

**ZTE Corporation**  
**2021 Sustainability Report**

March 8, 2022

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## Message from the CEO

The year 2021 has ended, but uncertainties brought by the lingering COVID-19 pandemic, the complex global situation, population aging, and ecological degradation are imposing greater challenges to sustainable development.

However, as life and work are going on, continuous efforts are needed to guarantee the growth of industries, narrow the digital divide, and improve the ecological environment. In this process, digital and intelligent transformation based on new information technologies is playing an irreplaceable role, promoting the development of telecommuting, online collaboration, distance learning, telemedicine, smart factories, unmanned mining, and smart ports. Individuals can not only have immersive experience, but also enjoy more resources and equal opportunities. Moreover, such transformation enables lower cost and higher efficiency of industries, more agile and intelligent operations of enterprises, and higher resilience of organizations and society, accelerating industrial revolution and social evolution.

Digital and intelligent transformation has equipped our society with the "immunity" to uncertainties, guaranteeing economic growth and sustainable development.

As a major player and contributor dedicated to the ICT industry for 37 years, ZTE keeps making innovations and breakthroughs, and is always willing to embrace changes. In this way, the company continuously expands its capabilities and business in terms of digital and intelligent technologies, and brings about infinite possibilities for digital and intelligent applications.

In technology, ZTE always focuses on customers and pursues technological leadership. We continuously enhance our efforts in the fields with business certainties, for example, improving the spectral efficiency, and speeding up the performance optimization and self-evolution of commercial networks. We also innovate in Domain Specific Architecture (DSA), packaging, and systematic design, and enhance software-hardware co-optimization of chips, algorithms, and architectures. In the fields with business uncertainties, we strengthen R&D capabilities focusing on modular components, so as to enable fast iteration and continuous innovation for key scenarios and business.

In operations, ZTE always stick to the principle of "Simplicity, Agility, and Openness for Win-Win." We continuously enhance core competence and market position for long-term collaboration and sustainable growth, and speed up digital transformation to improve production and turnover efficiency. We keep strengthening underlying capabilities to create better solutions and successful practices, and work more closely with customers and partners to achieve shared success.

In 2022, ZTE will continue to strengthen core competence to achieve high-quality growth. We believe self-discipline and solid steps bring us sustained success. As a faithful driver of digital economy, ZTE is committed to creating greater value for our customers, partners, the industry, and society.

Let's work together to create a digital and intelligent ecosystem and enable connectivity and trust everywhere.

## Message from the COO

The year 2021 was crucial for the growth phase defined in ZTE's three-phase strategy. In 2021, we achieved remarkable results in sustainable development and laid a solid foundation for the company to advance into the expansion phase. In the same year, changes in the external environment posed higher requirements for corporate compliance. For example, new laws such as *Data Security Law of the People's Republic of China* and *Personal Information Protection Law of the People's Republic of China* came into force. In the capital market, both supervisory authorities and rating agencies expected higher-quality information disclosure.

Under these circumstances, ZTE has maintained stable operations, as we are committed to high-quality sustainable growth. We make continuous efforts to consolidate our three cornerstones, namely, compliance, internal control, and talent. Upholding compliance and integrity in operations, we have incorporated compliance requirements into the company's business processes, thereby building a best-in-class compliance management system that is aligned with the company's business practices. In this way, we strive to achieve sustainable development together with our customers, suppliers, and other business partners around the world. As for internal control and corporate governance, by using digital tools, ZTE has established a relatively complete system for risk management and internal control, and constantly improved the Business Continuity Management (BCM) system. With these efforts, the company has effectively enhanced operational continuity, improved turnover efficiency, and reduced operational risks. Regarding talent development, ZTE keeps attracting and motivating core talent. For example, since its launch in 2014, the Blue Sword Program has been cultivating future leaders for the company, as evidenced by the first trainees who have been playing leading roles in the company. In 2021, ZTE stepped up efforts in campus recruitment, offering over 6,000 positions in fields like R&D, marketing, operation support, and supply chain to excellent graduates worldwide. We believe that only by building a better ZTE can we create greater value for stakeholders.

In 2021, ZTE consolidated its innovation capability to keep pace with the information revolution in various industries. By December 31, 2021, we had filed more than 84,000 global patent applications, with over 42,000 granted. According to a report published in November 2021 by IPLytics, a leading patent data company, ZTE ranked fourth in the world in the number of 5G Standards-Essential Patents (SEP) declarations disclosed to the European Telecommunication Standards Institute (ETSI). Engaging deeper into the industries, ZTE has teamed up with global partners in exploring nearly 100 5G innovative applications.

We have been actively safeguarding the rights and interests of users. In 2021, the company obtained the certification of ISO 9001, TL 9000, QC 080000, ESD, ISO 45001, ISO 14001, and ISO 22301 management systems, covering the company's major R&D centers and manufacturing bases and 62 main product categories. In the same year, ZTE shortened its Mean Time to Repair (MTTR) by 29.5% compared with that in 2020. Moreover, the company offered remote customer support and spare parts services in 65 countries, with the customer satisfaction rate exceeding 99%.

Facing the challenges brought by low-carbon transformation, ZTE paves a green path to digital economy by promoting green operations, green supply chain, and green digital infrastructure, and empowering the green development of industries, thereby facilitating the sustainable development of operators and verticals. Working with its partners, ZTE continues to explore innovative and green 5G applications with over 60 exemplary projects delivered worldwide. Our goal is to realize carbon peak carbon neutrality ahead of 2030 and before 2060, respectively.

For win-win partnership, ZTE has updated the *Supplier CSR Agreement* and *Supplier CSR Code of Conduct* to guarantee the responsible and sustainable development of our partners across the value chain. The *Supplier CSR Code of Conduct* lays out six redlines respectively about labor standards, health and safety, environmental protection, and prohibited commercial activities; while the *Supplier CSR Agreement* clearly defines the corresponding penalties for violations of the redlines. In addition, ZTE has released the *Conflict Minerals Report* based on the due diligence and assessment of 255 suppliers. In the future, due diligence and assessment on conflict minerals will cover all of our suppliers.

While pursuing business development, ZTE also takes an active part in public welfare activities. In such fields as global response to COVID-19, poverty alleviation through education, and healthcare, ZTE constantly fulfills its Corporate Social Responsibility (CSR) through donations and technological empowerment. In 2021, ZTE Foundation donated CNY 13.17 million and organized 220 public welfare activities, benefiting a total of 12,000 people.

In 2022, ZTE will continuously conduct digital operations, build a resilient organization, and contribute to the implementation of the dual-carbon strategy for sustainable growth. As a faithful driver of the digital economy, we are committed to fulfilling our CSRs and working with employees and partners for win-win success in harmony with the environment, to enable connectivity and trust everywhere.

Opening a new chapter in 2022, ZTE will keep pursuing strong core competence and high-quality growth and embrace openness and win-win cooperation. Let's work together to build a promising future and explore more opportunities amid the rising tide of digitalization.

## About This Report

The sustainability report is issued annually by ZTE Corporation. Adhering to "Materiality, Quantification, Balance, and Consistency", it 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, 2021 to December 31, 2021.

For 14 consecutive years since 2009, ZTE has annually released sustainability reports/corporate social responsibility reports.

### —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 makes reference to the *Shenzhen Stock Exchange Social Responsibility Instructions to Listed Companies*, Global Reporting Initiative (GRI) Standards, the Ten Principles of the United Nations Global Compact, and ISO 26000: Guidance on Social Responsibility.

This report is finally formulated by identifying important stakeholders, analyzing and rating material issues related to 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 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 2021.

### —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 the electronic version of this report through the following website:  
<https://www.zte.com.cn/global/>

## ZTE in 2021

### 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 innovative technologies and integrated solutions for global operators, enterprise customers, and consumers from over 160 countries. Serving over a quarter of the global population, the company is dedicated to enabling connectivity and trust everywhere.

ZTE insists on creating value for customers by continuous technological innovation and has established state-of-the-art global R&D centers in the United States, Sweden, China, and so forth. To further foster innovation, ZTE keeps investing in core areas such as 5G wireless technology, core networks, transport networks, access networks, and chipsets, with the R&D investment accounting for over 10% of the company's revenue for years. By December 31, 2021, ZTE has filed more than 84,000 patent applications, with over 42,000 granted, among which the number of chipset patent applications and granted chipset patents reached 4,572 and 1,990 respectively. ZTE has become a major participant and contributor to the research and standard setting for global 5G technologies.

ZTE is committed to sustainable development around the globe. To achieve balanced, sustainable development in the social, environmental, and economic arenas, the company promotes freedom of communication around the world. It adheres to "Innovation, Convergence, and Green Development" throughout the product lifecycle and the entire process of R&D, production, logistics, and customer services, making constant contributions to the reduction of global energy consumption and carbon emissions. It has also been carrying out public welfare and relief activities around the world. As a member of the UN Global Compact and Global Enabling Sustainability Initiative (GeSI), ZTE has been releasing the sustainability report to the public for 14 consecutive years.

Dedicated to strengthening its core competitiveness and innovation in the 5G era, ZTE will accelerate the global commercial deployment of 5G with its leading end-to-end 5G products and solutions.

### ZTE in 2021

Indicator	Unit	2021
Domestic operating revenue	CNY Million	78,066.5
Overseas operating revenue	CNY Million	36,455.1
Net profit attributable to holders of ordinary shares of the listed company	CNY Million	6,812.9
Number of employees	Person	72,584
Total annual donations of ZTE Foundation in public welfare	CNY Million	13.17

Notes: For other financial data and information, refer to the ZTE Annual Report 2021.

## Honors and Achievements

### Environmental Field

- In the selection of "2021 ICT excellent cases", an activity sponsored by People's Posts and Telecommunications News, ZTE's "Intelligent Orchestration Radio Network" was recognized as a leading case of 5G technology innovation, "Panda's Coming" 5G messaging application as a typical case of 5G industrial empowerment, PowerPilot power saving solution as an exemplary case in reaching carbon peak and carbon neutrality, and uSmartNet autonomous evolving network solution as an exemplary case of AI technology innovation.

- ZTE's PowerMaster hybrid power solution won the award of 2021 Technological Innovation Solution for Carbon Peak and Neutrality and High-Quality Development by China Energy News.

### Social Field

- On March 31, 2021, ZTE and other four enterprises were the first to pass the "Assessment of Digital Trusted Services" by the China Academy of Information and Communications Technology (CAICT), boasting the digital infrastructure-integrated cloud platform capabilities.
- At the 2021 World Summit on the Information Society (WSIS), ZTE was rewarded Champion for its ICT security solution, becoming the only Chinese enterprise receiving this honor in information security.
- On September 16, 2021, with focus on customers, ZTE was granted the 4th China Quality Award nomination for its digital, intelligent, and simplified quality management system.
- On November 3, 2021, ZTE was honored with the second prize of the State Scientific and Technological Progress Award for Key Technology of QCell, A Digital Indoor Coverage System for Broadband Mobile Telecommunications, and Its Industrial Application.
- In November 2021, ZTE won the 2021 Ram Charan Management Practice Award (Grand Prize), which fully affirmed ZTE's forward-looking exploration in digital transformation as well as its leading contribution to the digital transformation of enterprises and industries.
- In 2021, ZTE won the ATD Excellence in Practice Award 2021-2022 for its "Capability Enhancement Program Integrating Training and Practice for Transport Network Products" program. This was the third time that ZTE won this award.
- On August 20, 2021, ZTE was listed among the Top 10 Caring Enterprises of Shenzhen Project Care.
- In 2021, ZTE Foundation passed the evaluation by the Ministry of Civil Affairs of the People's Republic of China and was rated as a 3A social organization.
- In 2021, ZTE Foundation was scored full marks by FTI for four consecutive years.
- In 2021, *Better Me*, ZTE's video about the Xinghua Student Aid Program, was honored with the Excellent Work Award at the China International Philanthropic Movie Festival.

### Corporate Governance

- In 2021, ZTE was graded as A in information disclosure assessment by Shenzhen Stock Exchange.
- On December 23, 2021, the 2022 Caijing Sustainable Development Summit, sponsored by Caijing Magazine, was held in Beijing. The 2021 annual "Social Value 99" A-share listed company sustainable development value rankings were released and ZTE came 2nd on the list.
- In December 2021, ZTE was named to the FTSE4Good Index Series for its A shares. For now, both of ZTE's A shares and H shares have been included into the FTSE4Good Index Series.

## Sustainability Strategy and Management

As a member of the UN Global Compact and GeSI, ZTE has been committed to sustainable development around the globe. It has been actively fulfilling its CSR, and made every effort to support the fight against the pandemic with technologies, promote the development of the digital economy, and facilitate environmental protection. The company has also been actively contributing to the global community and improving corporate governance. We are committed to fulfilling our CSRs and working with employees and partners for win-win success in harmony with the environment, to enable connectivity and trust everywhere.

### Sustainability Management

ZTE has established an organizational structure for sustainability within the company. The Sustainable Development Management Committee is responsible for major sustainability projects and the assessment of the effectiveness, and shall report 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

- **Board of Directors:** The Board of Directors reviews the company's annual sustainable development strategy, major projects, and related work plans, and regularly discusses reports from the Sustainable Development Management Committee to ensure that the company's sustainable development goals are achieved.
- **Sustainable Development Management Committee:** The committee is composed of the senior management members of the company, including the Executive Vice Presidents, Chief Operating Officer, and Chief Strategy Officer. The committee implements the decisions of the company's Board of Directors on sustainable development in terms of the environment, society, and governance, guards the company against relevant risks, and reports the work progress to the Board of Directors on a regular basis.
- **Sustainable Development Working Group:** The Human Resources Dept. coordinates all units (in the fields of compliance, strategy, finance and accounting, supply chain, securities, quality, learning and development, marketing, R&D, branding, cybersecurity, operations management, and ZTE Foundation) to report to the

Sustainable Development Management Committee in terms of the environment, society, and governance, and provides necessary information for decision-making, to provide guidance for the units and support the execution of sustainable development strategies and decisions.

As a member of the UN Global Compact, ZTE is dedicated to promoting global sustainable development. Based on the company's vision, ZTE regards talent, compliance, and internal control as the cornerstones to strengthen its core competitiveness, and defines five strategic priorities for sustainable development based on the 17 UN Sustainable Development Goals and industrial trends.

