection, and introduced data protection review into demand concepts, system plans, outcome verification，and the finalization of design, so as to exercise control over data protection compliance at the source.
- In terms of mobile device products, by embedding the security baseline, we realized the assessment of data protection risks in various fields, ranging from mobile device development, customer service, supply chain, to ecological products, and performed risk governance in key fields like R&D and customer service. In this way, we promote the joint building of compliance across the industrial chain and meet the reasonable expectation of users for the protection of personal data.
- In terms of information systems, we comprehensively analyzed the current risks involved in the protection of data in the company's information systems, carried out compliance governance for the data protection of 26 high-risk information systems to improve the response to the risks involved in data protection compliance.

In 2020, our 5G NR/UME products passed the BSI review, and obtained the ISO/IEC 27701: 2019 international standards certificate, indicating our dedication to providing worldwide customers with safer, more reliable, and more compliant 5G wireless products and solutions and delivering 5G networks of higher standards as well.

Meanwhile, we released the *5G Application Scenario and Privacy Protection Research Report*, to contribute to the control of privacy protection risks in 5G application scenarios.

ISO 27701 Certificate

Report for the Research on 5G Application Scenarios and Privacy Protection

3. Awareness Training and Capability Output

In 2020, we optimized the data protection training system, heightened employees' awareness of data protection, further trained the professional ability of both full-time and part -time employees dedicated to data protection compliance, developed one general course on data protection and nine courses about special topics like personal data leakage and data protection stakeholder management, completed twelve COE expert training sessions and twelve BU compliance team training sessions, and tested the training effect with examinations.

In May 2020, we held the "5.25 Data Compliance Annual Meeting (2020)", released the *GDPR Law Enforcement Case White Paper (2019.5-2020.5)*, which analyzed 132 law enforcement cases in 19 countries in the European Economic Area (EEA) and defined the red lines based on scenarios. In November 2020, we were honored the Privacy Strategy Contribution Award by BSI for our outstanding contribution to privacy protection compliance.

GDPR Law Enforcement Case White Paper (2019.5-2020.5)

Privacy Strategy Contribution Award honored by BSI

Improving Compliance Whistleblowing

In 2020, to strengthen the implementation of compliance and test the execution of compliance, in addition to establishing an extensive mechanism for internal whistleblowing, we also engaged Shanghai Qin Li Law Firm,

a member of the global networks of Deloitte Legal, as an independent external third party to provide professional whistleblowing service, which includes one website, one e-mail box, and two hotlines that are collectively called "ZTE Whistleblowing Service" (https://tip-offs.com.cn/zte/). Officially put into operation on March 31, 2020, the platform allows anyone to blow a whistle about improper behaviors and will accept all the information submitted by whistleblowers.

ZTE Whistleblowing Service adopts high-level confidentiality standards, multi-level authorized access, and data protection measures to ensure that the information provided by whistle-blowers is protected from divulgence and unauthorized access, modification or destruction. All disclosure reports and information shall be kept by the law firm. Without consent of the person, the identity information of the whistle-blower will not be disclosed to ZTE.

To fully protect whistleblowers' personal information and their rights and interests, we released the *Regulations on Compliance Reporting*, which clearly specify the policies and measures to protect the information provided by whistleblowers and to counter retaliations.

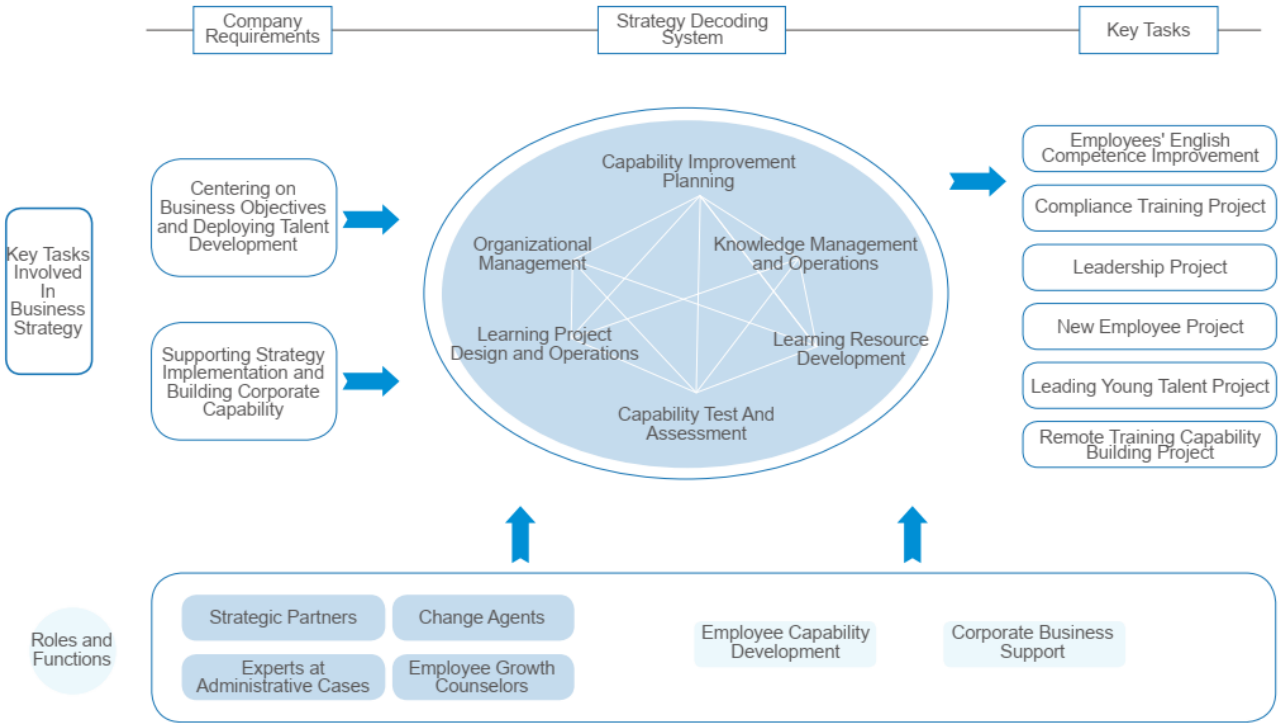
The company has zero tolerance for any form of retaliation. Any retaliation will be considered a serious breach of company compliance policy and will be subject to severe penalties up to dismissal. Any case that involves the threat to the whistleblower's personal safety and constitutes a crime will be transferred to public security authorities for handling.

Leading with Talent and Supporting Employee Development

A sound and healthy talent echelon is fundamental to the sustainable development of an enterprise. Focused on people and based on the corporate development strategy, ZTE works to build a tailored talent training system, ensures employees' rights and interests in all aspects, smoothens the channels for employees to communicate and express, and provides an all-round compensation and benefits system to help them achieve the balance between work and life.

Talent Training and Capacity Building

In 2020, with the focus on strategies, performance, productivity increase, business alignment, precise employee enabling, and corporate efficiency, we further improved the talent training system to promote the sustainable development of the company. To improve employees' capabilities and bolstering corporate business, we identified six key tasks from six perspectives.



ZTE's Framework for Employee Learning and Capability Improvement in 2020

In 2020, we compiled over 80 courses about 5G end-to-end solutions, developed more than 1,000 copies of learning materials in various fields, and held 100-plus training courses to meet employees' demands. Our learning platform have more than 6,000 visits every day, up 200% from 2019. Following 2019, ZTE was awarded the Excellence in Practice again by ATD in 2020, indicating its talent work was highly recognized in the industry.

[Case] Advancing the Share Option Incentive Scheme and Expanding the Scope of Motivation

In October 2020, ZTE announced the 2020 share option incentive scheme, which was the fourth incentive scheme released by the company. According to the scheme, a maximum of 163,472,000 A-share stock options were to be granted, accounting for 3.5% of the company's total equity. A total of 6,123 grantees were involved in the first grant, representing 8.8% of the company's total employees.

ZTE further increased R&D input in core technological fields, and strengthened 5G talent training and reserve to improve its competitiveness in the industry. The share option incentive scheme is aimed to establish a long-term incentive mechanism closely linked with the company's performance and long-term strategy, enhance the sense of mission among

the management and backbone employees for the company's sustainable and healthy development, and pave the way for the company's sustainable development in the long run by building the competitiveness in human resources.

1. Layered and Precise Training of Employees

Given the different positioning and demands of internal talents, we have put in place a complete system for the layered training of talents, which customizes training for new employees, employees in production lines, engineers, senior technicians, and management members, and provides employees with various channels for career development.

Leading young talents are the core technicians ZTE cultivates for the future. In 2020, we invited lecturers, such as the company's senior executives and external experts, to offer frontier training both online and offline, and combined internal training with external visits. In 2020, we developed 24 more leading young talents, bringing the total number to 43. In terms of practical achievements, through challenging projects, the leading young talents obtained 177 patents, 62 standards, and 27 external awards; 30 projects were honored the Scientific and Technological Innovation Progress Awards in 2020, 17 of which saw the leading young talents be the first recipients, accounting for 56.6% of the total.

As for employees in production lines, we screened out key positions with technical superiority and a longer cycle of training, and set up skill training sites as the places for both old and new employees to practice and improve their skills and have their skills checked and accepted. At present, we have a total of 47 training sites, which cover all production departments related to parts, wired and wireless networks, distribution, and mobile devices, etc. An average of 300 employees are trained each month at training sites, and the skill eligibility rate among new employees is kept above 85%. In 2020, the "Lean Classroom" was established at the Nanjing Intelligent Manufacturing Base, and corresponding teaching videos were developed to enable training for employees across the whole process from distribution to parts and whole devices, covering SMT solder paste printing, pasting, backflow, welding test, assembly test, device assembly, testing, packaging, maintenance, and some other major procedures in manufacturing.

As for new employees, given the impact of COVID-19, we promoted capability building through online learning centering on four themes: cloud-based classes, cloud-based activities, cloud solutions, and cloud culture. In total, we trained 5,770 employees, held 28 training sessions, and invited 233 lecturers. In 2020, the satisfaction degree of trainees and leaders of business units was 98.35 and 96.78, respectively.

Employee Training Indicators in 2020	Unit	2020
Per capita training hour among male employees	Hour	104.03
Per capita training hour among female employees	Hour	91.29
R&D personnel	Hour	96.62
Production personnel	Hour	101.44
Administrative personnel	Hour	76.33
Marketing personnel + customer service personnel	Hour	117.21
New employees participating in training	Person-time	6,480
Hours of lecturing	Hour	1,289.5
Number of new courses on the online learning platform (PC)	Course	1,461
Number of courses on the online learning platform (PC)	Course	14,857
Number of persons learning through the online platform	Person-time	702,772
Number of new courses in the mobile application	Course	248

Total number of courses in the mobile application	Course	1,645
Total number of persons learning through the mobile application	Person-time	716,106

2. Contributing to the Industry's Talent Reserve

While strengthening employee training, ZTE also collaborates with universities and research institutes and delivers knowledge to universities and customers to contribute to the reserve of talents in the industry.

ZTE Electronics Manufacturing Vocational School is an important platform for ZTE to collaborate with external vocational institutions. In 2020, it held 116 professional training sessions that involved 346 hours of lecturing in total, with the trainee qualification rate as 85%. By far, ZTE has established a complete mode for the cooperation with universities, which includes:

- **Off-campus internship bases:** After students finish elementary courses, teaching and training at ZTE's internship bases are organized to combine teaching with production and improve the students' professional skills.
- **Talent training for the company:** ZTE and universities jointly develop talent training plans and organize teaching and training to synchronize teaching and production and integrate internship and employment.
- **Secondary school:** Based on disciplines, universities set up a secondary school in collaboration with ZTE. Universities and ZTE work together to develop training plans, establish the curriculum system, build the teaching team, construct the internship base, educate and manage students, offer employment services and guidance, and share product R&D information.
- **Sponsorship:** ZTE offers scholarship for trainees of the university-enterprise cooperation class, and grants awards through skill competitions to encourage students to practice and refine skills.

By far, ZTE has established partnership with 50-plus secondary or senior vocational schools in Shenzhen, Heyuan, Nanjing, Changsha, and Xi'an, and is expected to provide nearly 3,000 professional talents for the industry every year.

While delivering quality products, we also enable customers with knowledge to ensure they can accurately master product performance and use products efficiently after delivery. By far, we have established the course, lecturer, internship, and certification centers to provide customers with better knowledge services. Focusing on the customer training scenarios, we aim to achieve end-to-end operation of learning projects, and provide training for customers efficiently and precisely.

ZTE's Customer Training System

[Case] Enabling Customers with Professional Training

ZTE organized a senior training program about 5G wireless networks for China Mobile, providing the core technicians of 5G wireless networks with a one-month MOOC self-learning course via ZTE eUniversity. After strict selection based on results of online learning, telephone interviews, China Mobile grade examinations, as well as training and working experience, trainees entered the 8-week offline training program. A total of 188 trainees from 22 provinces took part in the program.

ZTE organized a 5G-themed training program for China Telecom, with a training plan that combined MOOCs, livestreaming of theory lectures, and on-site practice. Over 100 persons from the customer participated in the 6-month training. As for practice presentation, the iLab employs a 5G end-to-end practical operation environment of China Telecom to deliver the training in the customer's business scenarios, which was highly praised by the customer.

ZTE provided a Thai operator with the first training program themed 5G transport networks in overseas markets. Through online livestreaming, the program trained 147 persons from the customer in nine sessions, and involved over 200 training hours, or about 33 working days.

ZTE launched the "Sword-Sharpening Action" targeted at Chinese engineering service subcontractors. In 2020, 41 sessions were organized both online and offline, involving 380 class days and 1,085 trainees, and focusing on engineering service skills and knowledge related to 5G wireless networks, 5G transport networks, 5G core networks, and project management. Through the program, workers of Chinese engineering service subcontractors significantly improved their skills, effectively helping customers build 5G networks.

[Case] Innovating in Digital Learning with the ZTE Livestreaming Classroom

ZTE launched the livestreaming classroom to export knowledge to the industry and the public, accelerating the implementation of digital learning. Since it was put online in February, 22 product line experts and lecturers of ZTE University have been invited to deliver 28 sessions of livestreaming lessons among customers and the public, publicizing ZTE's strength and brand image as a 5G pioneer. The lessons attracted over 120,000 person-times on a cumulative basis. More than 3,500 minutes of MOOC courses were offered at the same time, covering over 240,000 person-times in total. Meanwhile, special livestreaming classes were also launched for operators at home and abroad, with 155 sessions completed and 5,523 person-times involved.

ZTE set up the cloud iLab, which covers all products, all modes, and all scenarios. iLab allows customer to access at any time and any place, and enables participation in scenarios like business presentation, sandtable simulation, and troubleshooting competition. Since it was launched in May 2020, iLab has served more than 5,000 person-times.

In 2020, ZTE provided knowledge services to 14,306 person-times externally on a cumulative basis. As 5G gradually becomes the hottest topic, persons attending 5G training accounted for 63% of the total.

To ensure that industry training is standard and consistent, ZTE's technical certification system introduces unified standards. Based on the syllabus, teaching materials, and question bank for certification, we established series of certification of different types to meet varying business needs, so as to build a staged learning path to professional skills and help both individuals and organizations grow.

[Case] Connecting with ZTE

Committed to the digital transformation of the whole society, ZTE shares with the society its ideas and plans about how to realize technological innovation amid uncertainties through the program of "Connecting with ZTE." By far, five sessions have been organized under the program, involving trainees of the School of Economics and Management (SEM) of Tsinghua University, the entrepreneur delegation from Henan Province, and representatives from the Shenzhen Power Supply Co., Ltd. of China Southern Power Grid and Ping An Insurance. Through interactions with ZTE's experts and visiting ZTE's exhibition hall, the visitors saw the fruitful results achieved in China's 5G new infrastructure construction, and discussed the new trends of the digital transformation of enterprises and the digital economy. Through the visit to

ZTE Corporation Museum, they learnt about the technological innovation and internationalization of the leading Chinese enterprise over the past four decades since Shenzhen's reform and opening-up.

Rights Protection and Health & Safety

1. Employees' Rights Protection

In strict accordance with the laws and regulations of the countries where ZTE conducts its business activities, we have formulated the *Onboarding Management Process for Employees Recruited from Society*, the *Management Standard for the Chinese Campus Recruitment*, the *Guidelines for Compliance in Labor Employment*, and the ZTE Policy on Human Rights and Labor Rights. We prohibit any form of discrimination based on race, nationality, skin color, gender, or religious beliefs, and have fully guaranteed employees' equal access to recruitment, employment, compensation and benefits, training, and promotion.

Forced labor is strictly prohibited by ZTE. Each employee is entitled to days off in accordance with local laws and regulations as well as corporate policies. To ensure labor compliance in all business units, we have set up global labor compliance risk prevention and control mechanisms for the standard operation of labor business processes.

Child labor is strictly prohibited by ZTE. We have adopted multiple measures in each of our employee recruitment process to verify the identity of applicants to ensure that no child workers are recruited.

In 2020, we updated the Special Protection Regulations for Female and Juvenile Workers, which was incorporated with the protection content and scope for female employees, the list of prohibited positions for juvenile employees, and the age requirements of positions.

We have continued to promote localization and give preference to local employees in overseas recruitment to repay local employment markets. In the context of global pandemic, we offered over 5,000 job opportunities to global college students in the 2021 Campus Recruitment. In addition, we strengthened the recruitment of overseas Chinese students, and continued to organize campus recruitment of local students in Indonesia, to diversify our talent team.