- Empowering Industries Through Innovation for Shared Success in Digital Economy: Give full play to our strengths in innovation of basic technology and commercial deployment, to enable the digital transformation of industries with new technologies, and to achieve sustainable development of both society and economy.
- Securing Customers' Trust with Openness and Transparency: Guarantee security for customers through high-quality products, and promptly address customer concerns through superior services.
- Promoting Green Development to Tackle Climate Change: Enable the green development of different industries through technology, effectively control resource and energy consumption, cut carbon emissions, optimize waste management to support the circular economy, get on a green path to the digital economy, and contribute to carbon neutrality.
- Upholding Win-Win Cooperation to Grow with Partners: Establish strategic cooperation with suppliers, promote the sustainable development of partners across the value chain, and continuously enhance our partners' capabilities.
- Shouldering CSR to Contribute to the Global Community: Engage in sustainable development in the global community, identify key issues, and contribute to the global community via technology, capital, and volunteer services.



Sustainability Strategy System of ZTE

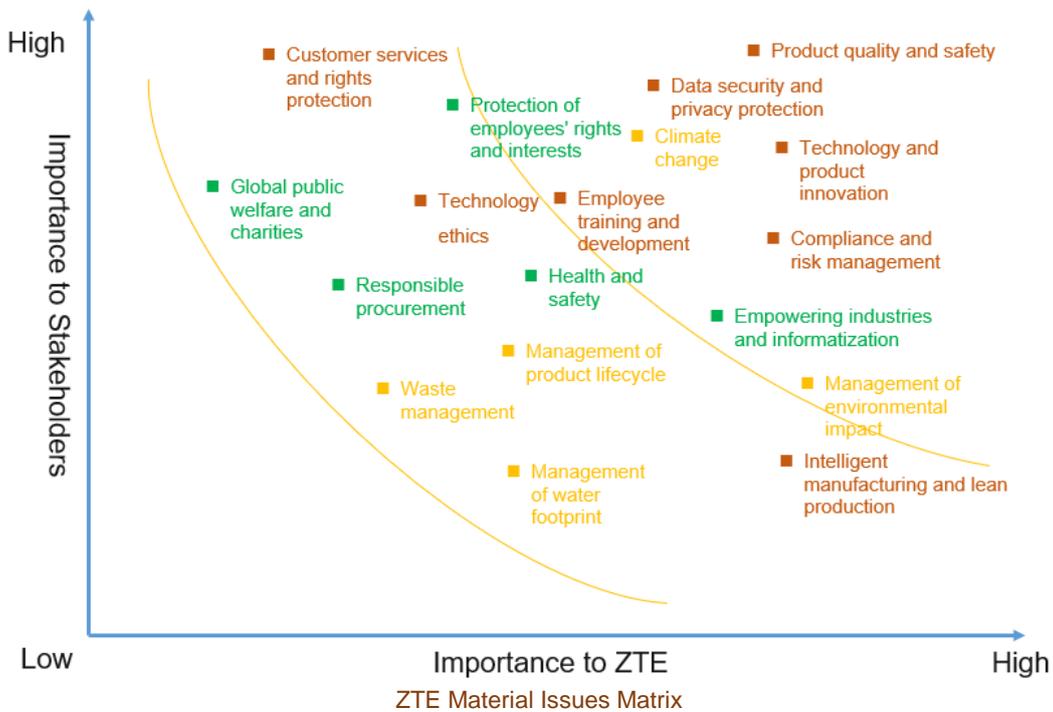
## Materiality Analysis

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 2021, we thoroughly analyzed external stakeholders' concerns through regular communication, industry associations, customer exchanges and audits, and seminars. Based on the company's strategy, we conducted interviews and investigations on sustainable development–related issues among the company's employees. According to the internal and external analysis results, we identified the annual material issues and carried out targeted management and performance improvement.



## Major Progress in 2021

Topics	Progress
<p>Optimizing Governance to Prevent Operational Risks</p>	<ul style="list-style-type: none"> <li>■ In 2021, ZTE passed the ISO 22301 BCMS certification, output guiding documents including <i>ZTE's Summary of Experience and Guiding Manual in Disaster Relief and Emergency Rescue</i> and the <i>Business Continuity and Recovery Plan (Major Epidemic Prevention and Control and Corporate Crisis Response)</i>, promoted BCM in ten key suppliers, and organized 363 company-level and field-level drills.</li> <li>■ In 2021, ZTE's Global Tax Compliance Committee exercised tax management in nine fields through the implementation of 19 projects to ensure tax compliance and tax risk controllability.</li> <li>■ In May 2021, ZTE released the updated <i>ZTE Business Code of Conduct</i>. Revisions were made to contents relating to export control, anti-bribery, data protection, cybersecurity, information protection, health and safety, care for employees, CSR, and violation reporting.</li> </ul>
<p>Staying away from Redlines and Adhering to Compliance in Operations</p>	<ul style="list-style-type: none"> <li>■ In 2021, remaining risk-oriented, ZTE conducted anti-bribery inspections of 15 subsidiaries worldwide and in nine fields including business partners, procurement, charitable donations, commercial sponsorship, funding of business trips, and employment.</li> <li>■ In 2021, ZTE completed the assessment and governance of compliance risks in cross-border data transfer, and enabled risk control over all of its 14 functional subsidiaries in Europe. The company comprehensively assessed risks involving data in Europe, conducted compliance governance of eight strategic products, and audited agreement fulfillment and three self-built websites in Europe. By doing so, ZTE promoted the building of the data protection compliance system.</li> <li>■ In 2021, ZTE completed the export control compliance inspections of 13 departments at its headquarters and of 9 subsidiaries and branches.</li> <li>■ In 2021, ZTE produced video compliance training courses with voiceovers and launched them on an online learning platform, which was used by more than 50,000 employees throughout the year. The "Management Discussion about Compliance with Subordinates" program was steadily promoted, with a total of 1,039 employees interviewed in 2021, including 265 employees interviewed by senior management and 774 by level-3 management members.</li> <li>■ In 2021, ZTE officially launched its global public policy website (<a href="https://policy.zte.com.cn/">https://policy.zte.com.cn/</a>) to demonstrate global policies and its efforts in compliance, cybersecurity, as well as privacy and data protection.</li> <li>■ In 2021, ZTE passed the ISO/IEC 27701 privacy protection certification for 5 key products/fields including 5G, core networks, terminals, digital technology, and HR.</li> </ul>
<p>Leading with High-End Talent and Supporting Employee Development</p>	<ul style="list-style-type: none"> <li>■ ZTE made greater efforts in the building of the health and safety management system. In 2021, it passed the ISO 45001 certification in such countries as Kenya, Uganda, Brazil, and the Philippines. By now, the company has obtained the ISO 45001 certification in 32 countries.</li> <li>■ In 2021, ZTE realized the objectives in safe production, achieving zero occupational disease, zero government punishment, 100% inspection of special equipment/safety accessories as scheduled, and 100% special operators working with corresponding certificates.</li> <li>■ In 2021, 10,757 proposals were received through the Rational Proposals platform, with the reply cycle shortened from 16.4 days to 10.7 days and the employee satisfaction rate increasing from 75.6% to 81.5%.</li> <li>■ In 2021, ZTE strengthened its partnership with universities and institutes, with the investment more than twice of the annual average amount of past years. The company expanded the scope of cooperation, adding the Southern University of Science and Technology to the member list of the Industry-University-Institute Cooperation Forum. It also adopted more modes of cooperation, building a joint lab with Peking University.</li> <li>■ In 2021, ZTE provided nearly 80 class hours of mental health courses for over 2,000 employees. Amid the COVID-19 pandemic, it offered 14 online EAP training sessions for overseas employees, attracting over 700 participants.</li> </ul>

<p>Empowering Industries Through Innovation and Building the Foundation of Digital Economy</p>	<ul style="list-style-type: none"> <li>■ By December 31, 2021, ZTE has filed more than 84,000 patent applications globally, with over 42,000 granted. According to a report published in November 2021 by IPLytics, a leading patent data platform, ZTE ranked fourth in the world in the number of 5G SEP declarations disclosed to ETSI.</li> <li>■ ZTE has worked with over 500 partners worldwide and identified nearly 100 5G innovative application scenarios.</li> </ul>
<p>Securing Customers' Trust with Openness and Transparency</p>	<ul style="list-style-type: none"> <li>■ In 2021, ZTE has made outstanding achievements in external security certification and evaluation. The company passed the GSMA Network Equipment Security Assurance Scheme (NESAS) audit for its 5G products and obtained the first Common Criteria (CC) EAL3+ certificate in the industry for its system solution, and scored high in the Building Security in Maturity Model (BSIMM) assessment.</li> <li>■ In 2021, ZTE identified 78 high-risk modules in the development of smartphones and MBB products, completed all security design reviews, and ensured that no medium or high-risk vulnerabilities were identified in security and penetration tests for products to be delivered. ZTE signed the <i>Authorized Repair Service Agreement</i> with 39 aftersales agents, and incorporated data protection clauses into all the agreements. It introduced 30 new terminal material suppliers, all of which have signed the <i>Supplier Security Agreement</i> with ZTE.</li> <li>■ In 2021, ZTE passed the certification of ISO 9001, TL 9000, QC 080000, ESD, ISO 45001, ISO 14001, and ISO 22301 management systems, with the certified locations including its main R&amp;D centers and manufacturing bases in Shenzhen, Changsha, Nanjing, Wuhan, Shanghai, Chongqing, Xi'an, and Heyuan, and the certified products covering 62 main categories it provides. Besides, ZTE provided over 800 employees with training in TL 9000 and EHS internal auditor certification.</li> <li>■ ZTE shortened its MTTR by 29.5% compared with that in 2020. Moreover, the company offered customer remote support and spare parts services in 65 countries, with the customer satisfaction rate exceeding 99%.</li> </ul>
<p>Upholding Win-Win Cooperation to Grow with Partners</p>	<ul style="list-style-type: none"> <li>■ In 2021, ZTE revised the <i>Supplier CSR Agreement</i> and <i>Supplier CSR Code of Conduct</i>. The <i>Supplier CSR Code of Conduct</i> specifies six redlines respectively about labor standards, health and safety, environmental protection, and prohibited commercial activities; while the <i>Supplier CSR Agreement</i> clearly defines the corresponding penalties for violations of the redlines.</li> <li>■ In 2021, ZTE released the <i>Conflict Minerals Report</i> based on the due diligence and assessment of 255 suppliers. Meanwhile, it examined the supply chain of conflict minerals and identified the list of suppliers involving conflict minerals. In the future, due diligence and assessment will be conducted on all of our suppliers for conflict minerals.</li> <li>■ In May 2021, ZTE organized the annual training camp in Shenzhen for over 80 suppliers. The training included courses for CSR, cybersecurity, data protection, BCM, Carbon Disclosure Project (CDP), etc.</li> <li>■ In November 2021, ZTE held the Global Partners Day themed "One Goal, One Future" in Shenzhen. It invited more than 300 strategic partners and core suppliers across the world. Focusing on the collaborative innovation of the industrial chain, the participants had in-depth discussions about digital economy, supply chain development, and building a compliance management system.</li> </ul>
<p>Promoting Green Development to Tackle Climate Change</p>	<ul style="list-style-type: none"> <li>■ ZTE started the company-level dual-carbon strategic project and completed the establishment and capability improvement of the dual-carbon strategic team, and more than 170 team members participated in the training in the ISO 14064 and Science-Based Targets initiative. The company also completed the self-inspection of carbon emission data, including the data of its Chinese and overseas industrial parks and subsidiaries.</li> <li>■ In 2021, ZTE maintained CDP B rating for actions on climate change and supplier engagement. According to the data disclosed on CDP website, more than 40 leading suppliers in ZTE's supply chain established decarbonization strategies.</li> <li>■ In 2021, ZTE developed the 2nd-generation 5G chipsets, doubling both the chipset performance and integration and cutting power consumption by half through architecture optimization and improvement of process and computing power.</li> <li>■ In 2021, ZTE reduced the use of packaging materials by 689.1 tons through the design of packaging weight reduction. By 2021, ZTE had established 140 recycling sites worldwide. In China, the company optimized 4 centralized waste recycling and processing platforms and conducted in-depth cooperation with more than 10</li> </ul>

	<p>leading environmental protection institutions in the industry, reaching the overall recycling rate of 97%. Through long-term in-depth cooperation with more than 150 environmental protection institutions overseas, ZTE ensured that the recycling business met the local environmental protection requirements of different countries, and achieved the overall recycling rate of 98%.</p>
Shouldering CSR to Contribute to the Global Community	<ul style="list-style-type: none"> <li>In 2021, ZTE Foundation donated CNY 13.17 million and organized 220 public welfare activities, covering a total of 12,000 people. ZTE launched a brand-new volunteer service system called "ZTE Volunteer" and set up 15 volunteer branches worldwide with over 5,600 volunteers by far, representing a year-on-year growth of 76% in terms of the number of volunteers.</li> </ul>

## Stakeholder Engagement

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

Stakeholder Category	Representative	Expectation	Communication Method
Shareholders and investors	<ul style="list-style-type: none"> <li>Investors</li> </ul>	<ul style="list-style-type: none"> <li>Corporate business and fundamentals</li> <li>Long-term development plans, financial performance, and ESG performance</li> <li>Corporate governance and risk control</li> <li>Communication and interactions with investors</li> </ul>	<ul style="list-style-type: none"> <li>Regular information disclosure</li> <li>Shareholders' meetings</li> <li>Investor roadshows and meetings</li> <li>Hotline and mailbox</li> </ul>
Regulators	<ul style="list-style-type: none"> <li>Governments at various levels and competent authorities</li> <li>Shenzhen Stock Exchange</li> <li>Hong Kong Stock Exchange</li> <li>China Securities Regulatory Commission</li> </ul>	<ul style="list-style-type: none"> <li>Compliant operations</li> <li>Dual carbon policies and response to climate change</li> <li>Protection of the rights and interests of stakeholders such as customers and employees</li> <li>Technology ethics</li> <li>Stable operation of products</li> <li>Driving economic growth</li> </ul>	<ul style="list-style-type: none"> <li>Participation in relevant meetings</li> <li>Communication with industry associations</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Relevant operators at home and abroad</li> <li>Consumers</li> </ul>	<ul style="list-style-type: none"> <li>Excellent product performance</li> <li>Information security and privacy protection</li> <li>Green product standards</li> <li>Timely and efficient customer services</li> <li>Overall CSR performance</li> </ul>	<ul style="list-style-type: none"> <li>Presales communication</li> <li>Aftersales services</li> <li>Regular communication (such as customer visits)</li> <li>High-quality exhibitions</li> <li>Third-party training</li> <li>Customer supervision</li> </ul>
Employees	<ul style="list-style-type: none"> <li>All employees</li> </ul>	<ul style="list-style-type: none"> <li>Salaries and welfare</li> <li>Rich contents about the capability building</li> <li>Open and transparent career development paths</li> </ul>	<ul style="list-style-type: none"> <li>Trade Union</li> <li>Online platform for communication</li> <li>Employee complaint hotline</li> </ul>