Staff Information Index	Unit	2020
Male employees	%	77
Female employees	%	23
Proportion of international employees in the following areas		
Asia Pacific (excluding Chinese mainland)	%	81
Africa	%	35
Europe	%	71
North America	%	45
South America	%	67

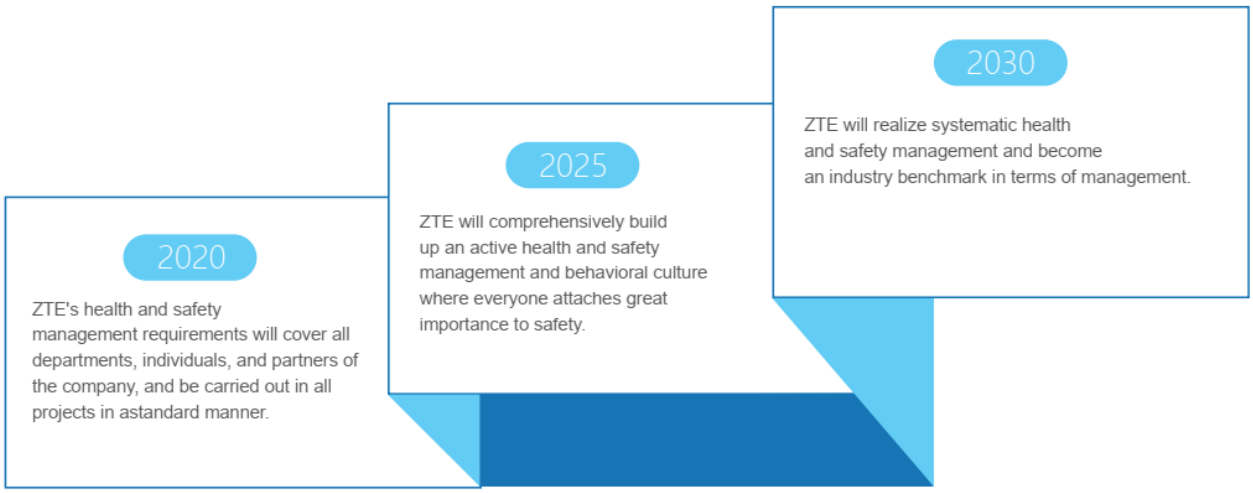
2. Workplace Health and Safety

ZTE endeavors to create a health and safety culture incorporating "Love and Responsibility", which means creating a sustainable healthy and safe environment with "Love" as the bond and "Responsibility" as the mission. We have been working with customers and partners to continuously improve the health and safety awareness along with our management level, so as to set industry benchmarks and create social value.

In 2020, ZTE updated the *Health and Safety Policy, Driving Policy, and Alcohol and Drug Policy*, which were signed and issued by the President of the company.

We have continued to strengthen the building of a health and safety management system. In 2020, we passed the ISO 45001 certification in Russia, Uzbekistan, Morocco, and Mexico in addition to another 23 countries where we have obtained the certificate. To realize the goal of zero health and safety accidents, we have drawn a roadmap for the next decade. In 2020, we optimized management processes, offered training for all employees and those in key positions, and intensified measures like potential risk identification, routine inspection, accident investigation, audit as well as reward and punishment. The number of minor and major injuries was down by 27.78% year on year, reaching the goal of a 20% decrease for the year.

Health and Safety Management Indicators	2019	2020	Percentage Change
Incident rate per 200,000 working hours	0.7625	0.4997	Down 34.47%
Lost time incident rate per 200,000 working hours	0.1708	0.1360	Down 20.37%



ZTE Health and Safety Plans and Objectives

Continuous efforts have been made to perfect process management. In 2020, we published the *Management Regulations for the Inspection of Health and Safety and the Check and Governance of Potential Hazards*. In addition, to advocate safe and healthy behaviors better, we published the *Health and Safety Behavior Requirements and Rewarding and Punishment Regulations*, which provides the basic regulations for health and safety management and behavioral requirements for all staff, as well as the rewards and punishment, and further specifies the rewards and punishment and red lines.

On August 1, 2020, the company's new accident management system (HSAMS) was put into use. The system realizes online operation of the entire process from accident reporting to rectification, reduces human influence, and greatly improves health and safety management efficiency.

[Policy] Health and Safety Management Red Lines

- Intentionally hide, misreport or delay the reporting of accidents; damage accident scene, destroy relevant evidence, and do not cooperate in accident investigation;
- Force operators to violate regulations and work at risk;
- Falsify health and safety training and health and safety inspection records;
- Falsify safety production licenses, equipment safety inspection certificates, and personnel safety qualification;

- Appropriate health and safety funds for other purposes;
- Be engaged in specialized operations without valid certificates.

We have carried out training and qualification examinations for different positions to improve staff competence and ensure work safety.

- 79 more employees were certified for specialized operations, covering forklift driving, radiation safety and protection, management of hazardous chemicals, and elevator operation.
- 1 more employee completed Nebosh IGC training and certification.
- In our safety production management personnel training, 241 more employees were certified. 451 more employees received the certificate in first aid training, the distribution of whom cover all offices and floors in Shenzhen, Nanjing, Shanghai, and Xi'an. For new employees, we realized full coverage of safety education at company/department/office and team levels.
- In the 2020 health and safety exam for all employees, 99.63% participated in the exam and 99.47% passed the exam, higher than 99.01% and 97.80% respectively in 2019.

In October 2020, Guangdong Emergency Management Services Association held a comprehensive evaluation of our factories in Shenzhen, covering safety production objectives, organization, operation safety, occupational health, hidden accident investigation, and comprehensive control. In the end, we passed the Level 2 evaluation of safety production standardization with 87.6 points (12.6 higher than the standard score)

Communication Channels and Employee Benefits

1. Smooth Communication Channels

We value the voice of employees, and build diversified communication channels, including email, social media, and communication platforms as well as communication with senior management and staff congress, to provide employees with convenient and direct feedback mechanisms and encourage them to speak out for continuous improvement of the company.

ZTE Employee Communication Channels

[Case] Communicating with Senior Management

To draw the management closer to the staff and strengthen communication and exchange, we organize a series of communications activities. Over 17 senior management members participated in more than 20 communication activities, among which 7 activities were implemented at company level, including three theme seminars attended by the President and Executive Vice Presidents, one micro interview attended by Senior Vice Presidents, and three ZTE Forums.

In the second half of 2020, many business units organized communication meetings of varied forms between the senior management and new employees recruited from campus in 2020 in combination with respective business characteristics, and the company publicized the highlights of 13 communication meetings to enhance the employees' sense of belonging.

During activities of "Communicating with Senior Management," 64 cultural representatives attended discussions with senior management at 17 places. 52 questions were raised on the spot, and all have been replied at or after the discussions.

[Case] Listening to the Voice of Production Employees, and Solving Appeals Efficiently

For production employees, we have established comprehensive complaint channels, including

- Section chief and director mailboxes;
- President mailbox;
- Audit and reporting (including telephone, e-mail, letters)
- Hotline (including HR cloud or business contact person);
- The departments hold team meetings, discussions and communications from time to time to answer employees' questions. Employee representatives, primary-level representatives, and leaders participate in the activities.
- Official website of ZTE.

2. Improving the Welfare System

We have been constantly improving the employee welfare system, and earnestly promoting EAP to channel employees' negative emotions under the pandemic; we pay sustained attention to employees' special demands and offer help to employees with difficulties and their family members; we also set up the culture and sports associations to ensure our employees balance their work and life.

■ Acting for the benefits of employees

In 2020, to care more about employees and improve their sense of fulfillment and happiness, the trade union increased festival bonus and activity funds, offered preferential funds to the front line and the primary-level employees, and added welfare plans including pantry transformation, overtime meal, and canteen food improvement for the benefits of employees.

■ Helping employees out of their difficulties

In addition to purchasing commercial insurance for employees, for employees of special groups and their families, we provided help for employees with difficulties, and gave a certain amount of subsidies to seriously ill employees and employees that suffered from work injuries or unexpected difficulties or their families. In 2020, we offered relief money to our employees and their immediate family members that suffered from emergencies and critical illnesses, and 56 people were helped. When immediate family members of our employees passed away, we provided our condolences, covering 239 people.

[Case] Greatly Promoting the EAP, Caring about the Mental Health of Global Employees

To ensure physical and mental health of our employees during the pandemic in 2020, we strongly promoted the EAP to channel negative emotions of our employees in time and protect the health of our employees and their families. First of all, we actively explore new ways to provide medical and psychological consultation for employees overseas by building a telemedicine support platform, organizing remote lectures on COVID-19 prevention knowledge and remote psychological lectures, and establishing connections with professional health organizations at home. We also strengthened psychological consultation to our employees. The employees could make an appointment for "one-on-one" video psychological consultation. Professional psychologists would popularize psychological health knowledge to help the employees relieve emotional pressure.

Face-to-face consultation is available in Shenzhen, Shanghai, Nanjing, and Xi'an. Employees of other places (including overseas employees) can receive consultation over the phone. Through cooperation with third-party professional organizations, we arranged 11 offline stationed psychologists, 3 offline trainers, and 3 online trainers. All of them have the Second Level Occupational Qualification Certificate.

In 2020, the EAP provided more than 1,000 hours of service and nearly 200 offline consultations. Ten online and offline training, team counseling, and EAP activities were held, covering approximately 10,000 employees.

■ Work and Life Balance

ZTE highly values and respects personal interests and hobbies of our employees, and provides various resources and supports. By the end of 2020, we have set up 214 culture and sports associations. There are sports associations of 11 categories including basketball, football, and badminton, and associations that cover various interests like art, entertainment, and reading, to ensure the physical and mental health of the employees. We also organize theme activities in combination with traditional festivals of different countries to enliven cultural life of the employees and strengthen corporate coherence.

Photo 1: COVID-19 prevention lecture for overseas employees, training more than 400 people

Photo 2: Saudi Arabia: Celebrating the Chinese New Year

Photo 3: We are in Germany to Celebrate the Spring Festival

Photo 4: Mexico: "Talent Night" to Celebrate Christmas

Photo 5: Italy: ZTE Cooking Competition

Photo 6: The Best ZTE Captured in Your Mind, a photo collection activity

Empowering Industries Through Innovation and Achieving Shared Success in the Digital Economy

According to the New Prospects of Global Digital Economy (2020) issued by the China Academy of Information and Communications Technology in 2020, the trend of global economic digitalization is getting obvious in recent years as digital, internet-based and intelligent transformation of traditional industries accelerates and the size of digital economy keeps growing. The added value of digital economy has increased by USD 1.6 trillion from USD 30.2 trillion in 2018 to USD 31.8 trillion in 2019. Digital economy is speeding up the integration into other industries and has become a new driver of global economic development.

ZTE endeavors to become a driver of digital economy. We actively participate in new infrastructure construction from multiple dimensions together with all partners to enable economic and industrial transformation. We provide high-quality products and services for our users and keep reducing impacts on the environment in this process. In this way, we share economic achievements and a promising future of digital economy with global communities.

Our Objectives	Our Progress
Innovation ■ Intensify fundamental research and innovation of underlying technology to build a core advantage. ■ Power 5G intelligent manufacturing with 5G, promote ZTE's product development and empowerment in key industries, and facilitate digital transformation of global partners.	**Innovation** ■ We have had more than 80,000 global patent applications and been granted more than 36,000 patents. ■ We have formed nearly 100 5G innovative application scenarios and over 60 pilot projects, and worked with more than 500 partners in industrial, transportation, energy, government, financial, cultural and tourism industries.
Customer Rights and Interests ■ Complete supplier development and product lifecycle process evaluation for the GSMA Network Equipment Security Assurance Scheme (NESAS). ■ Initiate projects in the 5G network equipment security specifications (SCAS_5G) developed by 3GPP. ■ Release new security vulnerability bounty programs externally. ■ Further strengthen the quality management system and expand the certification scope of products and production bases.	**Customer Rights and Interests** ■ In July 2020, ATSEC, a GSMA-accredited auditor, completed a security assessment of the development and product lifecycle processes of ZTE 5G NR and 5G Common Core products. ■ The New WID on Security Assurance Specification for Inter PLMN UP Security (SCAS_IPUPS) project led by ZTE was approved, and the project is scheduled to be completed in June 2021. ■ In October 2020, ZTE released a new security vulnerability bounty program as a way to encourage security practitioners and organizations around the world to give feedback on security vulnerabilities in ZTE's products and services. ■ In 2020, 63 categories of the company's products passed the ISO 9000 certification. Nanjing Intelligent Manufacturing Base became a new certified site, and a total of 11 sites of ZTE have been certified in China.
Responsible Procurement ■ Ensure that all new suppliers sign the *Supplier CSR Agreement*, and continuously promote supplier capability building and training. ■ Receive feedback from all suppliers involved in conflict minerals investigations, and complete conflict minerals audits on all high-risk suppliers.	**Responsible Procurement** ■ All new suppliers signed the *Supplier CSR Agreement*. We held centralized training for production suppliers, and more than 220 employees of over 150 suppliers participated in the training. We organized 64 members from 34 suppliers to participate in the training of 7 modules in the Pearl River Delta Electronic Industry Green Supply Chain Innovation Pioneer Project.

	■ Received feedback from all suppliers involved in conflict minerals investigations, and completed conflict minerals audits on all high-risk suppliers.
Green Development ■ Participate in the Carbon Disclosure Project (CDP) and obtain a B rating. ■ The ton of standard coal equivalent of the Shenzhen Manufacturing Base reduces by 1054.86 tce from 2016 to 2020. ■ Continuously reduce product energy consumption and build green 5G. ■ Reduce the total emissions of Volatile Organic Compounds (VOCs).	**Green Development** ■ Our CDP rating reached B level. ■ The ton of standard coal equivalent of the Shenzhen Manufacturing Base reduced by 1,879tce from 2016 to 2020. ■ Self-developed multimode baseband chips and multimode digital intermediate-frequency chips adopted the 7nm process. Compared with the 16nm process, the power consumption of the 7nm baseband chips and intermediate frequency chips was 50% and 58% lower respectively. ■ We replaced cleaning equipment, and replaced oil-based cleaning agents with water-based cleaning agents, reducing emission of VOCs from 46 tons per year to 4.5 tons per year, which is equivalent to 0.66kg per hour.
Global Public Welfare ■ Continuously improve the governance of ZTE Foundation and promote key projects in an orderly manner.	**Global Public Welfare** ■ ZTE Foundation has put a total of CNY 14,044,030.80 in 2020 in global public welfare, implemented 37 public welfare projects, and conducted 73 volunteer activities, with 3,173 volunteers and 2,244 hours of volunteer services. The HTA Center's self-developed "HTA-based dynamic adjustment mechanism for hospital drug catalogs" was granted intellectual property rights and shared among medical institutions.

Contributing to the UN Sustainable Development Goals

Empowering Industries Through Innovation and Building the Infrastructure for the Digital Economy

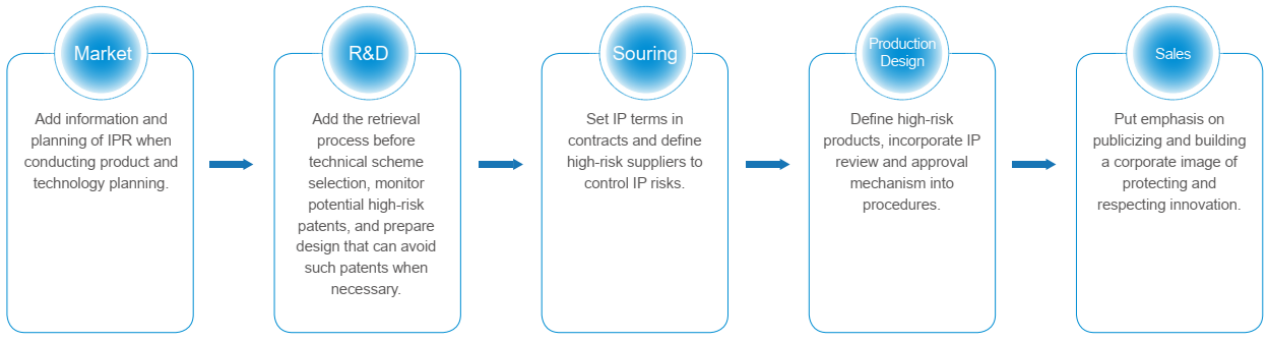
ZTE is committed to being a driver of digital economy, and create and share the development opportunities of digital economy with related parties to jointly promote healthy development of digital economy.

Intellectual Property and Risk Management

We have a sophisticated and systematic intellectual property (IP) organizational structure covering such core business sections as IP applications, IP monetization and risk management, trademark and/or copyright, process and asset management. Relevant functional departments focus on patent application from two perspectives, namely active application and passive response. in this way, we ensure that our global businesses use others' intellectual properties in a lawful and reasonable manner and at a reasonable price, thereby achieving flexible business operations and controlling legal risks in terms of IP. In addition, we strive to ensure that other enterprises use our intellectual properties in a lawful and reasonable manner and at a reasonable price, to protect our innovations, get returns from innovation, and eventually build a complete IP business system for ZTE.

[Case] The Incorporation of Risk Control of Intellectual Property in HPPD Process to Eliminate Risks in Time

We incorporate IP risk inspections into the HPPD process, covering business scenarios including market, R&D, procurement, production design, and sales, and IP fields including patent, trademark, copyright, and business secrets. We also incorporate risk control points into internal business procedures to reduce risk probability and alleviate the impact of risks. In recent years, we focused on the core products/technologies and further controlled IP risks at key technological points.



In recent years, we have improved internal mechanisms, actively participated in law making and amending processes at home and abroad through various channels including the International Chamber of Commerce, industrial associations, and competent authorities, to express industry concerns and promote the optimization of top-level design for intellectual property.

For 5G terminals, we closely follow technological development to conduct management and planning of patents, getting involved in 5G radio frequency, 5G protocol optimization, 5G network management, and 5G network performance. We also pay close attention to hot technologies for 5G mobile phones, such as screen voice, under-screen sensor and under-screen camera, and continuously pay attention to vertical industries. We make in-depth progress in management and planning of patent for Internet of Vehicle for two consecutive years.

As of the end of 2020, we have had more than 80,000 patent applications and about 36,000 patents granted worldwide. In the field of 5G, according to a report issued by a famous international patent statistics company, IPLytics, in February 2021, ZTE ranked among the global top three in terms of 5G Standard-Essential Patents (SEPs) declared to the European Telecommunications Standards Institute (ETSI).

IPR Indicator	Unit	2019	2020
Total number of patent applications worldwide	10,000	7.4	8
Total number of patents granted worldwide	10,000	3.4	About 3.6

Supporting Industry Innovation and Empowerment

Upholding the idea of "building the infrastructure for the digital economy and empowering different industries", we are committed to being a leader in industry digitalization. In 2020, with focuses on industry, transportation, energy, government and finance, we built fundamental competences, namely deterministic precision network, distributed precision cloud, industry intelligent video, and intrinsic security, and launched such products as XRExplore, IOT and AGV, to support industry innovation and empowerment.

1. Industry

In the industrial field, we provide clients with comprehensive ICT solutions based on private 5G network, AGV, machine vision, XR remote assistance, video monitoring, and industrial IoT platform, mainly covering industrial manufacturing, ferrous metallurgy, and wine making enterprises and industrial parks.

The Nanjing Intelligent Manufacturing Base plans a project of 40 application scenarios under 16 categories. 10 scenarios including machine vision, remote AR guidance, cloud-based AGV, digital twin of small cell and industrial park patrol and inspection, and unmanned patrol and cleaning have been applied online. Based on ZTE XRExplore and video conferencing platforms, we develop intelligent rail vehicle solutions together with CRRC and China Mobile Jiangsu. With technologies such as 5G cloud XR application and multi-party remote collaboration technology, we model the massive data of the vehicles, carriages, and meta-components of CRRC Nanjing Puzhen Co., Ltd. in 3D and visualized them in XR terminals, thereby realizing business scenarios such as multi-people remote collaborative R&D, expert remote diagnosis, unmanned production, remote operation, and remote maintenance. In this way, we help CRRC Nanjing Puzhen Co., Ltd. improve its production and operation efficiency, and facilitate the rapid recovery of manufacturing capacity during the epidemic.