		<ul style="list-style-type: none"> <li>■ Balance between work and life</li> <li>■ Steady corporate development</li> <li>■ Healthy and safe workplaces</li> </ul>	<ul style="list-style-type: none"> <li>■ Employee Assistance Program (EAP)</li> <li>■ Employee representatives</li> <li>■ Face-to-face talks with senior executives and other internal activities</li> </ul>
Employee families	<ul style="list-style-type: none"> <li>■ Families of all employees</li> </ul>	<ul style="list-style-type: none"> <li>■ Health and safety of employees</li> <li>■ Employee development</li> </ul>	<ul style="list-style-type: none"> <li>■ Open Day for employee families</li> <li>■ Activities for caring employees' families</li> <li>■ EAP</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>■ Suppliers of production materials</li> <li>■ Service suppliers</li> </ul>	<ul style="list-style-type: none"> <li>■ Open and transparent selection procedures</li> <li>■ Steady financial performance and reasonable payment policies</li> <li>■ Long-standing and steady partnership</li> <li>■ Fair, equal, open, and transparent procurement environment</li> </ul>	<ul style="list-style-type: none"> <li>■ ZTE Global Partners Day</li> <li>■ Supplier training</li> <li>■ Onsite review and communication</li> <li>■ Regular visits</li> <li>■ High-level exchanges</li> </ul>
Communities	<ul style="list-style-type: none"> <li>■ Villages and small towns near plants</li> <li>■ Areas designated for partner assistance</li> <li>■ Global community</li> </ul>	<ul style="list-style-type: none"> <li>■ Contribution to the sustained development of communities</li> <li>■ Sharing of the outcomes from corporate development</li> </ul>	<ul style="list-style-type: none"> <li>■ Face to face communication</li> <li>■ Public welfare activities</li> <li>■ Complaint hotline</li> </ul>
Social organizations (such as media, NGOs, and industry associations)	<ul style="list-style-type: none"> <li>■ Colleges and research institutes, and ESG rating agencies</li> <li>■ Media</li> <li>■ NGO</li> <li>■ Industry associations</li> </ul>	<ul style="list-style-type: none"> <li>■ Sound partnership</li> <li>■ Timely sharing of experience and practices</li> <li>■ Transparent information communication and sharing</li> <li>■ Common growth across the industry</li> </ul>	<ul style="list-style-type: none"> <li>■ Press conferences</li> <li>■ Regular communication and feedback</li> <li>■ Project cooperation</li> <li>■ ZTE' website, WeChat official account, and other public channels</li> </ul>

Activities in 2021

On November 24, 2021, ZTE held the 2021 5G Summit and User Congress online. Industry leaders from GSMA, Omdia, CCS Insight, Hutchison Drei Austria, China Mobile, China Telecom and other top companies gathered on the cloud to have in-depth discussions on such issues as how to pave the "Digital Road to Ecosystem," and jointly build a 5G digital era together with ZTE.





On October 25th, 2021, the ZTE Analyst Conference 2021 with the theme of "Building the infrastructure for digital economy to enable connectivity and trust everywhere" was held online. The conference focused on four topics: ZTE's overall strategy, communication network development, green and low-carbon growth, and digital transformation. ZTE invited more than 100 industry analysts, financial analysts, and media personnel around the world to have forward-looking discussions on digital economy, industrial development, and ecological construction.

On September 2, 2021, the first AI for Good webinar hosted by the International Telecommunication Union (ITU) and undertaken by ZTE was successfully held. AI+ has already been widely applied to in many fields such as smart healthcare, smart factories, and environmental protection. The theme of this webinar is "AI Empowering Industry Potential". Wang Xinhui, General Manager of Standardization and Industrial Relations and Vice President of ZTEC, delivered a speech titled "Living on AI, Present and Future."



On November 4, 2021, ZTE held the Global Partners Day themed "One Goal, One Future" in Shenzhen, which was attended by more than 300 strategic partners and core suppliers across the world. Focusing on the collaborative innovation of the industrial chain, the participants had in-depth discussions about digital economy, supply chain construction, and building of a compliance management system.

On December 21, 2021, ZTE held the 4th Health and Safety Forum in Shenzhen with the theme of "Safety First to Travel Far." ZTE and over 20 partners (including the Police of the Nanshan Brigade, Shenzhen Safeway RTS Technology Co., Ltd., TÜV Rheinland, and SGS) in the fields of engineering services, production, and administration gathered together to discuss issues relating to health and safety management, in particular, the risk management and control of traffic safety.



	<p>On November 2, 2021, ZTE's first Supply Chain Strategic Forum was successfully held in Shenzhen. Yang Jianming, SVP of ZTEC and President of Supply Chain, and ZTE's experts from supply chain, product R&amp;D, marketing, and operations management, gathered with experts from industry associations, consulting firms, universities, and research institutes for in-depth exchanges, to provide suggestions and build consensus for the digital transformation of supply chain and cutting-edge technologies.</p>
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<p>On December 23, 2021, the 2022 Caijing Sustainable Development Summit, sponsored by Caijing Magazine, was held in Beijing. The 2021 annual "Social Value 99" A-share listed company sustainable development value rankings were released and ZTE came 2nd on the list. Cui Li, Chief Development Officer of ZTEC, attended the summit and delivered a speech titled "Pursue Technology Innovations to Pave a Green Path to Digital Economy." In the speech, she shared ZTE's experience in promoting digital transformation as well as energy conservation and emissions reduction, and discussed with partners about the energy conservation application scenarios.</p>	
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**[Case] ZTE Actively Participated in the DWP Movement**



The Digital with Purpose(DWP) Movement is the next stage of GeSI's initiative following the launch in 2019 of the Digital with Purpose Report. The movement intends to inspire and support companies to make progress across the following four universal commitments: Become a purpose-led business, take action on climate change, embrace principles of impact transparency and collaboration and commit to inclusive digital transformation. ZTE joined the Digital With Purpose Movement from the very first moment and has been awarded the Certification level "Committed".

## Reinforcing Internal Management and Pursuing High-Quality Growth

The year 2021 was crucial for the company's growth phase. In this year, ZTE adhered to technological leadership and achieved high-quality growth, laying a solid foundation for its steady stride into the expansion phase and toward its goal of becoming a world's top 500 company. Despite the global economic downturn and the COVID-19 pandemic, we have made great achievements thanks to our adherence to the four principles: putting cash flow first, digital transformation, continuous high R&D investment, and the reinforcement of talent, compliance, and internal control systems, which are also fundamental to ZTE's sustainability.

Our Objectives	Our Progress
<p><b>Corporate governance</b></p> <ul style="list-style-type: none"> <li>■ Pass the ISO 22301 certification and support the BCM capacity building for more than nine suppliers.</li> <li>■ Exercise tax management in nine fields to ensure tax compliance and effective tax risk control.</li> <li>■ Update and release the ZTE Business Code of Conduct.</li> </ul> <p><b>Compliance</b></p> <ul style="list-style-type: none"> <li>■ Conduct the digital management of compliance training and the online operations of the learning platform</li> <li>■ Complete export control compliance inspections of 13 departments at the headquarters</li> <li>■ Launch the global public policy website to give more stakeholders a comprehensive knowledge about the real ZTE.</li> <li>■ Pass the supervision and audit of ISO 37001 anti-bribery management system.</li> <li>■ Remain risk-oriented, conduct anti-bribery inspections of 15 subsidiaries worldwide.</li> <li>■ Complete the assessment and governance of compliance risks in cross-border data transfer, conduct compliance governance of eight strategic products, audit operator agreement fulfillment and three self-built websites in Europe, and promote the risk-oriented building of the data protection compliance system.</li> <li>■ Pass the ISO/IEC 27701 privacy protection certification for at least five key products/fields.</li> </ul>	<p><b>Corporate governance</b></p> <ul style="list-style-type: none"> <li>■ In 2021, ZTE passed the ISO 22301 BCMS certification, output guiding documents including <i>ZTE's Summary of Experience in Disaster Relief and Emergency Rescue and Guiding Manual</i> and the <i>Business Continuity and Recovery Plan (Major Epidemic Prevention and Control and Corporate Crisis Response)</i>. Two of our suppliers passed ISO 22301 certification for BCM while eight suppliers have been urged to formulate a BCM system certification work plan.</li> <li>■ In 2021, the Global Tax Compliance Committee exercised tax management in nine fields through the implementation of 19 projects to ensure tax compliance and tax risk controllability.</li> <li>■ On May 25, 2021, ZTE released the updated <i>ZTE Business Code of Conduct</i>.</li> </ul> <p><b>Compliance</b></p> <ul style="list-style-type: none"> <li>■ In 2021, ZTE produced video compliance training courses with voiceovers and launched them on an online learning platform, which was used by more than 50,000 employees throughout the year.</li> <li>■ In 2021, ZTE completed export control compliance inspections of 13 departments at its headquarters and of 9 subsidiaries and branches.</li> <li>■ In 2021, ZTE officially launched its global public policy website (<a href="https://policy.zte.com.cn/">https://policy.zte.com.cn/</a>), which includes an overseas compliance credit enhancement module.</li> <li>■ In 2021, the company successfully passed the supervision and audit of the ISO 37001 anti-bribery management system.</li> <li>■ In 2021, remaining risk-oriented, ZTE conducted anti-bribery investigations on 15 subsidiaries worldwide (including Philippines, Vietnam, Libya, Argentina, and Egypt), which covered multiple key fields including procurement and gifts and hospitality. ZTE developed <i>Compliance Investigation SOP</i> and <i>Guidelines for Anti-Commercial Bribery Compliance Punishment</i> to strengthen closed-loop management.</li> <li>■ In 2021, ZTE completed the assessment and governance of compliance risks in cross-border data transfer, and enabled risk control over all of its 14 functional subsidiaries in Europe. The company comprehensively assessed risks involving data in Europe, conducted compliance governance of eight strategic products, and audited operator agreement fulfillment and three self-built websites in Europe.</li> </ul>

**Talent**

- Further strengthen the health and safety management system, and pass the ISO 45001 certification in 32 countries in total.
- Health and safety objectives: zero occupational disease, zero government punishment, 100% inspection of special equipment/safety accessories as scheduled, and 100% special operators working with corresponding certificates.
- Continuously promote the building of the Rational Proposals platform and shorten the reply cycle to a maximum of 15 days.

**Talent**

- In 2021, ZTE passed the ISO/IEC 27701 privacy protection certification for 5 key products/fields including 5G, core networks, terminals, digital technology, and HR, and trained 125 ISO internal auditors, bringing the number of internal audit experts to 151.
- ZTE made greater efforts in the building of the health and safety management system. In 2021, it passed the ISO 45001 certification in such countries as Kenya, Uganda, Brazil, and the Philippines. By now, the company has obtained the ISO 45001 certification in 32 countries.
- ZTE achieved zero occupational disease, zero government punishment, 100% inspection of special equipment/safety accessories as scheduled, and 100% special operators working with corresponding certificates.
- In 2021, 10,757 proposals were received through the Rational Proposals platform, with the reply cycle shortened from 16.4 days to 10.7 days and the employee satisfaction rate increased from 75.6% to 81.5%.

**Contributing to the UN Sustainable Development Goals**



## Optimizing Governance to Prevent Operational Risks

In accordance with the *Company Law of People's Republic of China*, *Securities Law of People's Republic of China*, *Code of Corporate Governance for Listed Companies in China*, 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 system.

## Steadily Promoting Corporate Governance

In 2021, ZTE improved internal governance, and revised the *Articles of Association*, *Rules of Procedure for Shareholders' General Meeting*, *Rules of Procedure for the Board of Directors*, and *Rules of Procedure for the Board of Supervisors*. 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. ZTE currently has 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 of the Board of Directors.



Structure of ZTE's Board of Directors

ZTE has established a corporate governance structure that guarantees the full exercise of rights and equal status of all shareholders, especially the minority ones. In accordance with the *Articles of Association*, a written notice will be given before the shareholders' meeting to notify all registered shareholders of the issues to be deliberated along with the date and venue of the meeting. Shareholders (including their representatives) 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 uses a combination of onsite and online voting for the convenience of shareholders participating in the meeting, and discloses the votes of minority shareholders separately in announcements of resolutions of general meetings to give an adequate account of the views of minority shareholders.

To promote board diversity, ZTE has developed the *Policy to Promote Diversity on the Board of Directors*, as part of the [Detailed Rules on the Work of the Nomination Committee under the Board of Directors](#). Main contents include: When appointing the members of the Board, the company will take into account diverse factors, which include but are not limited to the age, cultural and educational background, expertise, skill, and knowledge. Talent is prioritized in the appointment of Board members, with the importance of diversity on the Board of Directors considered as well. For more information about corporate governance, please refer to the *ZTE Annual Report 2021*.

In 2021, ZTE received the "A" rating in information disclosure assessment by Shenzhen Stock Exchange.

## Fully Preventing and Controlling Operational Risks

In accordance with the *Company Law*, *Securities Law*, *Code of Corporate Governance for Listed Companies in China*, *Basic Norms of Enterprise Internal Control*, and *Supporting Guidelines for Enterprise Internal Control*, ZTE has continuously improved its processes and mechanisms, and upgraded its risk management featuring "three lines of defense" and the internal control system.

### 1. Further Strengthening the "Three Lines of Defense"

ZTE has established the risk management and internal control system featuring "three lines of defense", and put in place the internal control system with the framework supported by the Board of Directors, Audit Committee, Internal Control Committee, Internal Control and Audit, and the internal control teams of various business units. As the internal control organ at the company level, the Internal Control Committee is responsible for the completeness and effectiveness of the company's internal control, and plays the decision-making, planning, supervision, and guiding roles related to internal control. In 2021, to strengthen risk control capabilities, the business units of ZTE optimized their basic-level internal control organization and specified more detailed control requirements based on their respective business size, operation complexity, and quantity of employees.



### 2. Improving Closed-Loop Risk Management

When new operational objectives are set or there are changes in the internal or external environment, business units shall identify the risks that affect the fulfillment of the objectives, assess the probability and consequence of the risks, and pay special attention to critical and major risks.

All business units shall exercise effective control over the critical and major risks and events of their respective units. When a critical or major risk or event meets the closure conditions, the risk or event can be removed from the list of critical or major risks and events with the prior consent of experts in the specific field. At the end of every year, each business unit shall review the critical or major risks not closed, in terms of their control progress, control effectiveness, and severity changes, and, based on the results of the review, decide on whether the risks shall be included in the risk list for the next year for continued control.

The business processes of internal control and audit are now managed from end to end on IT systems. In 2022, the company will further promote the digitization of the systems for more effective internal control and audit.

## Enhancing Organizational Resilience Through BCM

Facing the uncertain external environment, ZTE seeks transformation, and improves operational efficiency and organizational resilience, with the aim to make timely and proper response to operational risks.

Based on BCM system operation and business integration guided by ZTE's BCM Committee in 2020, the company's BCM system has expanded into the marketing field and all sub-committees, with the management requirements and operational modes further standardized.

In 2021, ZTE passed the ISO 22301 certification for its operations at Shenzhen headquarters, Heyuan, Xi'an, Shanghai, and Chongqing. Moreover, the company revised the BCM manuals and relevant documents, and released the guiding documents including *ZTE's Summary of Experience in Disaster Relief and Emergency Rescue* and *Guiding Manual and Business Continuity and Recovery Plan (Major Epidemic Prevention and Control and Corporate Crisis Response)*, to enhance disaster response and business recovery capabilities, safeguard the interests of stakeholders including customers and shareholders to the greatest extent, and lower operational risks.

Thanks to its digital platforms, ZTE is able to get remote office ready for its employees within hours. Specifically, 2,000–3,000 R&D employees can work remotely on regular days. During the pandemic peak, more than 25,000 employees engaged in remote work at the same time.

In terms of the supply chain, ZTE has developed new networks, modes, and platforms, and deployed a supply chain network covering multiple cities, which comprises ports, centers, bases, and factories for its import, distribution, manufacturing, and delivery business. Meanwhile, ZTE has applied big data and AI technologies to achieve digital and intelligent operations of business, and established intelligent supply chain operation centers to guarantee business continuity. In addition, the company has motivated suppliers to implement BCM capability building. In 2021, one-on-one communication with 10 suppliers has been completed, two of which passed the ISO 22301 business continuity management certification and eight completed the work plan for the certification.

As for project delivery, ZTE has set up the global cloud delivery center. With end-to-end automation tools and digital systems, we provide global operators with online network deployment and O&M services featuring "zero contact" and "instant response". Since the start of 2020, ZTE's cloud delivery solutions have benefited over 200 telecom networks and their users throughout the world.

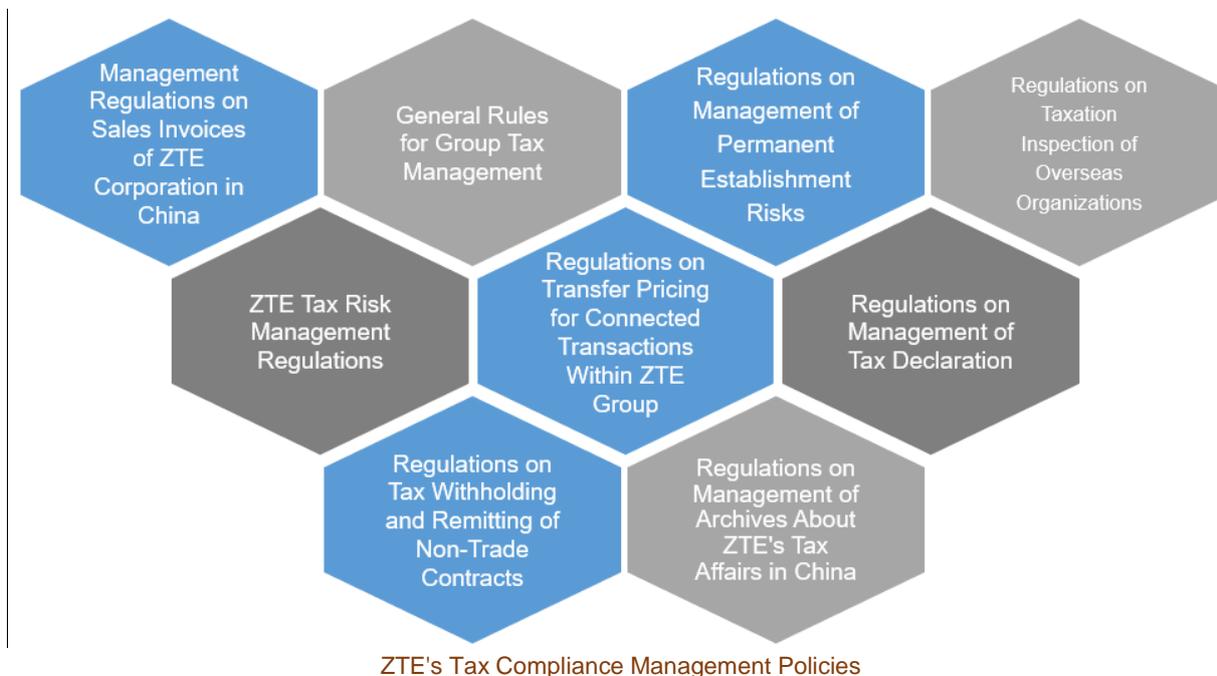
## Tax Governance and Risk Management

ZTE attaches great importance to tax governance and transparency, receiving the "A" rating as a taxpaying enterprise for several years in a row. In 2017, the company has set up the Global Tax Compliance Committee to develop regulations related to global tax compliance, review and approve tax compliance plans and schedules, and integrate tax management into business processes, so as to transform ZTE into an enterprise featuring honest operations and a high tax credit rating.

ZTE has built a tax governance and risk management team consisting of 45 specialists at the headquarters and 250 professionals at business units to support the company's tax compliance and risk management. Through more than ten company-level programs in 2021, the Global Tax Compliance Committee fulfilled tax management objectives in nine business fields of the company. These programs focus on the tax compliance process analysis, healthy operations of subsidiaries with balance between the benefits and exposures of transfer pricing, response to tax risks and tax cases, and individual income tax compliance.

The company has built a comprehensive tax training system covering both the headquarters and the frontline departments, focusing on:

- Fiscal and tax policies: New fiscal and tax policies closely related to the company's business are usually analyzed within three workdays after their release, and then pushed to the relevant personnel.
- Regular training sessions: The company's Tax Affairs Management Team organizes a topic-specific seminar every two weeks, organizes training sessions for the financial personnel of overseas units once a month, publicizes typical cases for awareness improvement at least once a quarter, and provides training sessions on tax to business units for more than 10 times a year.



In addition, the company exercises comprehensive management over tax risks in accordance with the principles of pre-event management, legal compliance, cost effectiveness, and focused monitoring. Measures taken in tax risk management include:

- Second review of tax declaration: After the tax declaration personnel of various organizations complete the tax declaration working papers, tax declaration can be made only after the reviewers complete the review. Second review will be made by the headquarters through sampling to ensure the accuracy of tax declaration.
- Joint review of the declaration of core tax categories in critical periods: Regarding complex procedures, such as the year-end settlement of corporate income tax, joint review will be implemented by the financial manager familiar with the business, the general ledger accountant familiar with accounts, and the tax manager familiar with tax laws, to ensure the financial data that effectively reflect business conditions are processed in accordance with the tax laws.
- Collective and professional review of major tax plans: Personnel in relevant fields will conduct adequate assessment and develop legitimate and reasonable tax plans; the plans will be submitted for collective and professional review, and not implemented until they are approved.
- Tax review for high-risk tax related matters: For related transactions, equity transfer, major marketing projects, and other matters involving high tax risks, tax review is included in regulations and processes for pre-event professional judgment and risk control.
- Tax management maturity assessment: The company's Tax Affairs Management Team regularly assesses the maturity of the tax risk management of all the company's organizations.

- Tax management accountability: The Global Tax Compliance Committee Office adopts the accountability system for the persons responsible for the company's tax loss in accordance with the company's accountability measures and tax-related regulations, and conducts reviews to make improvements and avoid reoccurrence of problems.

## Staying away from Redlines and Adhering to Compliance in Operations

Adhering to compliant operations, ZTE has incorporated compliance control into all business processes, to build a best-in-class compliance management system aligned with its business practices and achieve sustainable development along with global customers, suppliers, and other partners.

### Strengthening Compliance Operation

#### 1. Reinforcing the Foundation of Compliance Management

Compliance is the core foundation ensuring the long-term sustainability of ZTE. The Compliance Management Committee is the supreme deliberative and decision-making organization for ZTE's compliance matters, which consists of the Chairman, CEO, EVPs, SVPs, and heads of core business units. In 2021, the Compliance Management Committee further improved the operating mechanism in information transfer, capability building, and effective participation. And, being risk-oriented, it focused on the settlement of systemic risks in three compliance areas, including export control, anti-bribery, and data protection.

Legal and Compliance, a level-2 unit of the company, exercises general management over export control compliance, anti-bribery compliance, and data protection compliance. The Compliance Audit Dept. audits how the rules are implemented and observed. Meanwhile, the Global Legal and Policy Research Institute tracks and studies the updates in global laws to ensure that the company's operations comply with the applicable laws around the world.



Components of ZTE's Compliance System

In 2021, ZTE revised the *ZTE Business Code of Conduct*, with updates in export control, anti-bribery, data protection, cybersecurity, information protection, health and safety, care for employees, CSR, and whistleblowing. This document was released on May 25, 2021.

The company further incorporated compliance requirements into processes and promoted online management. It set down 81 compliance-related IT requirements and put them online, greatly improving compliance management efficiency and user experience. In 2022, the company will focus IT resources on the optimization of compliance rules, facilitate compliance management through digitalization, and narrow the gap between rule setting and execution.

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**[Case] Mobile Compliance Management**

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In 2021, ZTE focused on mobile compliance management, and developed apps for online party screening, compliance whistleblowing, and anti-bribery compliance, ensuring mobile compliance anytime and anywhere for all employees. In particular, the app for party screening is currently used for over 2,000 times per day on average in support of the compliance controls in mobile working scenarios.

In 2021, ZTE constructed a data platform for compliance. Based on the important compliance data extracted from main business systems, the compliance business models are built and key compliance indicators developed, then the risk warning threshold values and trigger conditions are defined to form the data platform for compliance. To date, 52 sets of compliance indicators have been put on this platform, greatly supporting the company's compliance inspection and risk assessment activities.

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## 2. Advancing Compliance Publicity Among All Employees

To date, ZTE has put in place a compliance training system consisting of four modules, which include course/courseware development, lecturer team building, training effectiveness assessment, and training effectiveness verification.

- In terms of course/courseware building, in 2021, ZTE tailored compliance courses to benchmark positions, identified position-related risks, and specified corresponding controls. Across the company, over 760 positions were matched with courses for corresponding fields and positions, and video compliance training courses with voiceovers were produced and launched on an online learning platform, which was used by more than 50,000 employees throughout the year. In fact, the online and offline compliance training covered all employees in 2021.
- In terms of lecturer team building, in 2021, ZTE carried out the certification of part-time compliance lecturers, and certified over 430 employees as Export Compliance Point of Contact (ECPOC).
- In terms of training effectiveness assessment, the following were conducted on a quarterly basis: the directors of each department conducted compliance training, compliance discussions, or compliance interviews; the 22 level-2 business units carried out self-inspections; and at the company level, telephone interviews were organized, and over 50,000 employees took the compliance exams.

Moreover, ZTE launched compliance training in languages other than Chinese and English. A special team was set up to identify courseware needs and certify lecturers. The courses in other languages than Chinese and English were developed based on basic courses as well.

To help employees better learn about compliance, ZTE established a visualized compliance inquiry platform, with the contents including compliance manuals, compliance guidelines, over 160 export control compliance cases, and over 90 compliance mini-courses. At ZTE, all employees have access to compliance guidelines across level-2 units or platforms and thus can validate whether business activities are compliant with relevant requirements. By the end of 2021, the platform had recorded over 800,000 visits.

In addition, ZTE also launched the "Management Discussion about Compliance with Subordinates " program. According to incomplete statistics, as of December 2021, a total of 1,039 discussions were conducted, including 265 interviews by senior management, and 774 interviews by level-3 management members.

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**[Case] WeChat Official Account "All About Compliance"**

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As of December 2021, this account has published 500 articles, over 300 of which being original creations, on compliance enforcement news, newly released laws and regulations, original research works on laws and regulations, and ZTE's external exchanges on compliance, in such fields as export control, anti-bribery, data protection, anti-monopoly, and intellectual property.

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## 3. Implementing Compliance Audits

Compliance audit is a key part of ZTE's compliance system. In 2021, the company conducted audits targeted at the headquarters, subsidiaries, and branches.

The audit of the headquarters includes the audit of the ECP elements (management commitment, risk assessment, export authorization, training, recordkeeping, handling export violations and taking corrective actions, and build and maintain your ECP manual), the audit of business fields, and special audit. The audit of subsidiaries and branches, the scope of audit is targeted at the subsidiaries and branches with a high level of auditing priority.

In 2021, ZTE completed the export control compliance inspections of 13 departments at its headquarters and of 9 subsidiaries and branches.

#### 4. Strengthening Transparent Communication

To communicate with worldwide stakeholders about the company's work in compliance, cybersecurity, and privacy and data protection in a more open and transparent way, in 2021, ZTE launched its global public policy website (<https://policy.zte.com.cn/>). This website presents ZTE's global policies and work in compliance, cybersecurity, and privacy and data protection, and gives more stakeholders a comprehensive knowledge about the real ZTE. In 2022, the company will optimize the web pages and include an overseas compliance credibility enhancement module.