In Anshan, ZTE works with Ansteel to build the first 4.9G private corporate network in China for surface inspection of band steel, motor monitoring, and monitoring of belt conveyor corridor in the iron and steel industry.

In Zhanjiang, ZTE partners with Baowu Steel to sort out and gradually implement over 30 application scenarios. Zhanjiang Baowu was also China's first corporation that has a self-built 5G core network. Data collection, centralized control, and remote maintenance empowered by the private 5G network can effectively improve automation efficiency, and through online monitoring and diagnosis and predictive maintenance of equipment, unplanned shutdown can be reduced; the service life of equipment is prolonged; and the annual loss can be reduced by CNY 9 million.

In Yunnan, ZTE signs a strategic cooperation agreement on the construction of a 5G+ intelligent factory with Wenshan branch of China Mobile Yunnan and Yunnan Sunho Aluminum Co., Ltd. The cooperation focuses on the 5G+ intelligent factory (park) national benchmark construction project of Yunnan Sunho and aims to jointly build a first-class intelligent hydropower aluminum factory in China.

In the 3rd Blooming Cup 5G application contest, ZTE's 5G+ industrial project won four first prizes in the national finals.

2. Transportation

In 2020, with a focus on four transportation segments, including urban rail transit, high-speed rail, highway, and port, we develop products that are expected to lead the future of 5G and V2X, built cloud-network integration solutions for transportation, and provide relevant IT infrastructure and basic platform services to users in the transportation industry and partners in the ecological chain.

In Guangzhou, ZTE and China Mobile Guangzhou jointly launch the "World's First 5G Smart Transportation Demonstration City" and "Guangzhou 5G Pilot City" plans and demonstrated the achievements of digitalization of 5G-enabled traditional transportation network. 5G innovation applications in the transportation industry related to high-speed railway, subway, public transit, road administration, and connected driving jointly provided by ZTE and our partners start to emerge, including the world's first 5G smart high-speed railway application, the world's first 5G slicing application in smart subway, the world's first 5G scheduled bus route, the world-leading 5G intelligent connected driving, and the world's first 5G highway patrol. With ZTE's 5G network, AI and big data technologies, the security efficiency in subway stations, bus transportation capacity, and the identification rate of hidden dangers in roads and bridges are significantly improved, thus comprehensively enhancing traffic safety and operational efficiency.

In Beijing, ZTE and Beijing Jiaotong University establish the first 5G and transportation industry application laboratory in China. As an experimental platform of railway applications and terminals, the lab is oriented at the 5G-R industry, and undertakes some of China Railway's testing and certification work. In addition, ZTE and China Academy of Railway Sciences set up the Railway 5G Innovation Laboratory to lead China Railway's 5G-R equipment testing. In the future, all high-speed trains will be required to pass ring road testing before being put on test lines.

In Wuxi, we actively participate in the construction of the IoV Pilot Zone and constantly improve ZTE's vehicle-road coordination system, promote integration of the urban government system, transportation system, and third-party platforms, and formulate smart public transport and smart transportation solutions with the Wuxi municipal government and partners.

ZTE RSU Demonstrated in Internet of Vehicles Pilot Zone in Wuxi, Zhejiang Province

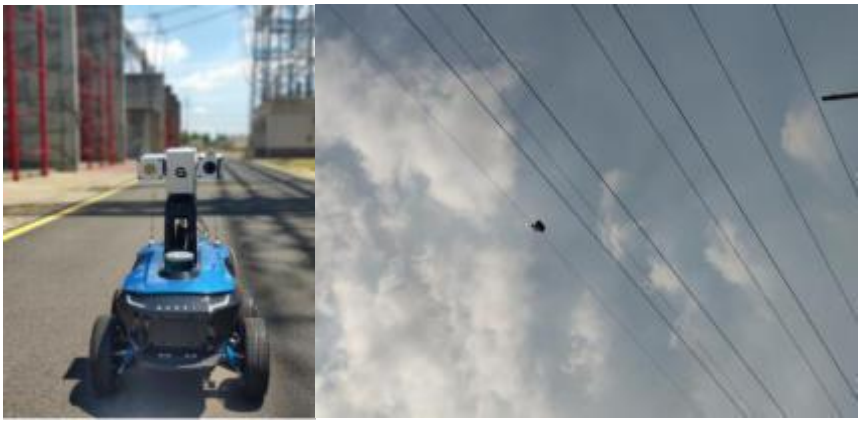
In addition to the IoV Pilot Zone in Wuxi, we also participate in several vehicle-road coordination projects in pilot zones in Changsha and Xiong'an together with our partners, and actively explore business models and scenario innovation, to comprehensively promote the development of the C-V2X industry and the construction of smart transportation.

At Tianjin Port and Shenzhen Yantian Port, we work together with our partners to use 5G+ digital technology to promote the upgrade of ports, increase operating efficiency, and build future-oriented smart ports.

3. Energy

In the energy field, with a focus on smart grid and private network for mining, we go deep into the industry and develop private network solutions that could radiate to other fields. Through the formulation of standards for the energy industry, we join hands with top research institutions and enterprises in the energy field and deeply explore industry demands to develop unified standards for customized terminals and technical requirements for private network.

In Guangzhou, ZTE works with the Guangzhou Power Supply Bureau of China Southern Power Grid and China Mobile Guangzhou to build the industry's first and largest 5G smart grid application demonstration grid in Nansha, Guangzhou. There are 54 application scenarios at present, and 14 types of services have successively gone online, including micro-second high-precision timing, millisecond differential protection, PMU, power distribution automation, and amphibious robot for live-line work, etc. The number of business scenarios and verification progress are both leading in the industry. ZTE, China Mobile Guangzhou, and China Southern Power Grid have jointly built more than 100 stations at the Nansha 5G Smart Grid Comprehensive Pilot Zone. Business scenario verification was done at the end of 2020. In 2021, we will complete 54 types of grid services, sort out commercialization models in 5G vertical industries, and form standard business models that can be popularized, to lay the foundation for comprehensive commercialization of 5G+ smart grid.



Examples of Business Scenario (Left: substation patrol robot; right: amphibious robot for live-line work)

In Shaanxi, ZTE and our partners establish a 5G innovation promotion center, build the first SA-based 5G private corporate network in Shaanxi, and complete the incubation of 5G innovation business scenarios, including industrial patrol robot, 5G eye of mine, 5G UAV patrol video backhaul, 5G expert guidance system, full-view VR monitoring, and intelligent video analysis of underground conveyor belts, in the 5G demonstration zone of Shaanxi.

In Shanxi, ZTE and our partners jointly build the industrial pattern of Shanxi coal in 5G+ industrial Internet and smart mine, enable intelligent transformation of coal mines, and study implementation of 5G in management, production, safety, and environment protection, to promote transparency, flexible manpower line, and unmanned operations of mines management.

4. Government and Finance

In the field of government and finance, we provide integrated ICT solutions on the basis of cloud base, video cloud platform, and IOT platform to clients, mainly covering government, bank, insurance, securities, and big companies.

In Hu'nan, we assist in building the world's first provincial government cloud platform that adopts the "three-place and four-center" architecture to visualize all business scenarios, laying a solid technological foundation for new infrastructure construction.

In Wuchang, we help to build the first district-level big data center and government cloud platform in Hubei, facilitating intensive utilization and unified management of resources, COVID-19 prevention and control, support for the disabled and the elderly, grid management, hazard detection, and management of legal persons of catering enterprises.

In Xining, we help to build the urban operation management center with information technologies including cloud computing, IoT, Internet, and big data, promoting system innovation and model innovation of urban governance and enhances scientific, precise, and intelligent management of the city.

At the 2020 Asia-Pacific Smart City Awards held by IDG Asia, the Hu'nan government cloud project won the "2020 China Leading Provincial Smart Government Cloud Award", the Xining smart city project won the "2020 China Leading Smart City Award", and the Wuchang District smart city project won the "2020 China Leading Smart District Award".

We cooperate with the media industry to jointly explore in-depth integration of 5G, big data, big video, and AR technologies, and have launched integrated solutions to 5G+ new media projects. Based on ZTE's advantage in 5G technology and products as well as partners' advantages in the media industry, we jointly promote the R&D and commercialization of new 5G media applications and set good examples of 5G application in the media industry.

5G holographic technology applied in interviews of Xinhua News Agency at the Two Sessions 2020

In the financial field, we support the industry with our distributed database, GoldenDB, and remote intelligent banking, promote the building of China's financial technology ecosystem, and empower digital transformation of the financial industry.

Following the launch of GoldenDB in the credit card core banking system of CITIC in October 2019, GoldenDB was launched in the account core banking system of the head office of CITIC in May 2020. Then GoldenDB successfully withstood the NetsUnion stress test and was successfully used in the Double 11 shopping festival, year-end settlement, 618 shopping festival and quarterly interest settlement. The system has 300 million users, of which the daily average trading volume has reached 300 million, and the total trading amount has exceeded CNY 4 trillion. In 2020, we worked with more partners and launched the system in core business of SPD Bank, DRC Bank, China Bohai Bank, Bank of Guizhou, and Bank of Ganzhou. In addition, we cooperate with China Unionpay Data. GoldenDB will be launched in China Unionpay Data's credit card system, and will serve the credit card core business of more banks in China.

At the 2020 PMI Awards, ZTE's GoldenDB distributed database won the 2020 PMI (China) Project Excellence Award, which is the only IT-related product winning the award this year.

With new technologies including facial recognition, 5G, VR/AR and distance collaboration, we exert our strength on remote intelligent banking, and build a long-distance service capability platform, helping ordinary people to break through the limitation of physical distance to enjoy contact-free intelligent financial services safely and efficiently, and helping banks reduce costs and improve efficiency. At present, pilot projects have been implemented in several joint-equity banks. Based on remote intelligent banking, we develop a cloud computer that drives industry innovation. Through intelligent and visualized operation and maintenance analysis system, a cloud computer realizes remote real-time monitoring of virtual desktops, terminals, servers, and networks, automatic fault location and warning, remote batch maintenance, and the security management efficiency is improved by over 90%.

5. Expansion to Global Markets

In Thailand, ZTE and AIS build a 5G industry application incubation center to jointly explore application scenarios of 5G in industrial field. The center has launched a 5G smart factory project and 5G+ smart healthcare solutions.

In Austria, ZTE partners with Hutchison Drei Austria and IoT40 to carry out a 5G Bee-o-Meter research and pilot project, aiming to improve the living environment of bees and protect the ecological system via 5G and visual analysis technologies.

In Belgium, ZTE cooperates with Orange to explore the application value and business model of 5G SA in vertical industries at the port of Antwerp and has realized industry applications such as telecommuting, video backhaul, AR remote guidance, and emergency communications.

Empowering and Facilitating Digital Inclusion

As the world ushers in the era of mobile Internet, smartphones bring earthshaking changes to people's lives, but there still some people who don't have access to digital technology. Using mobile phones as catalysts for digital inclusions, we bring a brand new technological experience to the public and enable undifferentiated empowerment and integration of technologies to bridge the digital divide.

For elderly users, we have launched senior-specific mobile phones with optimized system design enabling easier reading, emergency call, and remote assistance functions.

For children, we have developed a watch that is IP67 waterproof and features one-button call, hands-free mode, noise cancellation, pinpointing, "electronic fence", long endurance, and clock functions, ensuring all-time care for the children and convenient use by children. Regarding the design, the UI is customized based on children's diversified preferences, and graphical icons and buttons are adopted to improve experience. As to parent-child interaction, parents or guardians could contact their children in real time through voice calling, and learn about the real-time position of their children through geofencing and positioning functions.

For other special groups, we have developed Tracker that offers real-time positioning and one-click call for emergency situations for the seniors with Parkinson's disease.

In addition, we have developed AXON series mobile phones that support hardware and software customization to meet particular industry demands. The explosion-proof mobile phone developed for the coal industry has passed industry explosion-proof certification and served a lot of coal industry users. The government version realizes the division of work area and living area through a dual system and ensures the security of mobile office.

Securing Customers' Trust by Defending Their Rights and Interests

As customers are the core resources of the company, we always put their rights and interests as a top priority. We standardize our products and enhance privacy protection in line with international standards to provide customers with safe and best-in-class products. Meanwhile, we stay responsive to customer needs through our global customer service system. All these efforts have won the trust of our customers.

Effectively Safeguarding Cybersecurity

We have integrated security policies and security controls into every stage of our product lifecycle. We have established a cybersecurity guarantee mechanism that covers the lifecycle of products from R&D to supply chain and manufacturing, engineering services, and management of security incidents, to enable end-to-end secure delivery of products and services.

In 2020, ZTE's Cybersecurity Committee constantly benchmarked our products against the requirements of customers and regulatory authorities, stayed up to date with the news about the implementation of GSMA NESAS, 3GPP SCAS, EU Toolbox, the Cybersecurity Law of the People's Republic of China, and the Regulations of Cybersecurity Classified Protection 2.0, and integrated external security requirements into our business processes to stay ahead of the competition in terms of cybersecurity.

In 2020, guided by the security governance system made up of three lines of defense, we improved internal standards and regulations for business fields including R&D, engineering services, and supply chain, and optimized relevant business processes by adopting the security frameworks of GSMA NESAS and NIST CSF and learning from best practices, providing customers with products and services of higher security levels.

Regarding the organizational structure, we set up a security design team in 2020 to improve management with respect to process standardization, technical system, and personnel competence.

- We have released the *Product Security Specifications – Security Design Guide* and evaluation standards for the effectiveness of security design, which standardize the processes and requirements for security design.
- We have established a system of security requirements for products, including classification of security technologies, company-level guide to cybersecurity design, and other technical standards. We have also built cybersecurity knowledge libraries based on the design processes, to guide improvement on the efficiency and effectiveness of product-wise security design.
- We have developed the *Course Series on Security Design Certification* and the security design skill evaluation standards for directed training and assessment of security design personnel, and established a continuous capability enhancement program for security design personnel.

[Case] Systematically Promoting Cybersecurity Through Global Cybersecurity Labs

In 2019, we established three cybersecurity labs in China, Belgium, and Italy to enable independent security verification of our products and services by global customers, regulators, and stakeholders

With improved infrastructure, the cybersecurity lab in Nanjing constantly conducted spot checks on independent security verification and performed closed-loop management of vulnerabilities detected to ensure that the vulnerabilities are fixed and properly handled. According to independent verification statistics in 2020, the average number of vulnerabilities and the number of nonconformities in the tested projects were generally down, which guarantees safe, credible, and reliable products delivered to customers. The lab also made active efforts for personnel improvement, by organizing 66 internal and external training sessions covering 57 topics.

In 2020, the cybersecurity lab in Brussels launched security verification projects with different parties, and completed security assessment of the R&D and end-to-end processes of our 5G NR and 5GC products in July by ATSEC, a designated auditor of GSMA. It is a strong evidence for the alignment of our HPPD process with the industry requirements.

The cybersecurity lab in Italy is not just a place where security experts work, but also a platform where ZTE cooperates with various organizations, especially colleges and other academic institutions, in capability building and knowledge sharing. The lab actively cooperated with the telecommunications union of colleges and universities and other organizations in Italy to carry out technical evaluation and supervision. It also participated in the Risorgimento Digitale project to popularize digital network learning and create more value for local communities.

To optimize internal security verification capability, we strived to foster an open ecosystem. In 2020, we held the Capture the Flag (CTF) competition in cooperation with Chaitin, carried out CISAW training together with Jiangsu Electronic Information Product Quality Supervision & Inspection Institute and obtained the level-1 information security risk evaluation service certification, and organized training in advanced penetration testing together with Shanghai Anhu Information Technology Co., Ltd., to enhance our evaluation competence.

We also cooperated with companies including Synopsys, TUV iT and DBAPPSecurity to audit source codes of related products, and conducted penetration testing of 5G products together with P1 Security to ensure product security.

We actively evaluate our products and disclose vulnerability-related information. In 2020, we disclosed *21 security vulnerabilities*, including 4 low-risk vulnerabilities, 13 medium-risk vulnerabilities, and 4 high-risk vulnerabilities. The discovery and control of relevant vulnerabilities further guaranteed the security of customers' networks, equipment, and data.

In addition to the security of our own products, we also make contributions to the product security progress of the industry through knowledge sharing. In September 2020, we published *the Security, Transparency and Assurance in a 5G World* white paper with Omdia, a world-leading market research institute. In this white paper, we introduced to the industry how to mitigate the risks posed by digitalization through comprehensive security control and shared our successful practice in assuring 5G cybersecurity.

Security, Transparency and Assurance in a 5G World jointly published by ZTE and OMDIA

In 2020, the mobile device cybersecurity lab guaranteed cybersecurity of mobile devices from demand, design, development, testing, and emergency response. The IoT cybersecurity baselines, IoT security design solution, IoT security testing solution, and automatic vulnerability scanning platform filled the gap in security of IoT mobile device products. Through thorough feasibility analysis and comparative verification, the mobile device security team developed API-based dynamic tracking tools that can monitor sensitive behaviors in Apps in real time and detect potential malicious activities.

[Case] Reinforcing Protection of Mobile Device Security

Mobile devices, the controller of ToC data, bear greater responsibility and pose higher risks. In 2020, we established a three-level review process covering the entire product lifecycle from data collection to transmission, storage, use, sharing, and destruction, to ensure privacy protection compliance from the perspective of cybersecurity technology and legal compliance, and applied the review results to each project. Meanwhile, we also developed a privacy scanning tool, which technically enables closed-loop management of project testing by adopting a reverse technology to conduct static analysis on the 24 types of sensitive behaviors of APK (Android Package).

Constantly Pursuing Excellent Quality

In the 5G era, we have created a customer-centric "Intelligent and Simplified" digital quality management mode that enables Built in Quality (BIQ) of R&D, improved supply chain and service processes through digital methods, and solved quality management problems through technical approaches, based on the principle of addressing complicated problems by ourselves and leaving customers as little trouble as possible. In 2020, our products and manufacturing bases in China with ISO 9000 certification accumulated up to 63 categories and 11 sites respectively. In addition to the newly certified Nanjing Manufacturing Base, manufacturing bases certified include Shenzhen Hi-Tech Park, Xili Industrial Park, Heyuan Manufacturing Base, Nanjing Manufacturing Base, Xi'an Manufacturing Base, and Changsha Manufacturing Base.