### Firmly Curbing Corruption and Bribery

#### 1. Further Improving Work Process

Corruption and commercial bribery have always been the redlines that ZTE won't touch. The company has implemented anti-bribery training programs targeted at relevant employees to raise their compliance awareness and competence. To assess the implementation of the company's anti-bribery regulations and promote the steady operation and efficient improvement of its anti-bribery compliance management system, ZTE conducts regular inspections in the anti-bribery compliance field.

The company actively conducts anti-bribery compliance training and publicity. In 2021, the company carried out anti-bribery training specific for top executives, management members, employees in key positions, and all employees of the company. The awareness training for all employees covered more than 50,000 employees of the company. During 2021, ZTE published 21 issues of anti-bribery know-how for all employees. In addition, targeted and scenario-based anti-bribery publicity, such as that of customer anti-bribery compliance policies, were conducted for employees in key positions to raise their anti-bribery compliance awareness.

In 2021, the company conducted risk-oriented anti-bribery inspections of 15 subsidiaries in the Philippines, Vietnam, Libya, Argentina, Egypt, and other countries, covering seven key areas such as gifts and hospitality, and business travels provided to external parties. Moreover, we carried out special anti-bribery inspections in nine risk areas including business partnership, procurement transactions, charitable donations, commercial sponsorships, business travels provided to external parties, and employment. In this way, we continuously identified defects in the construction of the anti-bribery compliance system, and formulated rectification plans for the defects, and completed the rectifications on schedule.

Based on the anti-bribery inspections, ZTE further revised the *Anti-Bribery Compliance Management Process for Commercial Sponsorship*, applying the risk classification system in the management of commercial sponsorship, and re-established the risk-oriented review and approval process. In addition, ZTE optimized the process for assessing the anti-bribery risks involving channel partners, and incorporated anti-bribery risk assessment into the company's internal business activities.

Moreover, to track and correct suspected anti-bribery violations, in 2021, ZTE developed the *Compliance Investigation SOP* and *Guidelines for Anti-Bribery Compliance Punishment*, to strengthen closed-loop management and further improve the anti-bribery compliance system.

## 2. Strengthening Legal Research and Risk Management

Nowadays, worldwide governments and commercial entities are paying close attention to anti-bribery issues, and relevant legislations and requirements are constantly updated. ZTE's Global Legal and Policy Research Institute carries out legal research to safeguard the operations of ZTE across the world.

In 2021, ZTE conducted anti-bribery research targeted at the laws and regulations in 11 countries, including Argentina, France, Romania, and Indonesia, and developed special reports. Meanwhile, the company actively aligned itself with best industry practice and external standards, and kept improving its anti-bribery risk management system. Based on the global bribery risk assessment driven by big data, ZTE developed the global anti-bribery risk profile to visualize risks and consolidate its risk classification management. Moreover, ZTE upgraded anti-bribery risk assessment tools to continuously improve risk control.

### External Achievements and Recognition

ZTE has been improving the effectiveness of the anti-bribery management system and integrating compliance with business to support the company's sustainable growth. In 2021, ZTE was included in the FTSE4Good Index Series for the fourth time in a row, with full marks for the anti-bribery compliance section. In November 2021, ZTE successfully passed the audit by British Standards Institution (BSI) on its anti-bribery management system, maintaining the validity of its "anti-bribery management system – ISO 37001" certificate. In addition, ZTE won the first "Private Enterprise Integrity and Compliance Innovation Award" in 2021, thanks to its contributions to the research and practices of promoting integrity and compliance innovation at private enterprises.

## Reinforcing the Export Control Compliance System

### 1. Improving Management System and Process

In 2021, ZTE operated the export compliance system on a more systematic and standardized basis. The Export Compliance Screening System (ECSS), the design and development of which was dominated by ZTE, is leading in structural design and the way of deployment. By the end of 2021, some subsidiaries of ZTE have completed ECSS deployment, making export control compliance management more systematic, standardized and long-term effective.

To ensure the company's export compliance across the world, ZTE exercises export compliance control by introducing the industry-leading SAP GTS system. When the system identifies a risk and triggers relevant control, ZTE's compliance team will review the transaction, and, when necessary, escalate it for higher-level internal review or turn to external consultants for judgment. In 2021, the GTS system was upgraded by optimizing item screening. Specifically, the item screening solution at the production material level was launched.

To better investigate export compliance, ZTE updated and issued the *Export Control Compliance Investigation Manual* in Q2 2021. Meanwhile, regarding the communication between employees and external parties, ZTE released the *Regulations on Export Control Compliance of Communications between ZTE Employees and External Parties*.

### 2. Strengthening Compliance Publicity

For senior management, ZTE annually updates and releases export control compliance policies and management commitments to manifest the company's requirements for export control as well as the management's emphasis on export control compliance.

For all employees, in 2021, ZTE initiated a regular training mechanism targeted at frontline business units, with export control compliance experts offering 17 sessions of training throughout the year. In addition, the company has sent over 150 compliance knowledge emails to employees, in a bid to guarantee the building of a best-in-class compliance system at ZTE.

In 2021, ZTE has been working to create a compliance cooperation system with stakeholders. ZTE introduced to channel partners its Export Control Compliance Awareness Course, to let them know the company's policies and execution plans in export control compliance and encourage them to improve their own export compliance system.

ZTE also released [the CECO's Quarterly Letter to Business Partners](#) in its official website, to introduce ZTE's progress and experience in export control compliance and publicize its export compliance policies and requirements.

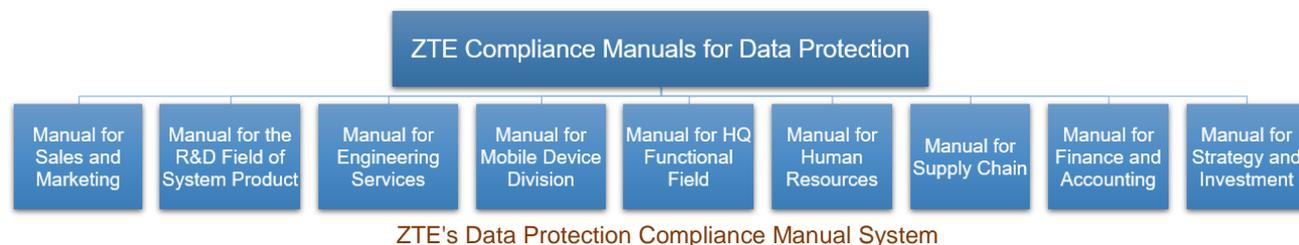
For customers, in 2021, ZTE organized nearly 40 exchange sessions with international customers (such as Vodafone, Orange, VEON, Telenor, and Etisalat), to demonstrate its outcomes in export control compliance to key customers and foster a compliant business environment together.

## Promoting Data Security and Privacy Protection Compliance

### 1. Updating Regulations and Processes

Given the release of national laws and regulations as well as industrial standards, including the *Data Security Law* and *Personal Information Protection Law*, ZTE made various efforts to meet the requirements of those laws. In 2021, it updated internal specifications, including the *Regulation on Personal Data Identification*, *Regulation on Compliance Management for Data Cross-border Transfer*, *Regulation on Personal Data Protection for Mobile Internet Applications (Apps)*, and *Privacy by Design Specifications*, as well as the template for privacy policies. Meanwhile, the company released the *Data Abstraction Compliance Control Guidance* and *Guide to Compliance Controls for Transferring Data to External Parties*, to strengthen compliance control over data extraction and external data release processes.

Furthermore, ZTE developed the ZTE Compliance Manuals for Data Protection series, which includes the corporate-level manual and nine BU-level manuals that are applicable to the company, employees, and contractors as well. The BU-level manuals detail the corporate-level requirements with regard to specific business scenarios. As the guidance and basis for establishing, executing, assessing, and maintaining ZTE's data protection compliance system, the manuals lower the systemic risks involved in data protection compliance, and make all employees more familiar with data protection compliance requirements.



### 2. Intensifying Risk Assessment and Management

In 2021, ZTE completed compliance risk assessment and governance of cross-border data, and enabled risk control in its 14 subsidiaries in the EEA. The company comprehensively assessed risks involving data in Europe, conducted compliance governance of eight strategic products, and audited agreement fulfillment and three self-built websites in Europe, promoting risk-oriented data protection compliance.

In terms of cross-border data, ZTE launched the cross-border data compliance risk assessment and governance program in 2021. Specifically, it analyzed the laws and regulations related to cross-border data in main countries/regions in the world, formed the cross-border data risk matrix and country-specific points of control, and summarized the cross-border data scenarios in nine business lines, to gain a full knowledge about its current control over cross-border data.

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**[Case] ZTE Released the *White Paper on Cross-Border Data Compliance Governance Practice Together with Deloitte***

To balance "data security" with "data dividends" and build the strength of digital economy, the White Paper, based on regulatory trends and typical business scenarios, offers ideas about risk-oriented cross-border data governance and shares good practices in cross-border data compliance governance, in the hope of helping optimize the data compliance system of enterprises and build a paradigm for digital partnership in the industry.

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In terms of agreement fulfillment, to check the capability to fulfill Data Processing Agreements (DPAs) and Data Transfer Clauses (DTCs) under the signed operator projects, in 2021, ZTE, through sampling, audited the capability to fulfill the DPAs/DTCs signed between its European subsidiaries and operators. The results passed third-party independent authentication, and proved ZTE's internal control procedures involved in DPA and DTC fulfillment had been properly designed and effectively executed in all the major aspects and could fulfill the control objectives within the scope of audit.

In terms of website governance, to optimize the privacy protection design, in 2021, ZTE selected the self-built websites of three European subsidiaries for special audit. Based on the problems found in the audit, the company carried out compliance governance activities to improve the data protection compliance quality of the self-built websites of its European subsidiaries.

In terms of product governance, in 2021, ZTE launched the "Strategic Product Data Protection Compliance Risk Assessment and Demonstration Governance" program. The company selected eight strategic telecom products involving personal data processing, exercised risk assessment and control from the external perspective and based on industry-leading standards, identified existing and potential risks, and incorporated Privacy by Design (PbD). By doing so, the company fulfilled the overall goal of compliance system building.

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**[Case] PbD Process Implementation**

Based on the "Incorporation of System Product PbD into HPPD" project launched in 2020, ZTE initiated the "PbD Implementation" project in 2021. Under the project, it organized PbD training and PbD implementation effectiveness inspections, and, in view of the suggestions from the project team, updated corresponding PbD control guides and assessment tools, including the Privacy by Design (PbD) Guide for System Product R&D, Guide to Personal Data Classification and Grading for System Products, and Guide to Data Protection Impact Assessment for System Products. Through constant improvements, the company improved its PbD capability in telecom product R&D.

- In terms of telecom products, ZTE incorporated the PbD control requirements into HPPD, which include key activities like the analysis of data protection compliance demands and data protection impact assessment, and incorporated data protection review requirements into every part of the process from demand concept, system plan, outcome validation, to design finalization, so as to ensure data protection compliance at the source;
  - In terms of mobile devices, by introducing security baselines, ZTE performed data protection risk assessment in all fields, including R&D, customer service, supply chain, and eco-friendly products. The company also carried out risk governance in such key fields as R&D and customer service. In this way, it promoted compliance across the industrial chain, and met users' expectations for personal data protection.
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### 3. Building Smooth Privacy Communication Channels

To better respond to users' right to privacy protection as data subjects, ZTE has created an email account for privacy protection ([Privacy@zte.com.cn](mailto:Privacy@zte.com.cn)), and posted the address in all of its information systems, apps, and products. ZTE uses the email account to receive and reply to users' requests concerning their right to be informed, right of access, right to rectification, right to erasure, right to restriction of processing, etc., receive

complaints and proposals, and respond to emergencies related to data leakage, fulfilling its obligations as a data controller or data processor.

Furthermore, users may submit requests through PDSR (<http://pdsr.zte.com.cn/>). The requests will be transferred to the "Data Subject Request Response" module in the internal LCM system and processed by designated persons from ZTE's Data Protection Compliance Dept.

#### 4. Raising Data Protection Awareness

Based on the updates in legislation, ZTE launched the "2021 Employee Privacy Protection Experience Improvement" activity to convey the values and concept about privacy protection to all employees. Meanwhile, the company conducted programs to publicize the personal information protection law, China's data protection legislation, and compliance law enforcement cases as well, to raise the awareness of data protection compliance across the company.

For key business fields, in 2021, ZTE's Data Protection Compliance Dept. carried out over 20 business forums and training sessions, under such themes as the interpretation of new laws, PbD, and cross-border data transfer. Trainees were determined based on the training themes, which included but were not limited to management members, CPOCs of business units, participants in data protection compliance projects, business unit personnel in key positions, and other persons in need of the training.

Moreover, ZTE held the second "ZTE Legal Compliance Forum for Scholars – Data Security and Personal Information Protection", and invited experts and scholars from universities like Renmin University of China, Peking University, East China University of Political Science and Law, Beijing Normal University, and Shenzhen University for discussion about legislation updates and response and exploration for paths to data protection and compliance for enterprises.

#### 5. International Privacy Protection Certification and Expert Cultivation

In 2021, ZTE had five of its key products/business areas: 5G, core networks, mobile device, DT, and HR certified for ISO/IEC 27701 privacy protection standards. The company also trained 125 ISO/IEC 27701 internal auditors, bringing the number of internal audit experts of ISO/IEC 27701 to 151.

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##### [Case] Shenzhen Conference on the Joint Protection of App Personal Information

On October 22, 2021, Shenzhen Conference on the Joint Protection of App Personal Information was held at Central Shenzhen Book Mall. As one of the enterprise representatives, ZTE signed the *Commitment to Self-Discipline in App Personal Information Protection in Shenzhen*, demonstrating its proactive commitment to app compliance. The commitment set an example for other enterprises to embrace the *Personal Information Protection Law of the People's Republic of China*, meet the government's app compliance requirements, advance app governance, and heighten risk awareness.

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##### [Case] ITU Digital World

Invited by ITU, ZTE participated in 2021 ITU Digital World. For the conference theme of "Securing Cyberspace and Protecting Privacy", ZTE's director of the Data Protection Compliance Dept. and the DPO delivered speeches about ZTE's data protection efforts, which further improved the understanding of and trust in ZTE's data security compliance among the operators and stakeholders attending the conference.

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##### [Case] ZTE Privacy Protection White Paper

In February 2021, ZTE released [ZTE Privacy Protection White Paper](#), elaborating its philosophy about privacy protection compliance from five perspectives, namely, compliance strategy, framework, promotion, practice, and major events.

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## Improving the Whistleblowing System

Compliance whistleblowing is a major part of ZTE's compliance system. ZTE encourages individuals and units to blow the whistle on suspected violations of the company's compliance policies, and report loopholes in the compliance system and compliance risks they find in a timely manner.

To improve the compliance whistleblowing system, ZTE revised the *Regulation on Compliance Reporting* in 2021, raising the minimum reward for whistleblowers and strengthening the protection of the information about whistleblowers. In 2021, ZTE awarded nearly CNY 170,000 for compliance whistleblowing in line with relevant policies and issued five thank-you letters, and also publicized the rewarding policies and results across the company.

ZTE established internal and external compliance whistleblowing channels. The external channels refer to ZTE's compliance whistleblowing platforms, which include email, website, and hotline, and are managed by an independent third-party law firm. The internal channel includes ZTE's internal compliance whistleblowing email account and the LCM system.

### Compliance Whistleblowing Channels

- Email: [ZTEWhistleblowing@tip-offs.com.cn](mailto:ZTEWhistleblowing@tip-offs.com.cn)
- Website: <https://www.tip-offs.com.cn/ZTE>
- Tel: 400-070-7099 (Chinese Mainland), +8621-3313-8584 (overseas, and Hong Kong, Macao, and Taiwan)

All whistleblowing clues received are handled by designated persons till the investigation process is closed. During 2021, 152 clues were received via different channels, and all of them were treated effectively.

To promote whistleblowing management across the company, ZTE carried out diverse forms of publicity activities among all employees, and, particularly in 2021, the company's Compliance Enforcement Year, created a stronger cultural atmosphere for whistleblowing, increased the awareness of whistleblowing compliance, and made the rules treated more seriously and better followed.

**Table: ZTE Compliance Whistleblowing and Internal Publicity in 2021**

Publicity Frequency	Form of Publicity	Target Group
Monthly	<ul style="list-style-type: none"> <li>■ Compliance emails sent to all</li> <li>■ Compliance whistleblowing clues on the display board shown to the Compliance Management Committee</li> </ul>	All employees of ZTE
Quarterly	<ul style="list-style-type: none"> <li>■ Compliance whistleblowing reward assessment and publicity</li> </ul>	All employees of ZTE
Irregular	<ul style="list-style-type: none"> <li>■ Compliance enforcement mascot</li> <li>■ Information security screensaver</li> <li>■ Canteen light box ads</li> <li>■ Launch of the compliance whistleblowing app on iCenter</li> <li>■ Compliance whistleblowing video on Share (intranet BBS)</li> <li>■ Compliance whistleblowing video on internal TVs</li> <li>■ Roll-up banners about compliance requirements</li> </ul>	All employees of ZTE

## Leading with High-End Talent and Supporting Employee Development

As the digital economy develops, industrial cooperation and an ecosystem of shared success have become major characteristics of the digital era which creates a huge demand for talent with digital intelligence. ZTE has been building a leading high-tech talent team with strong innovation capability to support the sustainable development of the company and society.

### Protecting Employees' Rights and Interests

#### 1. Protecting Employees' Rights

ZTE values the diversity as well as the rights and interests of employees. We have formulated regulations on recruitment activities such as the *Onboarding Management Process for Employees from Social Recruitment* and *Management Standard for the Chinese Campus Recruitment*, strictly comply with the laws and regulations of the countries in which we operate for on-the-job employees, and have formulated the *ZTE Human Rights and Labor Rights Policy*. In this way, we ensure that employees are equally treated, regardless of their race, ethnic group, nationality, color, gender, and religious belief, and enjoy equal rights in recruitment, employment, compensation and benefits, training, and promotion.

During operation activities, we protect human rights and labor rights on all fronts. [The ZTE Human Rights and Labor Rights Policy](#) focuses on providing employees with a competitive and fair employment environment, and opportunities for development and growth. We respect our employees and their rights, and prohibit child labor. We do not accept any form of discrimination, harassment, or bullying. ZTE does not use forced, bonded, or indentured labor, or involuntary prison labor. All work is based on voluntariness, and employees have the right to resign freely with reasonable notices. Employees are not required to submit government-issued ID cards, passports, or work permits as a condition of employment. ZTE ensures that each employee enjoys the rights granted by local laws and regulations.

For female employees and juvenile workers, we have developed the *Special Protection Regulations for Female and Juvenile Workers* to protect their rights and interests. For female employees who are pregnant or still breastfeeding, we provide nursing rooms and priority canteen counters.

In 2021, ZTE stepped up its efforts in campus recruitment, during which global graduates were provided with more than 6,000 job opportunities, covering various categories of positions in R&D, marketing, operation support, and supply chain.

With continuous promotion of localization and diversity, we gave priority to local employees in overseas recruitment to contribute to the local employment. During the global pandemic, we carried out campus recruitment in Germany, Italy, and Hungary for the first time.

For the related data of our employees, please refer to the performance list.

#### 2. Safeguarding the Health and Safety

ZTE endeavors to create a health and safety culture incorporating "Love and Responsibility", thus developing a sustainable healthy and safe environment. The company aims to set industry benchmarks for health and safety management by 2030.

Table: ZTE Health and Safety Statistics in 2021

Indicator	Unit	2019	2020	2021
Number of employees who died at work during the year	Person	3	3	2

Number of work-related injury accidents during the year (including the number of work-related fatal accidents)	Number	60	43	48
Number of days lost due to work-related injuries (not including days lost due to employee deaths)	Day	1,940.5	1,219	2,017
Number of participants in Ankang Cup Health and Safety Competition	Person-time	No statisticss	28,162	32,380

To ensure the standardized management of health and safety, we have set up the Health and Safety Committee, which consists of director of the committee, health and safety director of the company, and health and safety directors of level-2 units, so as to strengthen integrated operations. In addition, we established the Fire Safety Committee in 2021 to take charge of our fire safety work.

In 2021, we updated 11 regulations including the *Management Regulations on the Organization 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*, and *Process for the Reporting and Management of Occupational Health and Safety Accidents*, and newly issued three documents including the *Guide to Incorporation of Health and Safety Clauses in Operational Support Purchase Contracts*, making our health and safety management more systematic, comprehensive, and professional.

In the building of the health and safety management system, we successfully passed ISO 45001 external audit in countries including Kenya, Uganda, Brazil, and the Philippines in 2021. So far, we have obtained the ISO 45001 certification in 32 countries, covering all major countries in which we operate.

For the building of a health and safety culture, in 2021, ZTE's Chairman, President, and Director of the Health and Safety Committee visited workshops and offices for on-site inspections, and gave instructions on the health and safety issues. The company also organizes annual selection for Role Model Awards in Health and Safety among all employees. In 2021, 4 employees and 3 teams won the company-level awards which were presented by the Chairman. In addition, 32 employees and 3 teams were awarded as the division-level role models in health and safety.

Moreover, we have been promoting the training and qualification assessment on health and safety for employees at different positions to improve their competence and ensure that only certified employees can take on the position.

All new employees receive occupational health and safety training during their orientation. In 2021, the participation rate and pass rate of the health and safety examination among all employees reached 99.67% and 100% respectively, both higher than 99.63% and 99.47% respectively in 2020.

For health and safety management specialists, we provide targeted training and exchange activities to further improve their professional knowledge.

**Table: ZTE Health and Safety Professional Training Sessions in 2021**

Name of Training	Trainee	Number of Persons Trained/Certified
ISO 45001 internal auditor training	Reserve internal auditors	70
Accident investigation and root cause analysis	Health and safety managers	27
Annual professional courses for health and safety managers	Health and safety managers	30
Defensive driving training	Health and safety managers and drivers	162
The National Examination Board in Occupational Safety and Health – International General Certificate (NEBOSH IGC)	Health and safety managers	8

In emergency management, the company further improved its processes and regulations, and carried out various training programs in 2021:

- The first aid training was carried out in cities and areas including Beijing, Yanjiao, Heyuan, Chongqing, Chengdu, Shanghai, Shenzhen, and Xi'an, in which 469 employees were certified. A total of 1,045 employees have been certified within the company, in charge of each floor of ZTE buildings.
- We organized American Heart Association (AHA) first-aid certification, with 122 employees certified so far, including 42 in Shenzhen, 29 in Nanjing, 20 in Xi'an, 10 in Changsha, 6 in Heyuan, and 6 in Shanghai, and the rest of certified employees in Beijing, Tianjin, Chengdu, Wuhan, and Sanya.

While improving our own system building and capability development, we attach importance to exchanges and mutual development with our partners. Specifically, we have been participating in the quarterly health and safety forums held by Vodafone, covering the topics of experience and achievements in COVID-19 prevention and control, and new technologies and practices related to health and safety.

In terms of emergency drill, we organized 512 drills and 403 special drills in 2021 within China.

Through multiple measures, we achieved the goals of zero case of occupational diseases, zero government penalty, 100% regular inspection coverage on special equipment/safety accessories, and 100% special operators working with certificates. In the survey about health and safety culture in 2021, the average score reached 94.16 points, indicating that the company's efforts in health and safety management were recognized by employees.

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#### **[Case] Protecting the Safety of the Rescue Staff**

In July 2021, when floods struck Henan due to extreme rainstorms, ZTE actively participated in flood relief and ensured smooth communications. To ensure the health and safety of our employees, we arranged for all employees to attend the safety meetings before the rescue. A safety officer was appointed for each project, responsible for sorting out and publicizing employee health and safety information, and introducing the measures to deal with electric leakage, deep water, collapse, and other accidents. In order to ensure the health and safety of our rescue staff, we prepared various kinds of emergency supplies and arranged vehicles to transport rescue staff. In the process of repairing base stations, we always paid attention to the working conditions of our employees, set up a shift system, and asked employees who had been working continuously to rest and avoid overwork.

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### **3. Protecting Female Employees' Rights**

For female employees, ZTE's Trade Union Member Representative Assembly has elected the Women Worker's Committee, which focuses on addressing the demands of female employees. The key tasks are as follows:

- Preventing and avoiding the occurrence of incidents that violate the legal rights and interests of female employees in accordance with the company's rules, regulations, and processes, such as discrimination or unequal treatment of female employees.
- Paying attention to the physical and mental health of female employees, and improving the health care awareness of female employees for effective disease prevention. In the annual physical examination program for employees, the company has provided packages for cervical cancer screening and breast cancer screening to meet the needs of female employees, which facilitate timely identification and prevention of risks.
- Creating a better working environment for female employees. By the end of 2021, we have set up 26 baby care rooms and 11 yoga rooms for female employees in 18 parks in Shenzhen, Nanjing, Shanghai, Xi'an, Changsha, etc.
- Hosting and improving various activities for female employees. In 2021, the company hosted multiple training sessions such as "Building Female Personality" and "Civil Code Lecture", and carried out a number of activities on Women's Day and Mother's Day.

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#### **[Case] ZTE Actively Participates in the Activities of International Day for the Elimination of Violence Against Women**



ZTE always stands against violence and supports gender equality, and is highly concerned about the issue of women's empowerment. On November 25, 2021, ZTE supported and participated in the International Day for the Elimination of Violence Against Women held in Italy. At the press conference on the day, a microfilm denouncing violence against women was played, and experts and scholars from various fields were invited to a series of sharing activities.

### 3. Smoothing Communication Channels

ZTE always values the voice of employees. We have built multiple communication channels, including online channels such as email, social media, and communication platforms, and offline communication activities with senior management and the Staff Congress meetings. By providing such channels, we encourage our employees to speak out their voice for continuous improvement of the company.

We have established the Labor Union, and regularly hold meetings of the Staff Congress and Labor Union Member Representative Assembly. Our employees elect representatives of the trade union and employees in accordance with the *Regulations on the Labor Union Representative Assembly* and the *Regulations on the Staff Congress*. In 2021, the Labor Union Representative Assembly elected 23 members of the 8th Labor Union Committee, 3 members of the Fund Audit Committee, and 3 female members, and held 4 meetings in which the proposals for improving the benefits of the labor union members had been reviewed and approved. In 2021, 7 meetings of the Staff Congress were held.

In 2021, we vigorously promoted online communication channels for our employees and continued to improve the Rational Proposals platform, improving the processing efficiency and process of the platform, with the improvement covering all the units of the company. In 2021, the platform received 10,757 suggestions, the response period was shortened from 16.4 days to 10.7 days, and the rate of favorable comments increased from 75.6% to 81.5%.

In addition, we carried out targeted activities to enhance communications with our employees. We organized 35 senior management seminars, meetings with new employees, and one-on-one communications with senior management, covering employees from multiple regions. Additionally, 97% of the issues collected from the above-mentioned activities have been solved.

In communication process management, to ensure that employees' suggestions are truthfully implemented, we track the implementation of the suggestions on a quarterly basis, give feedback on the major suggestions that have been adopted, and collect reports on the progress and ease of use, so as to identify and deal with abnormal situations in a timely manner. For employee complaints, we have introduced a reminder system and established a mechanism for responding to employee complaints. For pure complaints, we do not directly reject them but transfer them to the Rational Proposals platform or the corresponding complaint platform of the company, thus forming a closed-loop mechanism at the system level.

According to the *2021 ZTE Employee Engagement Survey* independently conducted by a third-party consulting company, our employee engagement rate was 76% and our organizational support rate was 80%.

### Talent Training and Capability Building

Since its establishment, ZTE has viewed talent as one of its cornerstones and adhered to the core values of "respecting each other, endeavoring with creativity". By improving career development paths and building

training systems, we have continued to strengthen talent training and support our talent in creating a better future during digital transformation.