To promote the quality management culture, we encourage our employees to voluntarily form Quality Control (QC) teams aiming to address relevant difficulties, constantly enhance quality, reduce consumption, improve environment, and elevate personnel efficiency and economic benefits. 3,154 QC projects were registered and 2,670 were completed in 2020, which hit record highs. These projects covered 171 departments of 9 fields, including production, R&D, process, pilot test, and engineering service, involved more than 44,000 participants, and saved about CNY 150 million for the company.

At the 10th Employee Technological Innovation Sports Meeting and Skills Competition of Shenzhen in 2020, we won one gold medal, two silver medals, three bronze medals, and two excellence awards. The "Survival in Adversity" team of the Wireless Production Dept. of our Supply Chain won the "Model" prize, the top honor, at 2020 National QC Team Results Presentation Competition.

[Case] Promoting Company-Wide Quality Control

In September 2020, we held various activities in our Quality Month under the theme "Quality Created by Everyone, Quality Shared by Everyone" to build company-wide quality culture. At the Quality Month kickoff meeting, Chairman Li Zixue stressed that every employee should uphold the sense of responsibility and sense of mission for quality and work with each other to achieve our strategic goal with high-quality products and services.

Chairman Li Zixue's Inscription for the 2020 Quality Month

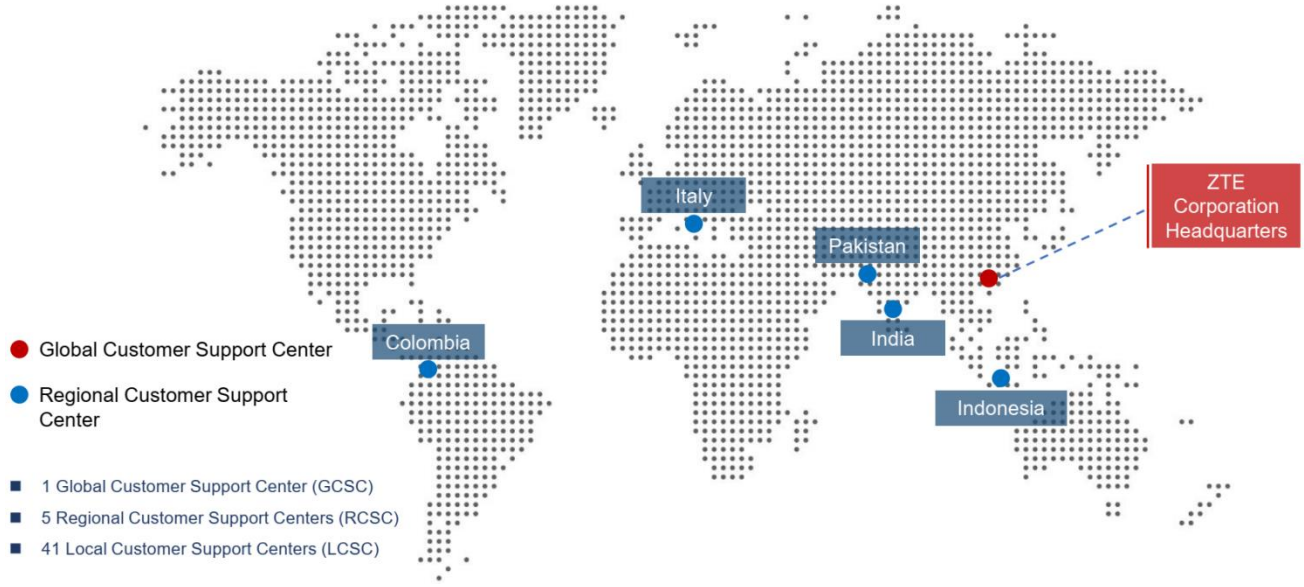
On the Quality Day in the Learning Week of the Quality Month, we carried out various activities, including company-wide online feed of quality knowledge, display of the video about employee' thoughts on quality, and offline quizzes. The quality awareness of all employees was promoted through various forms, including "Quality Representatives' Meeting", "Call for Partner Quality Improvement", "Rewards for Tough Quality Tasks", "Learning of Essential Quality Knowledge", "Excellent Courses of Quality Training School", "Video Learning of Front-line Key Working Procedures", "Grassroots Quality Improvement QCC Workshop".

We have also promoted informatization of quality management and built a quality measurement platform that enables one-stop query and analysis of measurement indicators and that facilitates quick identification of product quality issues. Based on online data collection and intelligent data processing, we promoted transformation of quality management from post-event analysis to prediction and prevention, speeding up response to and efficient closure of problems. In 2020, the first pass yield of 5G major products was greatly increased, with the number of critical failures with system products 32.8% lower than that in 2019, and the cumulative return rate of mobile devices reduced by 46.2%.

Staying Responsive to Customer Needs

It is our goal to bring better products and services to our customers. To that end, we constantly optimize our management standards and tools for customer communication and services to ensure timely and high-quality feedbacks to customers.

We've build a three-level customer support system that consists of representative offices/engineering service offices, network service departments, and R&D teams to ensure high-quality and timely feedback to front-line demands. In addition, we have service agencies around the world to ensure timely response to requests from customers all over the world and provide efficient and high-quality technical support.



Global Customer Support Network

In 2020, we updated the Product and Service Problem Complaint Handling Process. This standard classifies complaints into product complaints, delivery (supply) complaints, engineering complaints, and service complaints, so that we could precisely assign the complaints to corresponding departments by category and track the complaint handling until they are solved.

In response to constraints caused by the COVID-19 pandemic, in 2020, we adopted cloud service delivery and developed professional support channels for customers and front-line offices. Customers and front-line offices could submit service requests through hotline, official account, Support website, and IT systems. Through centralized handling and remote support, we guaranteed normal delivery of services during the COVID-19 pandemic, and improved delivery efficiency. In 2020, our emergency recovery time was shortened by 50% year on year, and the timely recovery rate of faults and problems was increased by 6.4% year on year.

In 2020, we hired a world-leading market research company to conduct a satisfaction survey of operators in China and overseas, which covered end-to-end fields and all entire processes. The result shows that our customer satisfaction ranked tier-1 around the world. We have been widely applauded by customers in terms of product stability, accessibility, supply capacity and logistics, delivery quality, preventive inspection, and after-sales support.

For mobile devices, we updated the Regulations on the Handling of Major Market Quality Problems of Mobile Device Products to improve the problem handling efficiency. Even during the COVID-19 pandemic, we provided uninterrupted out-of-warranty service to overseas customers, which extended the product service life and reduced electronic waste. In 2020, we offered out-of-warranty service 38,856 times to customers in Europe and Japan.

In 2020, our customer service personnel provided user service approximately 300,000 times through hotline and email.

In overseas countries, we promoted the return-for-repair service by courier service to reduce the risks caused by going out and ensure user satisfaction. By the end of 2020, the proportion of return-for-repair by courier in one overseas country increased from less than 5% in 2019 to a monthly average of 15%.

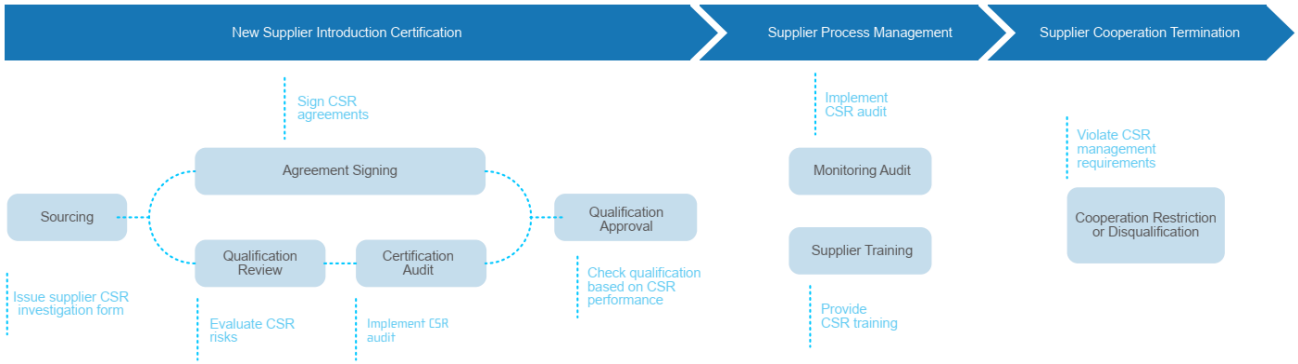
Upholding Win-Win Cooperation to Grow with Partners

We are committed to building a long-term, steady cooperation relationship with our partners, implementing strategic procurement, and constantly exploring cooperation opportunities with strategic partners to form partnerships featuring mutual trust, stability, and sustainability.

Continuously Improving Supplier CSR Management

We have established a supplier CSR management system covering labor rights, health and safety, environmental protection, hazardous substances control, information security, cybersecurity, business ethics, and next-tier supplier CSR management. We have issued the Supplier Code of Conduct, incorporated it into the new supplier certification process, existing supplier cross-category certification, existing supplier monitoring audit process, audit process for site addition or change of existing suppliers, and relevant IT systems, and defined CSR management requirements for every key stage in the lifecycle of supplier management.

- Introduction and Certification Stage: CSR performance is a key indicator, and failure to meet the CSR requirements will lead to disqualification.
- Process Management Stage: CSR training as well as CSR supervision and audit shall be implemented in this phase.
- Cooperation Termination Stage: Suppliers in violation of the CSR requirements will be either subject to limited cooperation or disqualification.



ZTE Supplier CSR Control Landscape

During supplier certification, all suppliers are required to sign documents including but not limited to the Supplier CSR Agreement, the Supplier Security Agreement, the Supplier Commitment Letter of Transparent Cooperation and Anti-Bribery Compliance, and the Supplier Commitment Letter of Environmental Protection, to guarantee compliance with our bottom-line requirements. During the new supplier certification audit, existing supplier audit for cross-category certification, monitoring audit of existing suppliers, and audit for site addition or change of existing suppliers, we have adopted the Structured On-Site Audit Scoring Sheet_SDA Module for synchronous onsite CSR audit.

ZTE Supplier Structured On-site Audit Modules and Weights

For nonconformities found from on-site audit of suppliers, we will follow up suppliers' rectification through the SCC (Supply Chain Collaboration) website, and conduct verification till the problems are closed.

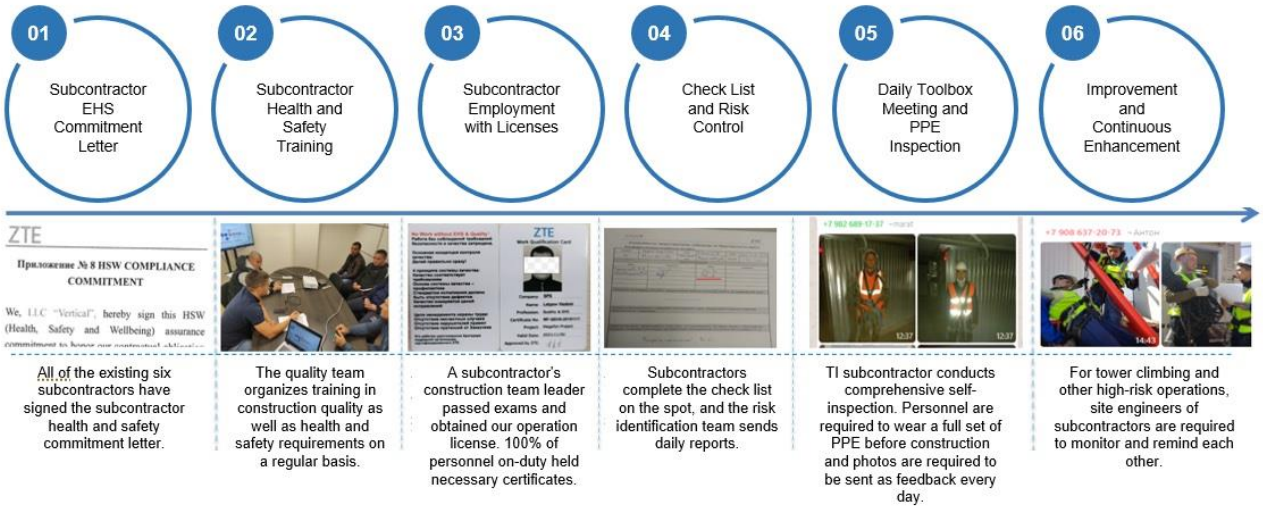
Supplier CSR Management Indicator	Unit	2020
Ratio of new suppliers who have signed the *Supplier CSR Agreement*	%	100
Number of new suppliers received certification audit (production)	Company	154
Number of suppliers not introduced due to failure to pass the CSR audit (production)	Company	15
Number of existing suppliers received monitoring audit (production)	Company	53
Number of production suppliers that have participated in ZTE's internal CSR training	Company	150

To ensure the effectiveness of supplier audit, we have established a basic training system for supplier auditors, which includes theoretical training and field practice. The theoretical training includes three-day training in the ISO 9000 quality management system and three-day training in supplier audit skills, and the field practice requires at least two times of field practice with the audit group. Only those who have passed the basic supplier auditor training are eligible for onsite audits. By the end of 2020, 668 people have participated in the basic supplier auditor training, including 88 members newly qualified in 2020.

[Case] Continuously Controlling Environmental and Social Risks over the Supply Chain

On the basis of supplier audit, we have established a mechanism for routine communication with partners including suppliers and service providers, to implement targeted routine control over the high risks identified in light of partners' business characteristics. Take engineering service subcontractors as an example: In subcontractor certification and process management, we require the subcontractors to sign the EHS commitment letter, health and safety training, obtain necessary operation licenses, and complete self-inspection against the risk checklist on a daily basis, to ensure daily construction safety.

During the COVID-19 pandemic, we further strengthened publicity and supervision on health and safety requirements for subcontractors around the world, requiring that construction project teams take temperature every day, send daily reports on pandemic control, and report the situation or suspend construction in case of problems.



ZTE Subcontractor Health and Safety Control Requirements (with one of our project as an example)

Strengthening Supplier CSR Capacity

To achieve success together with our suppliers, we communicate our CSR requirements to suppliers through various theme meetings and training to improve the competence of our suppliers.

In July and November 2020, we organized centralized supplier training sessions in Shenzhen. The training covers contents including CSR, transparent procurement and anti-bribery cooperation, cybersecurity, data protection compliance, and export control compliance. Over 220 representatives from more than 150 suppliers participated in the training.

In November 2020, we held ZTE Global Partners Day 2021 under the theme "United for the Future" in Shenzhen. Over 300 strategic and core suppliers across the globe were present at this event.

ZTE New Supplier Training during July 8-11, 2020

ZTE Global Partners Day on November 5, 2020

Every year, we arrange compliance awareness training for engineering service subcontractors. The training contents cover health and safety, anti-bribery, and export control compliance. We appoint the construction project managers to complete the training of existing subcontractors in Q1 and the training of new subcontractors from Q2 to Q4 each year. In 2020, we completed the training of 3,905 construction teams abroad, and the training of 134 construction teams and 13,620 construction workers in China.

Continuously Improving Conflict Minerals Management

Dedicated to responsible sourcing, ZTE has joined the Global e-Sustainability Initiative (GeSI). We keep improving risk management over supply chain in line with international conventions and industry initiatives, including the UN Global Compact, the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, and the Responsible Minerals Initiative (RMI). In 2020, we identified 1,505 suppliers possibly providing products with conflict minerals, accounting for 49% of all suppliers, and conducted supply chain due diligence on 277 suppliers, in the aggregate representing 95% of supplier spend in original scope. All these efforts were made to ensure all raw materials are responsibly sourced and obtained.

1. Conflict Minerals Management Policies

We have formulated the ZTE Conflict Minerals Management Policies and the *Regulations on Conflict Minerals Management*, which specify the requirements for suppliers in terms of extraction, transportation, treatment, trade, processing, smelting, and export of minerals. We uphold zero tolerance for any activity that may contribute to intensive conflicts, severe environmental deterioration, or human rights violation, nor will we profit from or facilitate such activities by any means. We will not tolerate any human rights violation related to the extraction, transportation, or trade of minerals, or any direct or indirect support to non-state armed groups or security forces that illegally control mining sites, or otherwise control transportation routes, and points where minerals are traded.

2. Supply Chain Risk Management

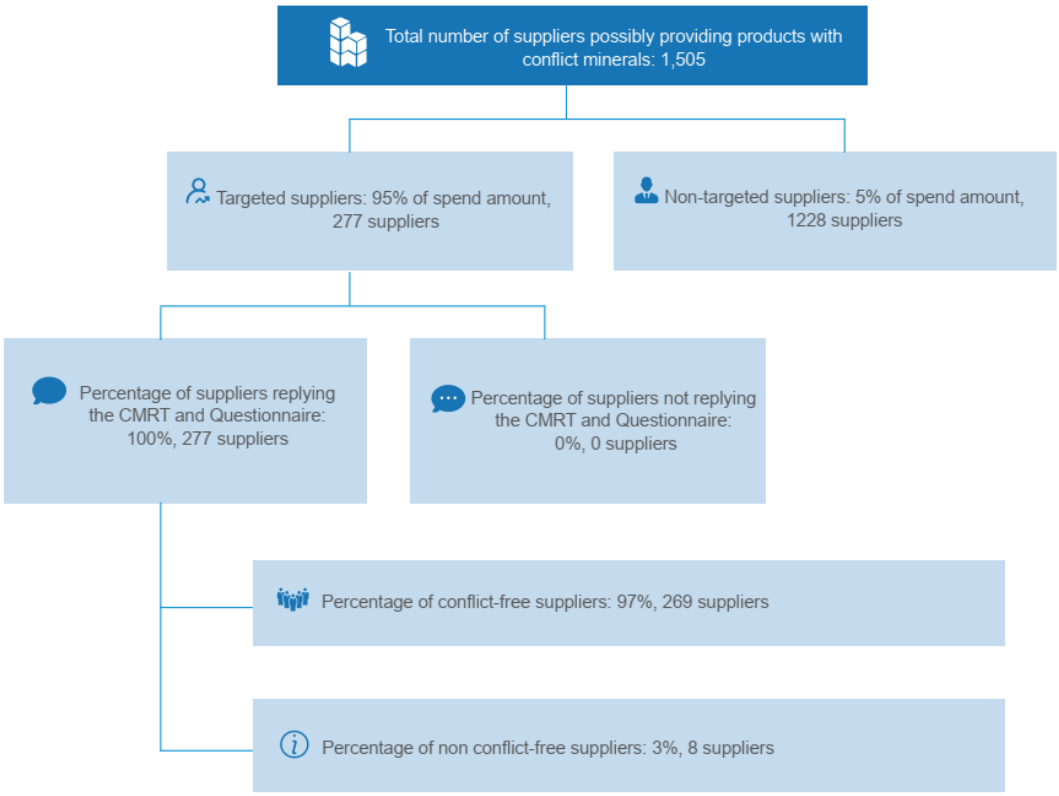
We require that all relevant suppliers (including component suppliers, spare parts suppliers, or suppliers of materials containing tin, tantalum, tungsten, cobalt and/or gold) must guarantee that all materials are sourced from environmentally and socially responsible sources. Each supplier newly introduced needs to submit a Conflict Minerals Reporting Template (CMRT) during the initial introduction, and each existing qualified supplier must sign the Declaration of Compliance Management on Conflict Minerals. We conduct conflict minerals investigations into our active suppliers on an annual basis.