Table: ZTE Employee Training Statistics

Indicator	Unit	2021
Number of trainees	Person-time	3,131,481
Male employees trained	Person-time	2,440,015
Female employees trained	Person-time	691,466
Rate of male employees trained	%	77.92
Rate of female employees trained	%	22.08
R&D personnel	%	48.04
Production personnel	%	24.45
Administrative personnel	%	5.1
Marketing personnel and customer service personnel	%	22.42
Training hours of all employees	Hour	7,529,837.73
Training hours of male employees	Hour	5,909,383.04
Training hours of female employees	Hour	1,620,454.69
Average training hours of male employees	Hour	109.65
Average training hours of female employees	Hour	96.20
R&D personnel	Hour	105.76
Production personnel	Hour	95.03
Administrative personnel	Hour	69.82
Marketing personnel and customer service personnel	Hour	137.62
New employees participating in training	Person-time	7,158.00
Sessions of new employee training	Session	30.00
Hours of lecturing	Hour	1,827.50

## 1. Improving the Capability Development Platform

ZTE adopts a three-pillar mode of talent development, consisting of the Center of Expertise (COE), BUHR, and Capability Center. Through such mode, we aim to build a learning and development community with the collaboration of all parties. As an expert team, the COE develops the overall strategy and structure, and provides professional coaching; The BUHR implements policies and plans with a focus on talent selection, employment, and retention; The Capability Center focuses on training to cultivate talent and support business.

In 2021, we started to promote a credit-based learning system that included compulsory courses and optional courses to promote the combination of work and learning. According to employees' benchmark positions, ZTE Global Learning & Development Center has set up compulsory specialized courses, optional specialized courses, and compulsory public courses. The Center has also prepared public courses that cover professional knowledge and practical skills required for information security, internal control, and compliance, and general courses for personal development (such as time management and office skills).

In 2021, we launched the newly-developed iLearning platform with all courses available, so as to promote the digital transformation of the employee training system.

## 2. Enhancing Precise Training of Employees

In 2021, we continued to explore new modes for comprehensive and strategic talent training, and created a tailored talent training system and provided multiple career development paths based on different demands and objectives of our talent.

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[Case] ZTE Winning ATD Award Again

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In 2021, ZTE won the ATD Excellence in Practice Award 2021-2022 for the "Capability Enhancement Program Integrating Training and Practice for Transport Network Products" program. This is the third year since 2019 for ZTE to win the award, marking high recognition for the company's efforts in talent development.

The award-winning program absorbed the internal project experience and knowledge, and innovated the empowerment mode in accordance with the characteristics of learning. Through the end-to-end closed-loop process of pre-class learning, scenario-based courses, project practices, and review and application, we enabled ZTE front-line personnel to quickly grasp and replicate the successful experience from practices, and effectively support the improvement of market presence of transport network products as well as the in-depth operation of the

existing markets. In addition, ZTE has developed effective end-to-end capability enhancement process and methodologies.

In 2021, we launched a targeted learning program for specific groups of personnel. According to the purposes of "focusing on business pain points, identifying targeted personnel, providing precise empowerment, and effectively coordinating resources", we provided training on business planning, resource planning, project implementation, and expense management for different groups of personnel, including leadership talent, new employees, management member reserves, and talent from each field.

In 2021, we selected 25 employees as the leading young talent, and cancelled the qualification of 2 employees from the talent pool.

For R&D personnel who have joined the company for 1 to 3 years, we have introduced an R&D elite program, in which product-driven and platform-based training is provided for key R&D personnel in a systematic manner through a well-designed mechanism. In this way, technological resources are accumulated and personnel capabilities are enhanced, thereby facilitating the delivery of key projects and finally increasing the market shares of our products. The program won the 2020-2021 ATD EIP Award.

For manufacturing personnel, we provided systematic training at ZTE Electronics Manufacturing Vocational School and 43 training sites to meet their needs for skill improvement.

**Table: ZTE Training System for Manufacturing Personnel**

Class	Length	Purpose	Hours
Elementary class	1 year	To develop key operators and junior production managers for the production line.	72
Intermediate class	2 years	To develop a group of engineers, technicians, and core technical engineers for the production line.	128
Advanced class	3 years	To develop a group of professional engineers who have strong scientific research ability and problem-solving skills.	192
Advanced training class	1 year	To develop leaders and specialized technology leaders in the field of process technology.	112

### 3. Optimizing Promotion Channels and Incentives

ZTE has spared no efforts in the optimization of employee promotion channels and incentive policies.

In terms of promotion, we have formulated and publicized the *Management Process for Position Appointment*. As the guide for appointment management, this standard specifies the detailed rules, processes, and responsibilities in order to create a fair, open, and transparent career development system in the company.

In addition, we provide our employees with both horizontal and vertical career development paths, and accelerate the growth of the leading young talent. In 2021, we set new position levels in accordance with the national occupational skill identification standards, thus expanding the career development paths for operation employees. Our business units regularly organize the evaluation and appointment of operation employees. For

employees who meet the promotion requirements and skill standards, the company helps them to acquire the national vocational skill certificates and government subsidies, so as to motivate and retain outstanding employees.

With regard to incentives, we have not only provided annual bonus as a short-term incentive based on the annual performance of our employees, but also introduced different long-term incentive programs for key talent according to different stages of the company's development. Also, we have set up personal incentive awards, such as the quarterly and annual Hard-Working and Innovative Pioneers and the Gold & Silver Awards. All the award winners are selected in an open and fair manner. We ensure that all efforts of our employees can be recognized and rewarded.

**Table: Statistics About Honors Awards Granted to ZTE Employees for Their Outstanding Contributions in 2021**

Indicator	Unit	2021
Employee with outstanding contribution - Gold Award	Person	10
Employee with outstanding contribution - Silver Award	Person	25
Employee with outstanding contribution - Hard-Working and Innovative Pioneers	Person	134
Employee with outstanding contribution - Excellent Graduate	Person	60
Employee with outstanding contribution - Gold and Silver Awards Mentors	Person	30

#### **[Case] Stock Option Incentive Program**

In order to encourage our employees to make positive contributions to our long-term sustainable development, on September 23, 2021, we granted 5 million stock options, which represented 0.11% of our share capital, to 410 core employees with an exercise price of CNY 34.92.

## **4. Contributing to the Industry's Talent Reserve**

While enhancing internal training, ZTE also strengthens exchanges with universities and research institutes to contribute to the industry's talent reserve.

We continued to strengthen university-enterprise cooperation in 2021. We carried out joint education and cooperation with junior colleges and technical secondary schools through the establishment of ZTE Class. The students of ZTE Class complete the elementary courses at school, and then take professional courses in the ZTE Electronics Manufacturing Vocational School and internships in the company. As of December 20, 2021, we have established partnerships with 34 colleges and schools, and launched 50 ZTE Classes covering 2,000 students. In 2022, we plan to reach new cooperation with 28 schools and set 50 ZTE Classes.

#### **[Case] ZTE Electronics Manufacturing Vocational School**

ZTE Electronics Manufacturing Vocational School mainly cultivates experts in electronic assembly process, and core engineers and technicians for ZTE. As of 2021, ZTE has arranged for core teachers and students of the school to undertake 133 major improvement tasks. The school regularly holds seminars on hot topics, where external industry experts are invited to share their comments. As of November 2021, the school has enrolled 3,743 students, among whom 1,488 have graduated and 675 are currently under training.

ZTE always values R&D cooperation with universities and research institutions. In 2021, to intensify R&D cooperation, we invested funds more than twice the average amount in previous years. To broaden the scope of cooperation, we invited Southern University of Science and Technology to join the Industry-University-Institute Forum. To explore new forms of cooperation, we launched a new joint laboratory at Peking University. The industry-university-institute cooperation projects cover ten technical fields such as wireless and wired products and solutions, microelectronics, and terminals.

In addition, we have been taking the lead in creating the industry-university-institute ecosystem. First, we invested funds to promote scientific research in colleges and universities; Second, we published innovation achievements of industry-university-institute projects through the two publications, namely *ZTE Technology* and

ZTE Communications; Third, we cultivated and recruited outstanding talent through project cooperation and joint publication. Though the creation of the ecosystem and value chain, ZTE aims to promote the joint development of enterprises, universities, and industries.

For our customers, we have been actively empowering our customers while ensuring product delivery. For operators in China, we have had exchanges with them in the aspects of strategic decoding, cloud and digital transformation, and training-practice integration, and gained the recognition from our customers.

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**[Case] China Mobile 5G Core Talent Skill Improvement Project**

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To implement the "New Drivers Capacity Enhancement" program, China Mobile launched a training plan focusing on improving the skills of core talent. In the program, the 5G core talent skill improvement project is the largest training project of China Mobile for centralized procurement in the past three years, and ZTE has empowered the personnel in 18 technical fields (5G wireless technology, 5G transport network, 5G core network, etc.). The training adopts an online and offline learning model with an annual attendances of 1,700 and the satisfaction score surpassing 97 points.

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In 2021, due to the global pandemic, overseas customers could not come to China for training. In response, ZTE Global Learning & Development Center built an international training center to deliver training projects. In Libya, within a month, we completed the site selection, negotiation, procurement, preparation for pandemic prevention, teaching devices preparation, teacher scheduling and class preparation, and ensured compliance with local regulations, realizing the first large-scale delivery of the international training despite the pandemic. The training project in Libya lasted for more than 200 days and covered about 200 customers.

In 2021, we provided training for personnel from domestic operators with 10,632 attendances, 399 training classes, and an average score of 98.54 points for the training quality. We also provided training for personnel from overseas operators with 3,961 attendances, 280 training classes, and a customer satisfaction score of 92.13 points.

## Caring for Employees

### 1. Benefits and Care

ZTE pays great attention to the benefits of employees. Regarding leave, in addition to public holidays and statutory holidays such as wedding leave and maternity leave, we provide extra annual leaves for Chinese employees resident overseas, and extra prenatal leave for pregnant employees. As for the working environment, ZTE provides access to canteens, shower rooms, gyms, and other facilities at the workplace. To solve the housing needs of our employees, we offer talent apartments and shuttle buses in Sanya, Nanjing, and Shenzhen for nearly 10,000 employees.

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**[Case] COVID-19 Insurance for Chinese Employees Resident Overseas**

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As the global pandemic continues, we actively responded to the barriers to COVID-19 prevention, overcame great difficulties such as the shortage of medical resources and uncertainty of international air traffic, and provided free COVID-19 insurance coverage of not less than CNY 500,000 for nearly 10,00 Chinese employees resident overseas. We also paid close attention to the health condition of every Chinese employee resident overseas and coordinated resources from all sides to provide emergency medical aid, remote medical consultation, and psychological counseling for employees diagnosed or suspected of having COVID-19 in a timely manner.

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ZTE has been improving the employee welfare system. In 2021, we increased the budget of the Labor Union for employee benefits and holiday gifts again, further enhancing our employees' sense of happiness.

To aid employees in need, we allocated CNY 1.25 million to employees and their immediate relatives who suffered from emergencies and major diseases, benefiting 63 people.

To address the psychological pressure brought to our employees by the external environment such as the pandemic, we provided counseling through various means and continued to promote the EAP. We also developed a variety of psychological health courses based on internal resources. For employees from production lines, we developed the course named *Identifying Risky Employees, Building Heartwarming Teams*, and conducted more than 10 EAP training sessions in Shenzhen, Nanjing, Changsha, Heyuan, and Xi'an, providing online and offline training for more than 1,000 shift team leaders. The training enabled these leaders to master the basic skills of identifying risky employees, intervene quickly, and make timely referrals. For BU Human Resources Directors, we developed the course named *Employee Psychological Risk and Crisis Management*, which deepened their understanding of employee psychological abnormalities and the crisis handling process, to prevent and handle crises in a fast, professional, and effective manner.

In 2021, we provided nearly 80 hours of internal psychological health courses for more than 2,000 employees. During the pandemic, we offered 14 online EAP training sessions for overseas employees with more than 700 attendances.

## **2. Enriching Leisure Time Activities**

ZTE highly values the work-life balance of employees, and carried out various recreational and sports activities at home and abroad in 2021, including fellowship activities and 11 regional cross-division sports competitions. The sports competitions covered all employees in every region, with more than 200 players per game on average. For overseas employees, we organized 45 activities with effective COVID-19 prevention and control.

## Empowering Industries Through Innovation for Shared Success in Digital Economy

According to the *2021 White Paper on Global Digital Economy* released by the China Academy of Information and Communications Technology (CAICT), the added value of the digital economy in 47 countries and regions reached USD 32.6 trillion in 2020, with a nominal year-on-year growth of 3%, accounting for 43.7% of global GDP. Industrial digitization remained the main engine of digital economy, accounting for 84.4% of digital economy. Despite the impact of Covid-19, digital economy keeps its momentum and is integrating with other industries faster, driving the global economic growth.

ZTE is committed to becoming a driver of digital economy. With global partners, ZTE plays an important role in new infrastructure construction, empowers economic and industrial transformation, provides users with high-quality products and services, and shares its digital economy achievements with the global community.