3. Supply Chain Due Diligence

We support and acknowledge smelting plants that have passed the certification of the Responsible Minerals Assurance Process (RMAP). An RMAP-certified smelting plant will be an eligible smelting plant for ZTE. Based on the OCED principles, we have formulated the Due Diligence Guidance, and established third-party audit procedures and tools to urge suppliers to improve their mineral tracking system. We also conduct spot checks on high-risk suppliers to evaluate the rationality and effectiveness of their mineral procurement practices. Suppliers fail to provide valid and credible evidence supporting risk assessment and management policies must receive a comprehensive third-party audit. If a supplier fails to accept a comprehensive third-party audit as suggested, or refuses to or fails to make improvements, we will terminate the cooperation contracts in accordance with ZTE's policies

4. Due Diligence Results and Follow-Up

During 2019 and 2020, we reviewed the conflict minerals over the supply chain. The number of suppliers in the original scope was 1505. Among them, 277 suppliers were above the supplier spend threshold applied, in the aggregate representing 95% of supplier spend in original scope. The remaining suppliers were under threshold level or were in the phase-out process. We evaluated and surveyed these suppliers with questionnaires. The response rate for the suppliers surveyed was 100%.



ZTE Supplier Conflict Minerals Evaluation and Responding Results

We provide all suppliers with annual training programs aiming to strengthen their conflict minerals management. In 2020, we launched online bilingual training courses, covering 277 suppliers, and contents of conflict minerals management methods and standards, as well as relevant laws and regulations.

The risk mitigation plan entails a requirement that suppliers must ensure upstream smelters and refineries have valid conflict minerals–free certification by third-party agencies, and send the certification evidence to ZTE. We also encourage our suppliers to formulate Conflict Minerals–Free Policies to standardize their sourcing activities.

For medium- and high-risk suppliers, we provide a specialized conflict minerals management training program based on the improvements they need. All these aim to provide suppliers with resources and knowledge to establish necessary conflict minerals management procedures and documents. We maintain on-going communication with the medium- and high-risk suppliers to examine the effectiveness of the new management procedures until the overall risk level is reduced to low. In July 2020, we provided specialized conflict minerals management training to 68 high-risk suppliers to improve their capabilities and enhance their performance in conflict mineral management. If a supplier refuses to cooperate or act in accordance with our conflict minerals management requirements, we will take necessary measures, up to and including termination of business partnership. By the end of 2020, we have removed six direct suppliers from the supply chain.

Supporting Circular Economy Through Green Development

As an active participant in green development, ZTE is committed to conducting the closed-loop management for products in their full life circle, addressing the challenges posed by global climate changes, and giving impetus to the development of circular economy together with our partners. Meanwhile, we actively promote environmental management in our daily work, production, and operation activities, so as to reduce the consumption of and impact on natural resources.

Enterprise's Environment-Friendly Operation[1]

In accordance with the ISO 14001 Environmental Management System and ISO 50001 Energy Management System, ZTE formulated strict energy management, waste discharge, and resource utilization regulations. The mobile device plants in both Shenzhen and Xi'an passed the ISO 14001 environmental management system certification. The Shenzhen plant also passed the ISO 50001 energy management system certification. In 2020, the company updated and released the Environmental Guidelines and Policy. To promote green development in an all-round way, we take management objectives as the guidance in terms of energy-saving, emission reduction, and exhaust emission, facilitate the transformation of production techniques and equipment, and accelerate enterprise streamline management.

1. Carbon Emission Management

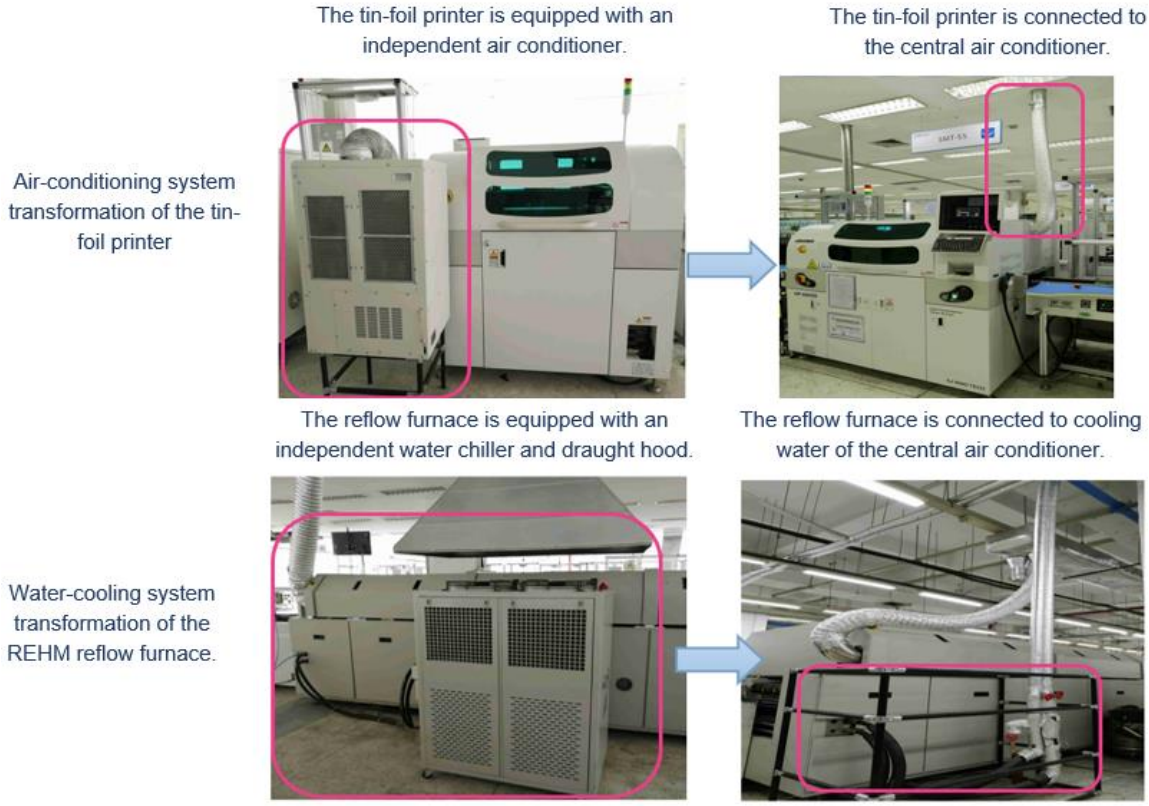
ZTE formulated the Management Measures for Energy Saving and Emission Reduction, set up energy-saving targets based on the management requirements of local governments at each operation site and launched the energy management center system at various production bases to monitor energy consumption, so as to guide the electricity consumption structure, application of energy-saving technology, and equipment transformation. In our daily office activities, we have strengthened energy-saving publicity and the cultivation of energy-saving habits, and conducted the review and certification regarding the energy management system to promote the achievement of energy-saving targets. According to the requirements of the Bureau of Industry and Information Technology, the company’s Shenzhen base set up the management target of reducing emissions by 1054.86 tons of standard coal equivalent in five years from 2016 to 2020. By the end of 2020, 1,879 tons of standard coal equivalent have been reduced in the two places, largely exceeding the target amount.

In the process of production management, ZTE applies the energy management center system to automatically collect energy consumption data and upload it to the data center through remote meters and transmission system. By using management software, we realize a series of information-based and intelligent management functions, such as online monitoring, statistical analysis, efficiency evaluation, and report generation. Based on the monthly energy consumption and energy-saving advancement report, we keep optimizing the electricity consumption structure, apply energy-saving technology, promote equipment transformation, and facilitate energy-saving planning in the infrastructure construction phase, thus putting energy management into practice. In 2020, the energy management center system went online at Shenzhen Hi-Tech Industrial Park and Xili Industrial Park. This system is expected to go online in Xi'an, Nanjing, Changsha, Shanghai, and Heyuan in 2021.

[1] The statistical scope of environmental performance in this chapter is ZTE's regional platforms in China.

[Case] Lean Management, Energy-Saving Transformation Reduces Impact on the Environment

ZTE implements lean management in production and operation activities and transforms the production process to save resources and energy. In 2020, the Shenzhen base transformed the cooling system of SMT production line, replacing the cooling system designated for the production line with the circulation of cooling water of central air conditioning to reduce equipment power loss and heat dissipation. In this way 280,000 kWh of electricity can be saved per year.



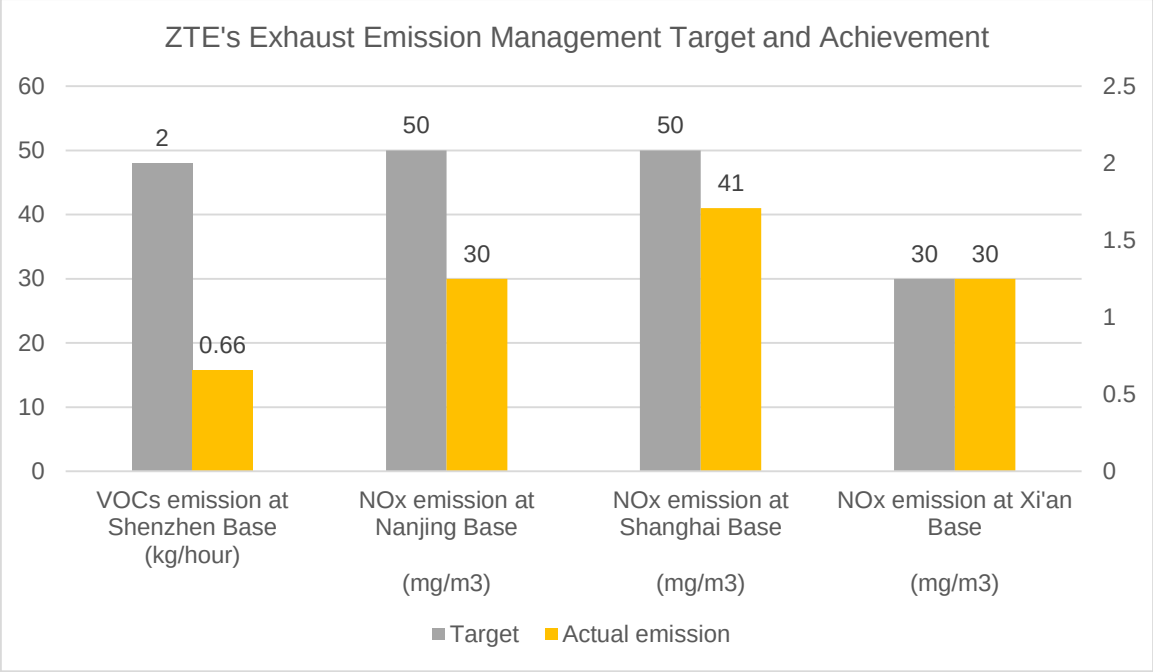
Energy-Saving Transformation Project Carried out at the Shenzhen Base

With regard to daily work activities, the company has raised employees' energy-saving awareness by requiring all units to post energy-saving signs, holding energy-saving publicity activities, and implementing energy-saving routine inspections. To reduce the greenhouse gas emissions caused by business travels, the company keeps promoting green cloud conferencing. In 2020, the number of remote video conferences kept increasing, accounting for 50% of all conferences, indicating that video conferencing has become the preferred solution for internal remote communication in the company.

2. Waste Gas and Noise Management

ZTE's exhaust emissions during operation are mainly sourced from organic waste gas (VOCs) produced by cleaning, wave soldering, and reflow soldering processes as well as nitrogen oxides (NOx) produced by industrial boilers. The company strictly abides by the Law of the People's Republic of China on the Prevention and Control of Air Pollution and other relevant national and local laws and regulations, and has formulated the Air Pollution Control Procedure and the corresponding management objectives. By upgrading the production process and equipment, the company's exhaust emissions are far below compliance requirements.

At the Shenzhen base, efforts have been made to use environment-friendly cleaning agents and upgrade the production process and equipment. In this way, we reduced the VOC emissions from 46 tons per year to 4.5 tons per year, which is equivalent to 0. 66 kg/hour. Meanwhile, the company's production and R&D bases have made active response to the transformation requirements for industrial boilers proposed by local governments, formulated nitrogen oxide emission control targets at Nanjing, Shanghai and Xi'an bases, and completed the transformation of low-nitrogen boilers, which all achieved the emission control targets.



ZTE has controlled noise and reduced the noise damage to the working environment by taking various measures, including improving product design, realizing human-machine isolation in laboratories, conducting unmanned transformation, selecting high-quality equipment, adopting sound-absorbing ceilings and walls on top of and around the dynamic area, strengthening daily maintenance of equipment, and building green belts. The company has formulated the Air Pollution Control Procedure to monitor noise regularly, thus ensuring that noise meets the Emission standard for industrial enterprises noise at boundary. According to the monitoring results, the noise at the plant boundary all complies with the standards.

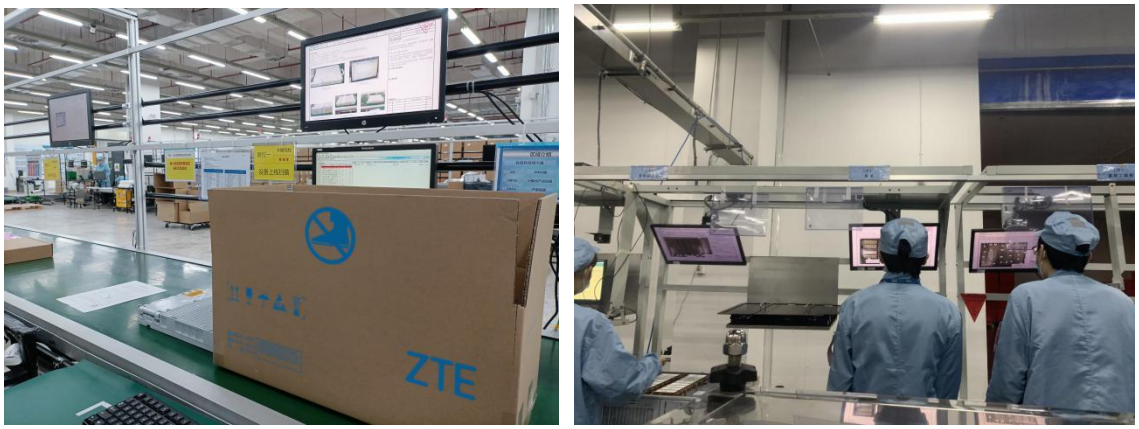
3. Solid Waste Management

In accordance with GB/T24001-2016 Environmental management systems—Requirements with guidance for use, the Law of the People's Republic of China on the Environmental Pollution Prevention and Control of Environmental Pollution by Solid Waste, the Directory of National Hazardous Wastes and other laws and regulations, ZTE has formulated the Waste Management Regulations and other internal management regulations to standardize waste control and reduce the generation and discharge of solid waste.

The company arranges for designated persons to collect and register hazardous waste, conduct ledger management, and regularly delivers waste to qualified disposers for bio-safety disposal. As for cardboard, hardware, wood, and other recyclable materials, the company has taken centralized collection and rainproof stacking measures, and delivered them to qualified recyclers for recycling. With regard to office waste and kitchen waste, the company has signed the annual waste transfer and disposal agreement with the municipal environmental sanitation organization for waste collection and disposal.

To reduce the use of packaging materials in the production process, ZTE actively promoted the green packaging pilot project. In 2020, by reducing carton weight, changing packaging materials, adopting assembly packaging and recycling incoming materials for packaging, the pilot project reduced about 61.82 tons of packaging materials. In the pilot project where assembly packaging replaces independent packaging, the shipment volume saved annually reaches 8,071 m^3. In the pilot product where integrated packaging is implemented, the shipment volume saved annually reaches 46,184 m^3. Meanwhile, the company has continued to roll out the E-SOP electronic file system in various production bases, with all the key processes in each Chinese production base completely covered by electronic process documents (SOP), saving over 100,000 sheets of printing paper annually.

In 2020, the total purchasing weight of our packaging materials (excluding mobile device products) is about 31,496.32 tons, which was more than 10% lower than that in 2019.



Production staff reviews electronic process documents.

4. Water Resource and Wastewater Management

ZTE's water resources are all sourced from the urban water supply system and mainly used as cleaning water in production sites, daily water supplies in offices, as well as cooking and cleaning water in dining halls. The company attaches great importance to the efficient utilization of water resources and strives to achieve water saving targets by constantly improving water-saving management regulations, publicizing the water saving concept, and optimizing the ways of using water. In addition, we have strengthened the routing inspection and monitoring of key water-consuming equipment, carried out key inspections of air-conditioning cold and hot water expansion tanks, cooling towers, and water meters. We have reduced unnecessary loss of water resources through timely maintenance and repair, and saved 20% of water by gradually updating manual faucets to inductive infrared automatic faucets.

ZTE's production process is mainly dominated by product assembly, and there is no discharge of industrial wastewater, but only office and daily wastewater. The company strictly abides by the *Law of the People's Republic of China on Prevention and Control of Water Pollution* and other relevant national and local laws and regulations, firmly implements the *Water Pollution Control Procedure,* and adopts the diversion of rainwater and sewage water, with the aim to standardize wastewater disposal and discharge. The oily wastewater produced by the canteen and the kitchen flows to the tier-3 oil isolation tank after solid impurities are filtered at the washing tank. After oil isolation, wastewater flows into the municipal sewage pipes, and finally merge into natural waters after being purified at the municipal wastewater treatment plant.

Water Consumption Data	Unit	2020
Water of production	ton	214,222
Water for office use	ton	2,910,314.47

Innovation in the Development of Green Products

The communication industry has long regarded energy-saving and low carbon as key issues for its sustainable development. With the advent of the 5G era, the power consumption of 5G base stations and terminals attracts the attention of the whole society. In 2020, we partnered with operators to build 5G green networks. Specifically, we explored the ways of reducing energy consumption of base station equipment, and laid out more than 500 green 5G innovation patents. Relying on self-developed high-performance chips, high-efficiency amplifiers, and leading structural design, we increased efficiency and reduced energy consumption.

1. Green Product Management System

In 2020, we analyzed the environmental protection compliance risks of our business around the world on the basis of environmental protection laws and regulations of various countries and regions, and formulated a map of the distribution of global environmental protection laws and regulations relating to ZTE. Based on the risk

assessment required by the QC080000 system, we updated and released the *Regulations on the Management of Green Products, Requirements for Banned and Restricted Hazardous Substances*, etc., thus establishing the green product management system composed of "1 manual, 1 regulation, and 45 specifications".

The company has incorporated environmental protection requirements into conceptual design, achievement appraisal, design finalization, and product certification processes, and established a green product lifecycle management system.

ZTE Green Product Lifecycle Management Process

The company has taken an active part in revising relevant environmental protection standards both at home and abroad. In 2020, ZTE participated in the national standard formulation and comparison test relating to four environmental protection products. We continued to pay attention to and responded to the changes in declarations of RoHS3.0 and REACH SCIP, and continuously improved the capability of our environmental protection laboratories for detecting RoHS, REACH and other chemical substances.

ZTE has joined hands with more than 160 environmental service providers worldwide to create a global green recycling network. In China, we have 5 regional processing platforms and over 10 environmental protection service providers who provide professional and efficient recycling services, with the overall recycling rate reaching 95%. Overseas, more than 150 environmental protection organizations located in Asia, Europe, Latin America, and Africa have established long-term partnerships with ZTE for providing fast, compliant, and one-stop green recycling services to ensure that the recycling business in each country meets local environmental protection requirements. At the same time, ZTE encourages users to trade in their old products for new ones through the official website of mobile devices (web: www.ztemall.com; mobile app: ZTE Market), and partners with Chinese recycling companies to promote recycling.

2. Focusing on the R&D of High-Performance Chips

ZTE has made continuous effort to improve technological performance of transport network chips and base station chips, so as to reduce power consumption. Along with the continued technological advance, and through the application of high-efficiency gallium nitride, new thermal conductive materials, and other new power amplifier materials, the power consumption of base station chips has dropped over 25%.

3. Innovating Hardware Product Design

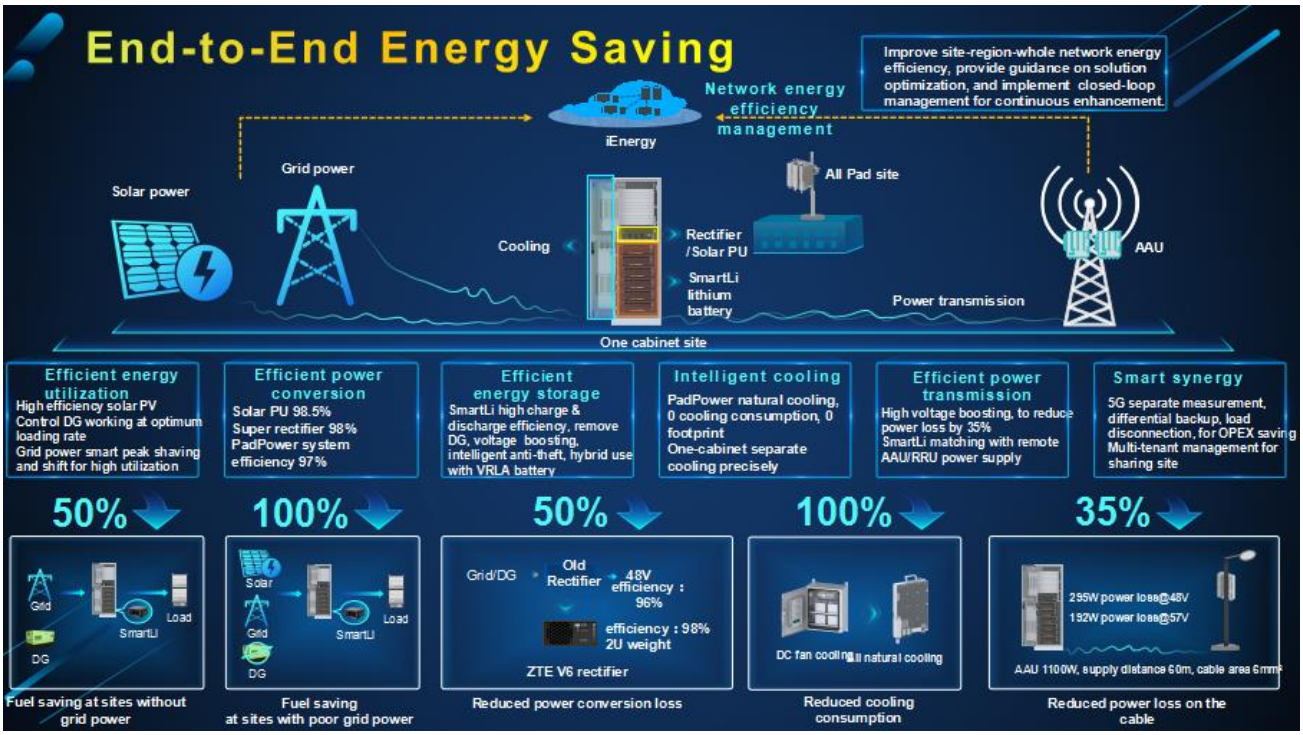
The company continues to explore innovative cooling technology and power supply methods for hardware products to reduce energy consumption. For example, liquid cooling saves 30% of electricity than air-conditioning cooling. Where photovoltaic conditions are available, base stations are powered by solar energy.

- Energy-Saving and Emission Reduction of Core Routers Achieved Through Two-Phase Liquid-Cooling Technology

Product heat dissipation is one of the most important factors restricting the bandwidth upgrade of large-capacity equipment. To address this issue, ZTE has innovatively applied the two-phase liquid-cooling technology in large-capacity core communications equipment. According to the experiment data, the two-phase anhydrous liquid-cooling technology can increase the heat dissipation efficiency of core equipment by 2.5 times, while reducing the energy consumption of the machine room by 30% and the noise by 80%. According to the average absorption of carbon dioxide by a tree of about 5.023kg per day, it is calculated that a single set of equipment using the two-phase liquid-cooling technology can reduce 97 tons of carbon emissions a year, which is equal to planting 53 trees.

- Full-Chain Energy-Saving Technical Solution

In response to the significant increase in power consumption of 5G base stations and the urgent demands of operators for lean and efficient energy-saving, ZTE has delved deep into the energy full-chain of sites, made end-to-end energy-saving innovations, and improved the energy efficiency from the site to the whole network, while introducing efficient green energy and reducing the power supply of oil engines in regions with unstable grid power. In China, Italy, Vietnam, Myanmar, Pakistan, South Africa, Ethiopia, and other countries and regions, ZTE has helped more than 20 operators build more than 500,000 high-efficiency green sites.



In Pakistan, ZTE and CMPAK adopted green energy systems and laid out SmartLi lithium batteries in a large scale to reduce the single-site fuel consumption by nearly 100%. The de-oiler measure helped each site reduce more than 8 tons of carbon dioxide emissions every year on average. Meanwhile, by deploying the network energy management system, we realized remote management and intelligent operation and maintenance of all sites throughout the whole network, thereby improving energy efficiency and the operation and maintenance efficiency of these sites.

4. Promoting Technology Standardization and Application

The company takes an active part in research topics or standard topics involving terminal energy-saving mechanism, network energy-saving mechanism and their enhancement. In addition, we have formulated energy-saving standards (including management), including the UE Power Saving in NR for the 5G NR Re-16 project, UE power saving enhancements for NR for the Rel-17 project, Power saving enhancements for UMTS

for the 4G project, and the Study on Power saving for Machine-Type Communications (MTC) devices, contributing technical solutions to the industry.

In terms of 5G transport network, the company has participated in dozens of international and national standardization organizations, including ITU-T, ETSI, IETF, IEEE, BBF, MEF, OIF and CCSA, occupied more than 40 chairman and editor seats, and submitted 263 new international standard proposals in 2020. Since 2018, the company has submitted a total of more than 800 proposals to ITU-T, OIF, IETF, and other standardization organizations, and obtained more than 100 patents.

In November 2020, ZTE and GSMA Intelligence, a world-leading telecom, media, and technology (TMT) research institute, jointly published a white paper titled *5G Energy Efficiencies, Green Is the New Black.* This white paper analyzes the background and principle of improving energy efficiency of communication networks in the 5G era in terms of cost reduction, network performance optimization, energy security, and contribution to the reduction of global carbon emissions, and summarizes the feasibility of saving energy and reducing consumption through innovation.

ZTE and GSMA Intelligence jointly issued a white paper titled "5G Energy Efficiencies, Green Is the New Black".

Supporting Industry Green Development

In 2020, more than 30 countries and regions, including China, announced their carbon neutrality goals, and the countries accounting for 75% of global GDP and 65% of global carbon emissions began to draw up the carbon neutrality implementation roadmap. ZTE actively participated in the transformation of the global decarbonized economy, accelerated the commercialization of green 5G in many fields, and helped various industries step into green development.

1. PowerPilot, Building Green Network

In 2020, the company released PowerPilot, an energy-saving and consumption-reducing solution for 4G and 5G networks. Based on the energy-saving feature and AI load prediction, this solution is the first business navigation strategy set forth in the industry. It makes use of energy efficiency differences of different business types to evaluate business demands in real time and select networks with a high energy efficiency ratio on the premise of ensuring user experience, in a bid to optimize the energy efficiency of the whole network. Estimated according to typical network configurations, PowerPilot has a doubled energy-saving effect compared with the existing common intelligent power-saving solutions, and its multimode and multi-standard network efficiency-saving effect reaches up to 20%, which effectively reduces operators' operating costs. Currently, ZTE's PowerPilot solution has been put into commercial use at more than 700,000 sites of over 20 networks around the world, saving more than US$1 billion of electric charges for operators.

In March 2020, Tianjin Mobile worked with ZTE to initiate the load-based intelligent energy-saving project and provided energy-saving services for nearly 40,000 4G communities, saving an extra 7,500 kWh of electricity a day. Since January 2020, ZTE has partnered with Hunan Mobile to launch the load-based intelligent energy-saving project in Changde, Changsha, and Chenzhou, and achieved remarkable energy-saving effects.

2. Building Green Data Centers

Over the past years, with the technological advance of 5G, artificial intelligence, Internet of Things, cloud computing, big data, and other industries, the construction of data centers has been booming, which is followed by the increasing energy consumption of data centers year by year. Traditional power supply and distribution systems and HVAC systems, which feature low energy efficiency and frequent faults, have become the bottleneck restricting the rapid and efficient development of data centers. Based on the pain points in the development of data centers, ZTE applied self-developed technologies, advanced equipment, and AI technology in key links, such as power supply and distribution, HVAC system, and management system, so as to improve the power usage efficiency (PUE) of data centers through multi-pronged measures.

Power supply and distribution link	Self-developed HVDC (high-voltage direct current) system	The peak efficiency of the module is 97%, which reduces the conversion of distribution circuits and saves energy conversion loss.
HVAC system	Industry-leading indirect evaporative cooling air-conditioner	Realize local PUE<1.05, the efficiency of air-to-air heat exchange core is up to 70%, and can save energy by 60% compared with traditional refrigeration method.
Intelligent Management Center	Self-developed AI data center intelligent management system	Automatically learn optimal operation strategy, conduct fine energy efficiency management, avoid unnecessary power consumption, and save energy by more than 8%.

ZTE collaborates with operators, Internet, finance, transportation, government and many other industries to build first-class data centers in the industry, giving impetus to their business development. The Tencent Qingyuan and Qingxin Cloud Data Center can be taken as an example here. According to Tencent's T-base technology demand, ZTE launched the warehouse full-module data center product, realizing the first large-scale application in the industry. In the implementation solution, we adopted high-voltage direct current, indirect evaporation and other comprehensive energy-saving technologies, which reduced the energy consumption by 30% and made the overall PUE less than 1.25. Based on the intelligent management system of the data center, the intelligent operation and maintenance of robots were realized to reduce the overall operation carbon emissions, thus supporting the sustainable development of the data center.

Shouldering Responsibilities and Contributing to the Global Community

ZTE Foundation always stays committed to its mission, which is "to advocate the spirit of public welfare, fulfill corporate responsibility, and promote public welfare development". Over the past year, it has been focusing on three major fields: medical care, education assistance, and aid for the disadvantaged groups, while actively carrying out COVID-19 epidemic relief and targeted poverty alleviation work.

In 2020, ZTE Foundation invested CNY 14,044,030.80 in public welfare projects, and carried out 37 public welfare projects and 73 volunteer activities, and helped poor areas win the tough battle against poverty. In 2020, ZTE Foundation's Foundation Transparency Index (FTI) scored full marks for three consecutive years and won the "Annual Public Welfare Innovation Award" and the "Annual Public Welfare Project Award" at the 10th China Charity Festival.

[Case] New model for public welfare: "consumer poverty alleviation + public welfare"

The company explored a new mode for public welfare, taking out part of the existing poverty alleviation funds to purchase specialties from poor counties. In 2020, the company funded the purchase of 11,700 pounds of rice from Huainan County, Heilongjiang Province, and donated them to 334 families in need and 3 social welfare institutions across the country through the volunteer branches in Nanjing, Xi'an, Wuhan, Heyuan and Chengdu, with the help of more than 40 employee volunteers from local offices.

Establishing A Global Anti-Epidemic Network

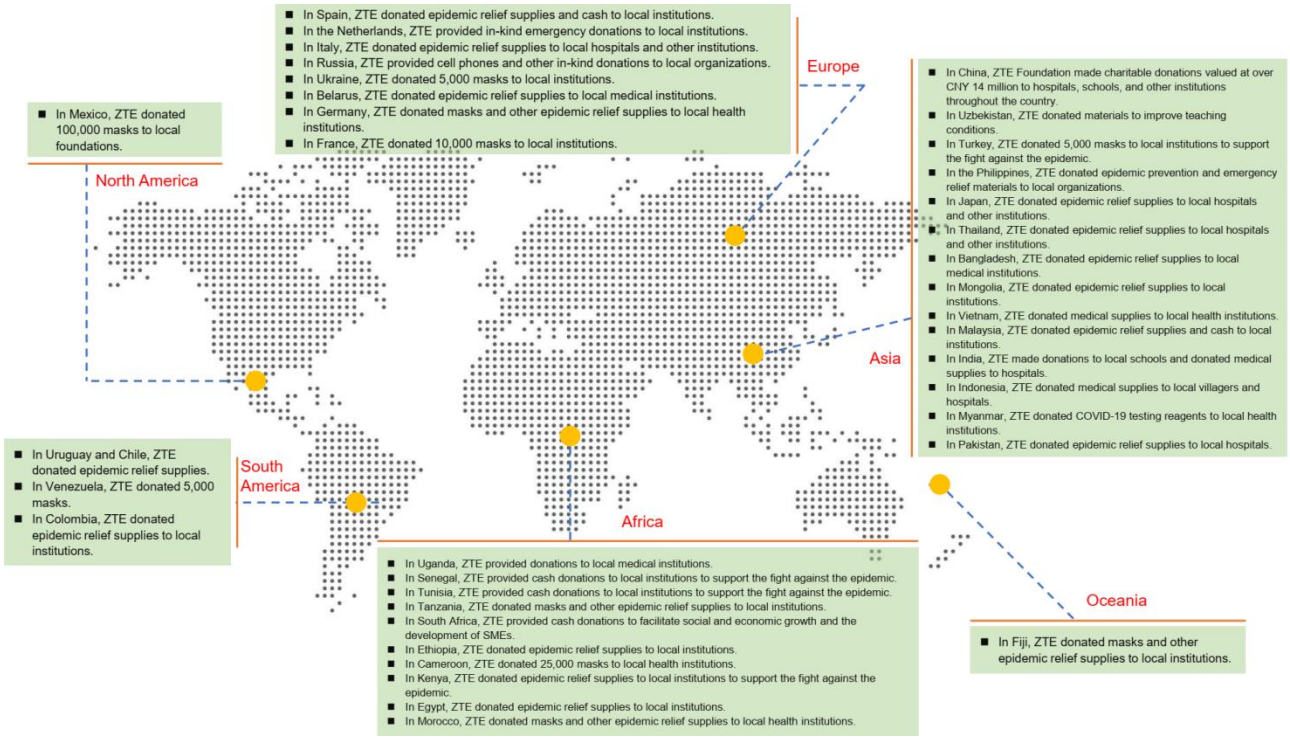
In 2020, facing the globally rampaging epidemic, the company set up 12 volunteer branches in Wuhan, Chengdu, Chongqing, and other cities in China as well as in Myanmar, India, and other countries, with the total number of volunteers reaching 3,173. All of these volunteers provided solid support for the relief of the epidemic and other emergencies.

Myanmar volunteer branch was established.

In China, ZTE Foundation set up a special anti-epidemic work group at the early stage of the outbreak to respond to the instructions of the Ministry of Civil Affairs and the company at any time. In the face of the shortage of relief supplies in China, ZTE Foundation quickly had contact with the company's global business network, widely sought for sources of supplies, and purchased goods in strict accordance with product standards and

regulations. Moreover, it verified the demands with more than 70 hospitals, public security offices, customs offices, and other front line epidemic prevention units in Hubei Province and Shenzhen one by one, and eventually completed the point-to-point delivery of 100,000 masks, 30 tons of ethyl alcohol, 5,000 kits, 1 PCR detector, 3000 sets of protective clothing, and other medical supplies.

ZTE's volunteers are shown as anti-epidemic ambassadors on a LED screen in downtown Shenzhen.



ZTE Global Charity Map 2020

Caring for Veterans in West Yunnan

From 2005 to 2020, the Veteran Care Program has been carried out for 15 years. Over the past years, ZTE's employees have been helping veterans in west Yunnan by donating money or paying visits in person. On August 7, Gu Junying, executive director and EVP of ZTE and president of ZTE Foundation, Hu Li, secretary general of ZTE Foundation as well as ZTE's volunteers arrived in Baoshan, Yunnan Province, to kick off the activity for the 15th anniversary of the Veteran Care Program. They visited the surviving veterans and mourned for the martyrs who died in the war, donated CNY 5.697 million to the surviving veterans, visited 275 veterans, and paid on-site visits to 1,853 people.

To pay respect to the veterans who fought bravely in the war, ZTE Foundation launched a company-wide painting collection activity in September 2020. This activity received active response and support from employees and their families. More than 7,000 people cast 10,055 votes for 43 shortlisted paintings through a WeChat applet. The 33 paintings finally selected were framed and sent to 33 veterans and their families by volunteers in Yunnan.

Representatives of ZTE's volunteers visit veterans

Employees present paintings to veterans

Enriching the Ways of Aiding Students

ZTE Foundation has carried out the Xinghua Student Aid Program in Gansu and Qinghai for five consecutive years, continuing to subsidize up to 1,848 impoverished high school and college students. In the next five years, ZTE Foundation will continue to conduct the Xinghua Student Aid Program, and by 2025, it will donate up to CNY 30 million to help poverty-stricken students realize their dreams.

1. Lighting up Student's Reading Dreams

On April 23, the World Book Day, ZTE Foundation collected the reading dreams of 335 students from Zhuanglang Middle School No.1, Gulang Middle School No.1, Jingyuan Middle School No.1, and Gulang Middle School No.3, and invited Professor Zhu Yongxin, vice chairman of the CPPCC National Committee, to recommend a book *The Alchemist* to students. Moreover, it launched the activity named "Urgent Need of Dream Lighters" among employees through a WeChat applet, and collected a total of 1,068 books for students.

2. Answering Youth's Questions

ZTE Foundation launched the online reading club named "Answering Youth's Questions" by means of live broadcasting. Under the theme "life planning/goal/aspiration" that students were most concerned about, Zhu Yongxin, vice chairman of the CPPCC National Committee, Chen Xingjia, former national excellent secretary of the county committee, and professor Song Guangwen, head of the Research Institute of Psychological Measurement and Applied Psychology of South China University of Technology were invited to exchange ideas with students in the live broadcasting room. This online reading club achieved more than 30,000 online page views and over 7,000 interactive comments. People from 10 provinces, including Gansu, Qinghai, and Sichuan joined in this live streaming activity, with the satisfaction rate reaching 100% as evidenced by the questionnaire survey.

Ms. Hu Li and Mr. Chen Xingjia guest on the online reading club of "Answering Youth's Questions"

Focusing on Health Technology Assessment

As the first and only public welfare organization that independently carries out health technology assessment in China, the HTA Center made significant breakthroughs in 2020. Specifically, it independently developed the "HTA-based dynamic adjustment mechanism of hospital drug directory", obtained the intellectual property, and donated it to medical institutions for use. In 2020, the HTA Center established strategic partnerships with several medical institutions, including Nanshan Hospital and Luohu Hospital and completed pilot projects. Meanwhile, the HTA Center successfully hosted Shenzhen Health Technology Assessment and Innovative Development Seminar, and organized the first session of the training themed "Application of Health Technology Assessment in Pharmaceutical Administration". The above activities helped to address the shortage of HTA professionals in Shenzhen and were highly recognized by government departments.

Independent Assurance Report

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Independent Assurance Statement

Introduction:

TÜV Rheinland (Guangdong) Ltd., member of TÜV Rheinland Group, Germany (TÜV , We) has been entrusted by the management of the ZTE Corporation (ZTE) to conduct independent assurance of ZTE Corporate Sustainability Report (the Report). Our task was to give a fair and adequate judgment on the ZTE Corporation Sustainability Report 2020.

The intended users of this assurance statement are stakeholders having relevance to the ZTE overall sustainability performance and impacts of its business activities during 2020 (January 2020 ~ December 2020). TÜV Rheinland is a global service provider of CSR & Sustainability Services in over 69 countries, having qualified professionals in the field of Corporate Sustainability Assurance, Environment, Social and Stakeholder Engagement. We have maintained complete impartiality and independence during the assurance engagement and not involved in the preparation of report contents.

Assurance Standard:

The Independent Assurance was carried out in accordance with Appendix 27 Environmental, Social and Governance Reporting Guide (ESG Guide) in the Main Board Listing Rules issued by Hong Kong Stock Exchange, and also refer to Global Reporting Initiative (GRI) Standards, AA 1000 AccountAbility Assurance Standards 2008(AA1000 AP 2008) and related principle standard AA 1000 APS(2008)

Scope & Type of Assurance:

Our Assurance engagement covers the following:

- ZTE's Sustainability Performance of 2020 as described in the Report, including the general disclosures and key performance indicators.
- Evaluation of the collection, analysis and management process of the data and information disclosed in the Report.
- Evaluation of disclosed information in the Report as per the Assurance Methodology.
- The financial data was verified by other third party, so we did not verify the financial data.

Limitation: The assurance was carried out at ZTE Headquarter which located at No.55 Hi-tech Road South, Shenzhen City, Guangdong Province, China . The consultations with external stakeholder were not carried out. We have not observed any significant situations to limit our assurance activity.

Assurance Methodology:

TÜV has examined the report contents and assess the process undertaken by ZTE from source to aggregate in disclosure of information/data related to sustainability performance. The evaluation is against the ESG guidelines report principles of Materiality, Quantitative, Balance and Consistency. Our judgment is based on the objective review of reported information as per criteria defined under Assurance standards.

Analytical methods and the performance of interviews as well as verification of data, done as random sampling, to verify and validate the correctness of reported data and contents in light of contractual agreement and the factual ZTE's Sustainable Strategy as mentioned in the report. Our work included consultation with over 30 ZTE representatives including middle-senior management and relevant employees. The approach deemed appropriate for the purpose of assurance of the report since all data therein could be verified through original proofs, verified database entries.

The Assurance was performed by our multidisciplinary team of experienced professionals in the field of Corporate Sustainability, Environment, Social and Stakeholder Engagement. We are of the opinion that our work offers a sufficient and substantiated basis to enable us to come to a conclusion mentioned below and based on the content of the contract.

Assurance Observation:

Inclusivity: ZTE engaged with the stakeholder through multiple channels to identify and understand the perspectives and expectations of the stakeholders. Stakeholder engagement has been integrated into ZTE's operation and management activities and has influenced the establishment of ZTE's sustainable development policies and targets. The methods of stakeholder engagement and their main concerns have been disclosed in the report.

Materiality: ZTE has established the materiality identification methodology. It adopted policies, regulations and industry best practices for benchmarking, corporate fundamental analysis, and public opinion analysis to formulate ZTE's sustainability topics database, and conduct consultation through internal and external stakeholders to identify materiality topics. The report also disclosed ZTE's material topics and related sustainability performance information.

Responsiveness: ZTE improves responsiveness via establishing sustainable development policies, targets and missions, enhancing corporate governance, management system and specific processes, and establishing a response mechanism to stakeholders' concerns. The report reviewed the historical data of the past two years, and responded to the sustainable development topics of stakeholders' concerns from the aspects of social and environmental in response to a number of materiality topics identified. The information disclosed in the "Report" is established based on the identification and analysis of materiality topics affecting ZTE's sustainable development strategy.

Recommendations of Improvement:

It is suggested to continuously improve the disclosure of the management approaches of material topics, and disclosed ZTE's management system for sustainable development topics in more detail, to further aligned with the 'general disclosure' requirement in the ESG guide.

Conclusion:

In conclusion, we can mention that no instances or information came to our attention that would be to the contrary of the statement made below:

- ZTE Corporate Sustainability Report 2020 meets the requirement of HKEX's Environmental, Social and Governance Reporting Guide.
- The Report includes statements and claims that reflects ZTE achievements and challenges supported by documentary evidences and internal records
- The performance data we found in the report are collected, stored and analyzed in a systematic and professional manner and were plausible.
- TÜV Rheinland shall not bear any liability or responsibility to a third party for perception and decision about ZTE based on this Assurance Statement.

For TÜV Rheinland Group

Ian Jiang

Lead Verifier

Date: 5th March 2021

Policy List

Category	Laws and Regulations Observed2	ZTE Corporation Internal Policies
A1. Emissions	■ Environmental Protection Law of the People's Republic of China ■ Law of the People's Republic of China on the Prevention and Control of Environment Pollution by Solid Wastes ■ Law of the People's Republic of China on the Prevention and Control of Water Pollution ■ Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution ■ Directory of National Hazardous Wastes ■ Air Pollution Emission Limits ■ Water Pollution Emission Limits ■ Standard for Pollution on the Storage and Disposal Site for the General Solid Wastes ■ Standard for Pollution Control on Hazardous Waste Storage ■ Regulations of Guangdong Province on Prevention and Control of Environmental Pollution by Solid Waste	■ Air Pollution Control Procedure ■ Water Pollution Control Procedure ■ Waste Management Regulations
A2. Use of Resources	■ Law of the People's Republic of China on Conserving Energy	■ Energy Management Manual
A3. The Environment and Natural Resources	■ Law of the People's Republic of China on Conserving Energy ■ Environmental Protection Law of the People's Republic of China ■ Emission Standard for Industrial Enterprises Noise at Boundary	■ Noise Prevention and Control Procedure
B1.Employment	■ Labor Law of the People's Republic of China ■ Labor Contract Law of the People's Republic of China ■ Law of the People's Republic of China on the Protection of the Rights and Interests of Laborers ■ Social Security Law of the People's Republic of China ■ Special Protection Provisions for Juvenile Workers ■ Provisions of the Decree No. 364 of the State Council of the People's Republic of China on the Prohibition of Using Child Labor	■ ZTE Human Rights and Labor Rights Policy ■ Management Standard for the Chinese Campus Recruitment ■ Special Protection Regulations for Female and Juvenile Workers ■ Regulations on Prenatal Leave ■ Onboarding Management Process for Employees Recruited from Society
B2. Health and Safety	■ Labor Law of the People's Republic of China ■ Labor Contract Law of the People's Republic of China ■ Social Security Law of the People's Republic of China ■ Work Safety Law of the People's Republic of China ■ Law of the People's Republic of China on the Prevention and Control of Occupational Diseases	■ ZTE Health and Safety Policy ■ Management Regulations on the Organizational Structure and Operating Mechanism of the Health and Safety Committee ■ Management Regulations for the Inspection of Health and Safety and the Check and Governance of Potential Hazards ■ Regulations on Production Safety Management ■ Health and Safety Behavior Requirements and Rewarding and Punishment Regulations ■ Regulations on Hazard Identification and Risk Grading Management and Control ■ Regulations on Occupational Health and Safety Accident Report and Management ■ Regulations on Health and Safety Training Management ■ Emergency Incident Preparation and Response Procedure

[2] ZTE Corporation complies with all applicable laws and regulations. The laws and regulations of mainland China that ZTE Corporation mainly obeys are listed in the following lists.

Category	Laws and Regulations Observed2	ZTE Corporation Internal Policies
B3. Development and Training	■ Labor Law of the People's Republic of China ■ Labor Contract Law of the People's Republic of China ■ Social Security Law of the People's Republic of China	■ Management Process for Employee Position Appointment ■ Selection and Appointment Management Process for Management Members ■ Management Process for the Setting of Management Positions ■ Management Regulations on Employee Compliance Training
B4. Labor Standards	■ Labor Law of the People's Republic of China ■ Labor Contract Law of the People's Republic of China ■ Law of the People's Republic of China on the Protection of the Rights and Interests of Laborers ■ Social Security Law of the People's Republic of China ■ Special Protection Provisions for Juvenile Workers ■ Provisions of the Decree No. 364 of the State Council of the People's Republic of China on the Prohibition of Using Child Labor	■ ZTE Human Rights and Labor Rights Policy ■ Special Protection Regulations for Female and Juvenile Workers ■ Regulations on Prenatal Leave
B5. Supply Chain Management	■ Company Law of the People's Republic of China ■ Contract Law of the People's Republic of China	■ Regulations on the CSR Management of Material Suppliers ■ Management Regulations on Supplier Cybersecurity Certification ■ Regulations on the Management and Evaluation of Green ■ Supplier CSR Agreement ■ Supplier Code of Conduct ■ Supplier Security Agreement ■ Suppliers Green Product (GP) Declaration ■ Supplier Commitment Letter of Transparent Cooperation and Anti-Bribery Compliance ■ Structural On-Site Audit Evaluation Form _SDA ■ Declaration of Metal Conflict-Free
B6. Product Responsibility	■ Cybersecurity Law of the People's Republic of China ■ Patent Law of the People's Republic of China ■ Intellectual Property Law of the People's Republic of China ■ General Data Protection Regulation ■ Restriction of Hazardous Substances	■ Regulations on the Management of Green Products ■ Regulations on Conflict Minerals Management ■ Requirements for Banned and Restricted Hazardous Substances ■ Requirements for Eco-Labels ■ Data Subject Right Request Response ■ Personal Data Breach Response Process ■ Customer Request Management Regulations ■ WEEE Recycle Manual
B7. Anti-corruption	■ Criminal Law of the People's Republic of China ■ Law of the People's Republic of China Against Unfair Competition ■ Company Law of the People's Republic of China ■ Contract Law of the People's Republic of China	■ ZTE Code of Conduct ■ Regulations on Anti-Bribery Compliance Management for Business Partner ■ Regulations on Anti-bribery Compliance Management of Procurement Transactions ■ Gift and Hospitality Compliance Management Process ■ Compliance Management Process Regarding Business Travels Provided to Outside Parties ■ Compliance Management Regulations on Charitable Donations ■ Anti-Bribery Compliance Management Process for Commercial Sponsorship ■ Anti-bribery Compliance Management Regulation Regarding Employment ■ Regulations on Anti-bribery Compliance Management for Mergers, Acquisitions and Joint Ventures ■ Management Regulations on Anti-Bribery ■ General Rules for Compliance Audit and Violation Investigation-rev ■ Accountability Management Regulations ■ ZTE Process for Handling Whistleblowing and Conducting Investigations ■ Regulations on Compliance Reporting ■ ZTE Global Compliance Manuals for Export Controls and Economic Sanctions ■ ZTE Anti-Bribery Compliance Manual

Category	Laws and Regulations Observed2	ZTE Corporation Internal Policies
B8. Community Investment	■ Charity Law of the People's Republic of China ■ Regulation on the Administration of Foundations	■ ZTE Foundation Management Regulations ■ Regulations on the Management of Volunteers in ZTE Foundation ■ Regulations on the Implementation of Vulnerable Assistance Project of ZTE Foundation ■ Regulations on the Management of Public Charity Project of ZTE Foundation ■ Voluntary Program Funding Scheme

2020 Sustainability Performance

ESG Index		Unit	Data
A Environment			
A1.1	The type of emissions and respective emission data.		
	Lead and its compounds	Maximum detected emission concentration (mg/m3)	0.015
	Tin and its compounds	Maximum detected emission concentration (mg/m3)	3×10^{-4}
	VOCs	Maximum detected emission concentration (mg/m3)	0.43
	NOx Calculation formula: Emission factor * vehicle mileage + emission factor * natural gas consumption	Ton(s)	5.41
	Sox Calculation formula: emission factor * fuel consumption (including gasoline, diesel, natural gas)	Ton(s)	0.33
	PM Calculation formula: Emission factor * vehicle miles traveled	Ton(s)	0.30
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity.		
	Scope 1: Direct greenhouse gas emissions Calculation formula: emission factor * fuel consumption (including gasoline and diesel)	tCO2e	18,676.16
	Scope 2: Indirect greenhouse gas emissions Calculation formula: Emission factor * purchased electricity	tCO2e	432,398.06
	Total amount of greenhouse gas emissions	tCO2e	451,074.22
	Density of direct greenhouse gas emissions	tCO2e/ million revenue	0.1841
	Density of indirect greenhouse gas emissions	tCO2e/ million revenue	4.26
A1.3	Total hazardous wastes	Ton(s)	576.64
	Density of hazardous wastes	Ton(s)/ million revenue	0.0057
A1.4	Municipal wastes	Ton(s)	5,842.40
	Kitchen wastes	Ton(s)	3,208.59
	Office wastes	Ton(s)	695.54
	Total non-hazardous wastes	Ton(s)	9,746.54
	Density of non-hazardous wastes	Ton(s)/ million revenue	0.0961
A2.1	Direct and indirect energy consumption by type in total.		
	Diesel	Liter(s)	13,021.00
	Petrol	Liter(s)	6,513,017
	Natural gas	10,000 m3	22.88
	Direct Energy Converted Electricity Calculation formula: discount factor of standard coal * energy consumption (including gasoline, diesel, natural gas) / electricity (equivalent value)	kWh	58,914,921.20
	Direct energy density	kWh/ million revenue	580.72
	Outsourced electricity	kWh	534,178,078.8
	Solar power generation	kWh	2,778,741.30
	Total Indirect Energy Consumption	kWh	624,655,393.10
	Indirect energy intensity	kWh/ million revenue	6,157.23

ESG Index		Unit	Data
A2.2	Water consumption in total	Ton(s)	3,124,536.62
	Density of water consumption	Ton(s)/ million revenue	30.80
A2.5	Total packaging material used for finished products (Mobile products are not included)	Ton(s)	31,496.32
B Social			
Employment			
B1.1	Workforce by gender, position, age group, and geographical region		
	Total workforce	Person(s)	73,709
	By gender		
	Male	Person(s)	56,434
	Female	Person(s)	17,275
	By position		
	R&D personnel	Person(s)	3,1747
	Production personnel	Person(s)	18,143
	Administrative personnel	Person(s)	5,836
	Marketing personnel	Person(s)	9,030
	Customer service personnel	Person(s)	8,953
	By age group		
	Under 30 years old	Person(s)	28,377
	30-50 years old	Person(s)	43,761
	Over 50 years old	Person(s)	1,571
	By geographical region		
	China (including Hong Kong, Macau, and Taiwan)	Person(s)	66,065
	Asia (excluding China)	Person(s)	4,828
	Africa	Person(s)	756
	Europe	Person(s)	1,480
	North America	Person(s)	238
	South America	Person(s)	309
	Atlantic	Person(s)	33
Development and Training			
B3.1	The percentage of employees trained by gender and position		
	The percentage of employees trained	%	100
	By gender		
	Male	%	77
	Female	%	23
	By position		
	R&D personnel	%	47
	Production personnel	%	22

ESG Index		Unit	Data
	Administrative personnel	%	6
	Marketing and customer service personnel	%	25
B3.2	The average training hours completed per employee by gender and position		
	The average training hours completed per employee	hour/person	102
	By gender		
	Male	hour/person	105
	Female	hour/person	92
	By position		
	R&D personnel	hour/person	98
	Production personnel	hour/person	102
	Administrative personnel	hour/person	77
	Marketing and customer service personnel	hour/person	117
Supply Chain Management			
B5.2	Number of the suppliers where supplier engagement practices are being implemented		
	Number of newly signed Supplier CSR Agreement	%	100
	Number of new signings of the Supplier CSR Agreement (production category)	Suppliers	289
	New supplier certification reviews(production category)	Suppliers	154
	Number of suppliers deemed noncompliant with CSR review(production category)	Suppliers	15
	Current supplier supervision reviews (production category)	Suppliers	53
	Number of suppliers that have participated in CSR training	Suppliers	150
Product Responsibility			
B6.2	Number of products and service related complaints received		
	Domestic Users	次	64
	International Users	次	1
Anti-Corruption			
B7.1	Number of concluded legal cases regarding corrupt practices brought against ZTE or its ZTE employees during the reporting period		
	Against ZTE	Case(s)	0
	Against ZTE employees	Case(s)	0
Community Investment			
B8.2	Resources contributed to the focus area		
	Contribution of funds	CNY	14,044,030.80
	Number of volunteers	Persons	3,173
	Volunteer hours	Hours	2,244

Note：

1. Scope of data statistics: A The scope of data statistics for the environmental category is domestic production and R&D bases in China, and the scope of data statistics for the social category is ZTE Corporation.
2. Emission factors and conversion factors

List of emission factors and conversion factors

	Miles traveled	Gasoline	Diesel	Natural Gas

Density		0.725 g/ml	0.84 g/ml	
Nitrogen oxides (NOx) emission factor	0.0747g/km			
Sulfur oxides (SOx) emission factor		0.0147g/L	0.0161g/L	
Particulate Emission Factor	0.0055g/km			
Standard Coal Coefficient		1.4714 kgce/kg	1.4571 kgce/kg	1.1000 kgce/kg
Emission Factor		244.49kg CO_2e/MWh	261.31kg CO_2e/MWh	

Electricity and thermal power discount standard coal coefficient

Energy name	Standard Coal Coefficient
Electricity (calorific value)	0.1229 kgce / （ kW· h ）

China’s Regional Grid Emission Factors for Purchased Electricity

POWER GRID	CO2 EQUIVALENT EMMISSION FACTOR（kg CO_2e/MWh）
North China Grid	1133.50
Northeast Grid	1142.19
East China Grid	788.05
Central China Grid	706.30
Northwest Grid	815.89
Southern Grid	672.54

References: NOx and SOx emission factors for mileage and SOx emission factors from the Hong Kong Stock Exchange's "How to prepare an Environmental, Social and Governance Report? Appendix II: Guidelines on Reporting of Environmental Key Performance Indicators"; Standard coal coefficient, electricity and heat discounted standard coal coefficients from "General principles for calculation of total production energy consumption" (GB2589-2020); emission factors corresponding to gasoline and diesel coefficients from "Guidelines for the Preparation of Provincial Greenhouse Gas Inventories (for Trial Implementation)" NDRC Climate [2011] No. 1041; emission factors for China's regional grid from WRI grid EF 2011, http://pdf.wri.org/getting_every_ton_of_emissions_right_english_summary.pdf.

ESG Reporting Guidelines Index of the Hong Kong Stock Exchange

Category	Description	Where to Find
Aspect A1: Emissions		
General Disclosures	(a) Policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes.	Policy List
KPI A1.1	The type of emissions and respective emissions data.	KPIs List
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity.	KPIs List
KPI A1.3	Total hazardous wastes produced (in tons) and, where appropriate, intensity.	KPIs List
KPI A1.4	Total non-hazardous wastes produced (in tons) and, where appropriate, intensity.	KPIs List
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Supporting Circular Economy Through Green Development
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Enterprise's Environment-Friendly Operation Innovation in the Development of Green Products
Aspect A2: Use of resources		
General Disclosures	Policies on the efficient use of resources, including energy, water and other raw materials	Policy List
KPI A2.1	Direct and indirect energy consumption by type in total.	KPIs List
KPI A2.2	Water consumption in total and intensity.	KPIs List
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Enterprise's Environment-Friendly Operation
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Enterprise's Environment-Friendly Operation
KPI A2.5	Total packaging material used for finished goods (in tons) and, if applicable, with reference to per unit produced.	Not disclosed
Aspect A3: Environment and Natural Resources		
General Disclosures	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	Policy List
KPI A3.1	Description of the significant impact of activities on the environment and natural resources and the actions taken to manage them.	Supporting Circular Economy Through Green Development
Aspect B1: Employment		

Category	Description	Where to Find
General Disclosures	(a) Policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, work hours, holidays, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Policy List
KPI B1.1	Total workforce by gender, position, age group, and geographical region.	KPIs List
KPI B1.2	Employee turnover rate by gender, age group, and geographical region.	Not disclosed
Aspect B2: Health and Safety		
General Disclosures	(a) Policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe work environment and protecting employees from occupational hazards.	Policy List
KPI B2.1	Number and rate of work-related fatalities.	Not disclosed
KPI B2.2	Lost days due to work injury.	Not disclosed
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Rights Protection and Health & Safety
Aspect B3: Development and Training		
General Disclosures	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Policy List Talent Training and Capacity Building
KPI B3.1	The percentage of employees trained by gender and position.	KPIs List
KPI B3.2	The average training hours completed per employee by gender and position.	KPIs List
Aspect B4: Labor guidelines		
General Disclosures	(a) Policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Policy List
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	Rights Protection and Health & Safety
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Rights Protection and Health & Safety
Aspect B5: Supply Chain Management		
General Disclosures	Policies on managing environmental and social risks of the supply chain.	Upholding Win-Win Cooperation to Grow with Partners
KPI B5.1	Number of suppliers by geographical region.	Not disclosed
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Upholding Win-Win Cooperation to Grow with Partners

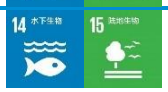
Category	Description	Where to Find
Aspect B6: Product Responsibility		
General Disclosures	(a) Policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	Policy List
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not disclosed
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Staying Responsive to Customer Needs
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property and Risk Management
KPI B6.4	Description of quality assurance process and recall procedures.	Constantly Pursuing Excellent Quality
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Policy List Effectively Safeguarding Cybersecurity
Aspect B7: Anti-corruption		
General Disclosures	(c) Policies; and (d) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud, and money laundering.	Policy List
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employee during the reporting period.	KPIs List
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Advancing Anti-Corruption and Anti-Bribery Unremittingly
Aspect B8: Community Investment		
General Disclosures	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Shouldering Responsibilities and Contributing to the Global Community
KPI B8.1	Focus areas of contribution	Shouldering Responsibilities and Contributing to the Global Community
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Shouldering Responsibilities and Contributing to the Global Community KPIs List

GRI Standards Index

GRI Standard Indicator Contents			Sustainable Development Goals	Where to Find
Guideline	Number	Indicator Contents		
General Disclosure	102-1	Name of the organization		ZTE in 2020
	102-2	Activities, brands, products, and services		ZTE in 2020
	102-3	Location of headquarters		
	102-4	Location of operations		ZTE in 2020
	102-5	Ownership and legal form		ZTE in 2020
	102-6	Markets served		ZTE in 2020
	102-7	Scale of the organization		ZTE in 2020
	102-8	Information on employees and other workers		ZTE in 2020
	102-9	Supply chain		Upholding Win-Win Cooperation to Grow with Partners
	102-10	Significant changes to the organization and its supply chain		Upholding Win-Win Cooperation to Grow with Partners
	102-11	Precautionary principle or approach		Optimizing Governance and Preventing Operational Risks
	102-12	External initiatives		ZTE in 2020
	102-13	Membership of associations		ZTE in 2020
	102-14	Statement from senior decision-maker		Message from the CEO; Message from the COO
	102-15	Key impacts, risks, and opportunities		Message from the CEO; Message from the COO; Optimizing Governance and Preventing Operational Risks
	102-16	Values, principles, standards, and norms of behaviour		Sustainability Strategy and Management
	102-17	Mechanisms for advice and concerns about ethics		Optimizing Governance and Preventing Operational Risks
	102-18	Governance structure		Sustainability Strategy and Management
	102-19	Delegating authority		Sustainability Strategy and Management
	102-20	Executive-level responsibility for economic, environmental, and social topics		Sustainability Strategy and Management
	102-21	Counselling stakeholders on economic, environmental, and social topics		Sustainability Strategy and Management
	102-22	Composition of the highest governance body and its committees		Sustainability Strategy and Management
	102-23	Chair of the highest governance body		Sustainability Strategy and Management
	102-24	Nomination and selecting the highest governance body		Sustainability Strategy and Management
	102-25	Conflicts of interest		—
	102-26	Role of the highest governance body in setting purpose, values, and strategy		Sustainability Strategy and Management
	102-27	Collective knowledge of highest governance body		Message from the CEO Message from the COO
	102-28	Evaluating the highest governance body's performance		-

GRI Standard Indicator Contents			Sustainable Development Goals	Where to Find
	102-29	Identifying and managing economic, environmental and, social impacts		Sustainability Strategy and Management
	102-30	Effectiveness of risk management processes		Optimizing Governance and Preventing Operational Risks
	102-31	Review of economic, environmental, and social topics		Sustainability Strategy and Management
	102-32	Highest governance body's role in sustainability reporting		Sustainability Strategy and Management
	102-33	Communicating critical concerns		Sustainability Strategy and Management
	102-34	Nature and total number of critical concerns		Sustainability Strategy and Management
	102-35	Remuneration policies		Optimizing Governance and Preventing Operational Risks
	102-36	Process for determining remuneration		Optimizing Governance and Preventing Operational Risks
	102-37	Stakeholders' involvement in remuneration		Optimizing Governance and Preventing Operational Risks
	102-38	Annual total compensation ratio		Optimizing Governance and Preventing Operational Risks
	102-39	Percentage increase in annual total compensation ratio		Optimizing Governance and Preventing Operational Risks
	102-40	List of Stakeholder groups		Sustainability Strategy and Management
	102-41	Collective bargaining agreements		Leading with Talent and Supporting the Progress of Employees
	102-42	Identifying and selecting stakeholders		Sustainability Strategy and Management
	102-43	Approach to stakeholder engagement		Sustainability Strategy and Management
	102-44	Key topics and concerns raised		Sustainability Strategy and Management
	102-45	Entities included in the consolidated financial statements		About This Report
	102-46	Defining report content and topic boundaries		About This Report
	102-47	List of material topics		Sustainability Strategy and Management
	102-48	Restatements of information		About This Report
	102-49	Changes in reporting		About This Report
	102-50	Reporting period		About This Report
	102-51	Date of most recent report		About This Report
	102-52	Reporting cycle		About This Report
	102-53	Contact point for questions regarding the report		About This Report
	102-54	Claims of reporting in accordance with the GRI Standards		About This Report
	102-55	GRI content index		GRI standards index
	102-56	External assurance		About this report
Management approach	103-1	Explanation of the material topics and its boundary		Sustainability Strategy and Management
	103-2	Management approach and its components		Sustainability Strategy and Management
	103-3	Evaluation of management approach		Sustainability Strategy and Management

GRI Standard Indicator Contents			Sustainable Development Goals	Where to Find
Economic performance	201-1	Direct economic value generated and distributed		ZTE in 2020
	201-2	Financial implications and other risks and opportunities due to climate change		
	201-3	Defining benefit plan obligations and other retirement plans		Leading with Talent and Supporting Employee Development
	201-4	Financial assistance received from government		Leading with Talent and Supporting Employee Development
Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage		Leading with Talent and Supporting Employee Development
	202-2	Proportion of senior management hired from the local community		Leading with Talent and Supporting Employee Development
Indirect economic impacts	203-1	Infrastructure investments and services supported		Shouldering Responsibilities and Contributing to the Global Community; Empowering Industries Through Innovation and Achieving Shared Success in the Digital Economy
	203-2	Significant indirect economic impacts		Empowering Industries Through Innovation and Achieving Shared Success in the Digital Economy
Procurement Practices	204-1	Proportion of spending on local suppliers		Upholding Win-Win Cooperation to Grow with Partners
Anti-bribery	205-1	Operations assessed for risks related to corruption		Optimizing Governance and Preventing Operational Risks
	205-2	Communication and training about anti-corruption policies and procedures		Optimizing Governance and Preventing Operational Risks
	205-3	Confirmed incidents of corruption and actions taken		Optimizing Governance and Preventing Operational Risks
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		Optimizing Governance and Preventing Operational Risks
Tax	207-1	Approach to tax		Optimizing Governance and Preventing Operational Risks
	207-2	Tax governance, control, and risk management		
	207-3	Stakeholder engagement and management of concerns related to tax		Supporting Circular Economy Through Green Development
	207-4	Country-by-country reporting		Supporting Circular Economy Through Green Development
Water and Effluents	303-1	Interactions with water as a shared resource		Supporting Circular Economy Through Green Development
	303-2	Management of water discharge-related impacts		Supporting Circular Economy Through Green Development
	303-3	Water withdrawal		Supporting Circular Economy Through Green Development

GRI Standard Indicator Contents			Sustainable Development Goals	Where to Find
	303-4	Water discharge		Supporting Circular Economy Through Green Development
	303-5	Water consumption		Supporting Circular Economy Through Green Development
Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		
	304-2	Significant impacts of activities, products, and services on biodiversity		
	304-3	Habitats protected or restored		
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations		
Emissions	305-1	Direct (Scope 1) GHG emissions		Supporting Circular Economy Through Green Development
	305-2	Energy indirect (Scope 2) GHG emissions		Supporting Circular Economy Through Green Development
	305-3	Other indirect (Scope 3) GHG emissions		Supporting Circular Economy Through Green Development
	305-4	GHG emissions intensity		Supporting Circular Economy Through Green Development
	305-5	Reduction of GHG emissions		Supporting Circular Economy Through Green Development
	305-6	Emissions of ozone-depleting substances (ODS)		Supporting Circular Economy Through Green Development
	305-7	Nitrogen Oxides (NOx), Sulfur Oxides (SOx), and Other significant air emissions		Supporting Circular Economy Through Green Development
Waste	306-1	Waste generation and significant waste-related impacts		Supporting Circular Economy Through Green Development
	306-2	Management of significant waste-related impacts		Supporting Circular Economy Through Green Development
	306-3	Waste generated		Supporting Circular Economy Through Green Development
	306-4	Waste diverted from disposal		Supporting Circular Economy Through Green Development

GRI Standard Indicator Contents			Sustainable Development Goals	Where to Find
	306-5	Waste directed to disposal		Supporting Circular Economy Through Green Development
Envrionment-al Compliance	307-1	Non-compliance with environmental laws and regulations		Supporting Circular Economy Through Green Development
Supplier environ-mental assessment	308-1	New suppliers that were screened using environmental criteria		Upholding Win-Win Cooperation to Grow with Partners
	308-2	Negative environmental impacts in the supply chain and actions taken		Upholding Win-Win Cooperation to Grow with Partners
Employment	401-1	New employee hires and employee turnover		Leading with Talent and Supporting Employee Development
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		Leading with Talent and Supporting Employee Development
	401-3	Parental leave		Leading with Talent and Supporting Employee Development
Labor/Manage ment Relations	402-1	Minimum notice periods regarding operational changes		-
Occupational Health and Safety	403-1	Occupational health and safety management system		Leading with Talent and Supporting Employee Development
	403-2	Hazard identification, risk assessment, and incident investigation		Leading with Talent and Supporting Employee Development
	403-3	Occupational health services		Leading with Talent and Supporting Employee Development
	403-4	Worker participation, consultation, and communication on occupational health and safety		Leading with Talent and Supporting Employee Development
	403-5	Worker training on occupational health and safety		Leading with Talent and Supporting Employee Development
	403-6	Promotion of worker health		Leading with Talent and Supporting Employee Development
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		Leading with Talent and Supporting Employee Development
	403-8	Workers covered by an occupational health and safety management system		Leading with Talent and Supporting Employee Development
	403-9	Workers covered by an occupational health and safety management system		Leading with Talent and Supporting Employee Development
	403-10	Work-related ill health		Leading with Talent and Supporting Employee Development
Training and education	404-1	Average hours of training per year per employee		Leading with Talent and Supporting Employee Development
	404-2	Programs for upgrading employee skills and transition assistance programs		Leading with Talent and Supporting Employee Development
	404-3	Percentage of employees receiving regular performance and career development reviews		Leading with Talent and Supporting Employee Development
Diversity and equal opportunity	405-1	Diversity of governance bodies and employees		Leading with Talent and Supporting Employee Development
	405-2	Ratio of basic salary and remuneration of women to men		Leading with Talent and Supporting Employee Development
Non-dis-crimination	406-1	Incidents of discrimination and corrective actions taken		Leading with Talent and Supporting Employee Development
Freedom of Association	407-1	Operations and suppliers in which the right to freedom		Leading with Talent and Supporting Employee Development

GRI Standard Indicator Contents			Sustainable Development Goals	Where to Find
and Collective Bargaining		of association and collective bargaining may be at risk		
Child labor	408-1	Operations and suppliers at significant risk for incidents of child labor		Leading with Talent and Supporting the Progress of Employees
Forced or compulsory labor	409-1	Operations and suppliers at significant risk for forced or compulsory labor		Leading with Talent and Supporting Employee Development
Security Practices	410-1	Security personnel trained in human rights policies or procedures		
Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples		
Human Rights Assessment	412-1	Operations that have been subject to human rights reviews or impact assessments		-
	412-2	Employee training on human rights policies or procedures		-
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening		-
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs		Shouldering Responsibilities and Contributing to the Global Community
	413-2	Operations with significant actual and potential negative impacts on local communities		Shouldering Responsibilities and Contributing to the Global Community
Supplier social assessment	414-1	New suppliers that were screened using social criteria		Upholding Win-Win Cooperation to Grow with Partners
	414-2	Negative social impacts in the supply chain and actions taken		Upholding Win-Win Cooperation to Grow with Partners
Public Policy	415-1	Political contributions		-
Customer health and safety	416-1	Assessment of the health and safety impacts of product and service categories		Securing Customers' Trust by Defending Their Rights and Interests First
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		Securing Customers' Trust by Defending Their Rights and Interests First
Marketing and Labeling	417-1	Requirements for product and service information and labeling		Securing Customers' Trust by Defending Their Rights and Interests First
	417-2	Incidents of non-compliance concerning product and service information and labeling		Securing Customers' Trust by Defending Their Rights and Interests First
	417-3	Incidents of non-compliance concerning marketing communications		Securing Customers' Trust by Defending Their Rights and Interests First
Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		Securing Customers' Trust by Defending Their Rights and Interests First
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area		Securing Customers' Trust by Defending Their Rights and Interests First

Readers' Feedback Form

Dear Readers:

Thanks for your concern and reading ZTE 2020 Sustainability Report. We will appreciate your suggestions and comments to help us keep moving forward.

Please leave your comments: (‘√’ for what you think)

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Do you get the information you want to know?					
Do you think this report is easy to read?					
Will you pay attention to ZTE’s future sustainability report?					
Which part are you interested most in the report?					
What additional topics do you want to know after reading this report?					
What’s your suggestion to the future report?					
Your contact details (optional and confidential. ZTE strictly protects your personal information and will not use it for any business purposes.)					
Name:	Phone:				
Email:					

You can contact us through

Email: esg@zte.com.cn

Thanks for your interest in ZTE. We look forward to creating a better life with you.