Our Objectives	Our Progress
<p><b>Innovation</b></p> <ul style="list-style-type: none"> <li>■ Obtain GB/T 29490-2013 intellectual property management system certification.</li> <li>■ Actively promote AI, and explore for AI applications in business for good.</li> </ul> <p><b>Customer Rights and Interests</b></p> <ul style="list-style-type: none"> <li>■ Complete all security design reviews throughout the R&amp;D process of smartphones and MBB products, and ensure the security tests and penetration tests of the delivered versions are free of medium or high-risk vulnerabilities; incorporate the data protection clauses in all agreements signed with agents; sign cybersecurity agreements with all suppliers.</li> <li>■ Pass the certification audits and surveillance audits of ISO 9001, TL 9000, QC 080000, ESD, ISO 45001, ISO 14001, ISO 22301, and other management systems.</li> <li>■ Promote the project-based operations of the Quality Control Circles (QCCs), and research on no less than 3,600 issues in 2021.</li> <li>■ Shorten the MTTR by over 25% compared with that in 2020.</li> </ul> <p><b>Responsible Procurement</b></p> <ul style="list-style-type: none"> <li>■ Update the <i>Supplier CSR Agreement</i> and the <i>Supplier CSR Code of Conduct</i>, and incorporate redlines into the two documents.</li> <li>■ Increase certified auditors by no less than 100 for</li> </ul>	<p><b>Innovation</b></p> <ul style="list-style-type: none"> <li>■ Obtained GB/T 29490-2013 intellectual property management system certification.</li> <li>■ Held the AI for Good Global Summit with the ITU, dedicated to exploring for AI applications in business for good.</li> </ul> <p><b>Customer Rights and Interests</b></p> <ul style="list-style-type: none"> <li>■ We identified 78 high-risk modules during the R&amp;D process of smartphones and MBB products, completed all security design reviews, and ensured that the security tests and penetration tests of the delivered versions were free of medium or high-risk vulnerabilities; we signed the <i>ZTE Mobile Device Aftersales Service Agreement</i>, incorporated with the data protection clauses, with 39 aftersales agents; we established partnerships with 30 new terminal material suppliers and all of them have signed the cybersecurity agreement.</li> <li>■ We obtained the certification of ISO 9001, TL 9000, QC 080000, ESD, ISO 45001, ISO 14001, ISO 22301, and other management systems. The certified locations included our headquarters in Shenzhen, and major R&amp;D centers and manufacturing bases in Changsha, Nanjing, Wuhan, Shanghai, Chongqing, Xi'an, and Heyuan, and the certified products covered 62 of our major product categories.</li> <li>■ Through project-based operations of the QCCs and the publicity among all employees, 3,697 issues were researched and 2,792 were resolved in 2021, which covered production, R&amp;D, and engineering service.</li> <li>■ Shortened our MTTR by 29.5% compared with that in 2020; expanded our remote operations of customer support and spare parts services to cover 65 countries, with the customer satisfaction rate exceeding 99%.</li> </ul> <p><b>Responsible Procurement</b></p> <ul style="list-style-type: none"> <li>■ We updated the <i>Supplier CSR Agreement</i> and the <i>Supplier CSR Code of Conduct</i>. The <i>Supplier CSR Code of Conduct</i> specifies six redlines respectively about labor standards, health and safety, environmental protection,</li> </ul>

<p>supplier certification.</p> <ul style="list-style-type: none"> <li>Update the <i>ZTE Conflict Minerals Report</i>, and conduct due diligence and evaluation of suppliers.</li> </ul> <p><b>Green Development</b></p> <ul style="list-style-type: none"> <li>Maintain B rating from the Carbon Disclosure Project (CDP), and assess the supply chain based on the data disclosed on the CDP website.</li> <li>Promote green 5G technologies, including the innovation and R&amp;D of green communications chipsets.</li> <li>Reduce the use of packaging materials by over 600 tons.</li> </ul> <p><b>Global Public Welfare</b></p> <ul style="list-style-type: none"> <li>Roll out ZTE Volunteer system, and enroll over 70% more volunteers than that in 2020.</li> </ul>	<p>and prohibited commercial activities. The corresponding penalties for violations of the redlines are specified in the <i>Supplier CSR Agreement</i>.</p> <ul style="list-style-type: none"> <li>We established an internal certification and training system for supplier certification auditors. Till 2021, 778 people have passed the certification, among which 110 were newly certified in 2021.</li> <li>We updated the <i>ZTE Conflict Minerals Report</i> based on previous work and conducted due diligence and evaluation on 255 suppliers.</li> </ul> <p><b>Green Development</b></p> <ul style="list-style-type: none"> <li>We maintained B rating from the CDP for our climate actions. According to the data disclosed on the CDP website, more than 40 leading suppliers in our supply chain developed decarbonization strategies.</li> <li>We continuously promoted the innovation and R&amp;D of communications chipsets, and rolled out the second-generation 5G chipsets that doubled performance and integration while halving power consumption by optimizing architecture and upgrading processes and computing power.</li> <li>We reduced the weight of packaging materials by 689.1 tons in total through the improved packaging design.</li> </ul> <p><b>Global Public Welfare</b></p> <ul style="list-style-type: none"> <li>ZTE Foundation rolled out the ZTE Volunteer system, where registered volunteers have exceeded 5,600, showing a year-on-year increase of 76%.</li> </ul>
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Contributing to the UN Sustainable Development Goals



## Empowering Industries Through Innovation and Building the Foundation of Digital Economy

In the era of digital economy full of business uncertainties, ZTE is always committed to achieving high-quality growth together with the communications industry, verticals, and society by means of efficient collaboration in an open and transparent manner. By participating in the co-construction of a digital and intelligent ecosystem, ZTE strives to accelerate the digital and intelligent transformation of the whole society.

### Continuous Innovation of Underlying Technologies

As a key contributor to global 5G standards, ZTE always takes technological innovation as the top driving force of its development. Adhering to building stronger core competence, ZTE keeps innovating in chips, algorithms, architectures, databases, and operating systems to strengthen its foundation, with the annual investment in R&D exceeding CNY 10 billion for years.

In the field of basic software, we released the GoldenDB DBMS v6.0 in 2021 to expand customer coverage based on the existing stable operation in joint-stock banks, rural credit cooperatives, urban commercial banks, and rural commercial banks. Applied in other financial fields such as insurance and securities, as well as non-financial fields such as operator markets, GoldenDB has become the top distributed database in the financial sector.

In November 2021, ZTE released a new version of its self-developed operating system, which was applied in many industries. In the field of smart cars, ZTE has developed operating system product series that are compatible with RTOS, Hypervisor, and Linux. The operating system product series can be applied to a variety of automobile scenarios such as smart cockpit, smart driving, smart connectivity, and central computing, and have obtained ISO 26262ASIL-D functional safety management and product certification.

In IC design and development, our ultra-large-scale SoC design, the design of analog ICs with high frequency, high speed, and high bandwidth, and the design of analog and mixed-signal ICs achieved efficient platform-based development for commercial use in 2021, making ZTE one of the manufacturers capable of batch commercialization of silicon photonic coherent devices around the world.

In the field of chips, ZTE launched the industry's first 600G super-capacity OTN framer chip and advanced 2.5D packaging-based network processor chip, achieved large-scale commercialization of Ethernet switch chips, and realized the application of its self-developed inter-radio-frequency and baseband solutions among operators.

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#### **[Case] ZTE Scientific and Technological Innovation Progress Awards and Innovation Day Encouraging All Employees to Innovate**

To encourage technological innovation, ZTE has set up the Scientific and Technological Innovation Progress Awards. As the highest honor for project innovation in the company, the awards follows the principle of remaining "value contributors-oriented", and include the Product Solution Innovation Awards, Scientific and Technological Progress Awards, and Scientific and Technological Breakthrough Awards for Leading Young Talent. In 2021, the total award amount exceeded CNY 10 million. The awards effectively promote company's innovations in core technologies and reflect our firm determination to encourage technological innovation.

The Innovation Day is the company's most influential annual event with the theme of innovation, which has been held annually for five years. This event is aimed to create a platform for internal and external innovation exchanges, share and spread excellent innovation experience, explore new business directions, discover innovative ideas, and showcase innovative technologies. In 2021, the event attracted more than 60,000 followers/participants, playing a vital role in creating an innovative atmosphere, stimulating employees' enthusiasm toward innovation, and promoting internal and external innovation exchanges.

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## Optimized Management of Intellectual Property

To fully support the implementation of our intellectual property strategy, standardize the management process, unify the management of intellectual property information, ensure the security of technical data, and improve the level and efficiency of intellectual property management, we have established a dedicated management platform covering the whole lifecycle of our intellectual property assets.

In March 2021, we obtained GB/T 29490-2013 intellectual property management system certification. At the same time, we constantly optimized our intellectual property management system, and ensured regular system maintenance and business support, to achieve effective operation of the management system for business operations.

We have not only ensured the healthy operation of our own patents, but also maintained collaboration with international first-class universities to promote R&D, and advance the commercialization of technological achievements of universities, fulfilling our CSR.

In April 2021, Jones Lang LaSalle (JLL), a world-renowned investment management firm, released the Challenges and Prospects for China's Telecommunications Industry and Intellectual Property Market, which ranked ZTE in the first tier of global patent portfolio in recognition of its contribution to 5G technology research and standard setting. As of April 2021, the value of ZTE's patented technologies had exceeded CNY 45 billion.

In addition, ZTE's System and Method for Signaling Configuration of Sounding Reference Signals won the gold award at the 22nd China Patent Award in 2021.

So far, ZTE has won 9 gold awards, 2 silver awards, and 36 excellence awards at the China Patent Award, and 22 awards at the Guangdong Patent Award, with the most awards in the telecommunications industry.

**Table: Summary of ZTE's Patent Applications and Patents Granted**

Indicator	2020	2021
Total number of global patent applications	Over 80,000	Over 84,000
Total number of global patents granted	About 36,000	About 42,000
First batch of 3GPP 5G SEPs declared to ETSI	Declared 3,641 5G SEP families, ranking 3rd in the world	Ranked 4th in the world in terms of 5G SEP families

Based on large investment in R&D and continuous technological accumulation, as of December 31, 2021, ZTE had boasted more than 84,000 global patent applications, and over 42,000 patents granted worldwide, including 4,572 chip patent applications and 1,990 granted chip patents. ZTE has become a major participant and contributor to global 5G technology research and standard-setting activities. In 3GPP, a major international standard setting organization for 5G standards, ZTE serves as chair for RAN3 and vice chair for RAN2 working groups. According to the report *Who Is Leading the 5G Patent Race* released by IPLytics in November 2021, ZTE ranked fourth in the world in terms of the number of declared 5G SEPs to ETSI.

## Digital and Intelligent Transformation of Industries Empowered by 5G

By engaging deeper into verticals, ZTE provides scenario-based solutions that truly create value for verticals through modular components. We have established partnerships with over 500 global partners, with whom we have explored nearly 100 innovative 5G application scenarios for factories in Thailand, ports in Belgium, farms in Austria, as well as industry, transportation, power, environmental protection, and many other verticals in China.

### 1. Transportation

In 2021, with a focus on urban rail, high-speed rail, and port, we provided ICT infrastructure and basic platform services based on 5G, cloud computing, and big data for users and partners in the transportation industry. We also built pilot sites and demonstration areas such as Hangzhou Urban Rail Cloud, Guangzhou Metro, Fuzhou Metro, Guangzhou High-speed Rail, Tianjin Port, and Yantian Port together with operators and partners, providing strong support for automated production and digital transformation of the transportation industry.

In the urban rail industry, ZTE and Guangzhou Branch of China Mobile jointly implemented the world's first 5G SA wireless Physical Resource Block (PRB) hard isolation slicing solution for Guangzhou Metro, which can meet the requirements for bandwidth, isolation, and deterministic networks in the smart metro station scenarios. A new benchmark is created for the 5G-based full-scenario applications on Line 18, the fastest metro line in China. The project won the first prize in the 4th "Bloom Cup" 5G Application Competition in Guangdong and was selected as one of the top 10 application cases in the 2021 World 5G Convention.

In the railway industry, ZTE and China Railway Guangzhou Group Co., Ltd. jointly built a 5G-based video-assisted warning system for high-speed lines, which enables drivers to observe the running conditions ahead and respond quickly to emergencies, leaving more time for life and property saving. In addition, ZTE and China Railway Gecent Technology Co., Ltd. launched a 5G pilot project on Guangzhou's high-speed rail to improve passengers' network access experience. This project won the first prize in the 4th "Bloom Cup" 5G Application Competition.

In the port industry, ZTE, together with Tianjin Branch of China Unicom and other partners, developed innovative 5G applications for automation services in ports, and promoted the continuous commercialization of the four services powered by 5G, namely, quay crane remote control, smart tallying, smart unmanned container trucks, and smart locking and unlocking station at Tianjin Port. In 2021, the project won the gold award in the 4th "Bloom Cup" 5G Application Competition, the second prize in the 2021 World 5G Convention - 5G Application Design Competition, and the first prize at the first China's New Smart City Construction Summit, and it was selected as an industrial Internet pilot demonstration project by the Ministry of Industry and Information Technology in 2021.

Collaborating with Shenzhen Branch of China Telecom and Yantian International Container Terminals, we carried out a 5G smart port pilot project at Yantian Port in Shenzhen. We successfully implemented innovative port services such as 5G gantry crane, 5G quay crane, and 5G HD video return in combined ports, and take the lead in completing the stress test for the commercial use of the first 5G gantry crane in China. This project won the third prize in the 4th "Bloom Cup" 5G Application Competition in Guangdong.

ZTE and Shandong Branch of China Telecom contributed to the launch of the world's first side loading and parallel layout fully automated container terminal at Rizhao Port in Shandong. The project successfully created three 5G-powered business scenarios, namely, port machinery remote control, container truck remote driving, and accurate positioning of quay cranes, yard cranes, and containers. The automated container yard is powered fully by electricity, reducing CO<sub>2</sub> emissions by about 1,160 tons and SO<sub>2</sub> emissions by about 45 tons per year, and improving the overall efficiency by more than 15% compared with traditional container yards using fuel machinery.

## 2. Industry

Leveraging advantages in 5G network and manufacturing, we launched a pilot project of intelligent manufacturing in ZTE Global 5G Intelligent Manufacturing Base, and achieved an 80% reduction in assembly quality omission ratio, a 46% reduction in key process reject ratio, and a 20% reduction in production line cycle time. Based on the core competence and practical experience accumulated in the manufacturing base, we shared our capabilities to integrate 5G with industrial Internet with enterprises, including Sany Heavy Industry, Yunnan Sunho Aluminum, Baosteel Zhanjiang Iron & Steel, Bosch, and Gree (Zhengzhou), so that 5G technologies could be applied to more verticals. The project won the first prize not only in the 4th "Bloom Cup" 5G Application Competition but also the China Industrial Internet Contest, and it was selected as one of the top 10 5G application cases at the 2021 World 5G Convention.

In Henan, together with Gree (Zhengzhou) and China Unicom, we actively explored the path of digital transformation for discrete manufacturing. We built enterprise IoT platforms and machine vision platforms to consolidate the foundation of AI capabilities; and we deployed applications, such as 5G cloud-based AGV, 5G+VR remote guidance, 5G drone patrol, and 5G helmet-based work safety management system, to improve comprehensive operational efficiency. The project won the first prize in the 4th "Bloom Cup" 5G Application Competition.

In Sichuan, we joined hands with China Telecom to promote the cloud-based warehouse management project in provincial-level warehouses on the supply chain of China Comservice Sichuan Corporation to achieve end-to-end smart logistics from factory to warehouse and delivery, and build a 5G smart supply chain. Through intelligent control in the industrial park, 5G AGVs, and intelligent sorting line, we empowered cloud warehousing with 5G technologies and realized integrated digital management, intelligent logistics, and visualized operations. The project was rated as the Best Solution Case at ICT China High Level Forum 2021.

### 3. Energy and Electric Power

In Guangdong, ZTE, Guangzhou Power Supply Bureau of Guangdong Power Grid Corp., and Guangzhou Branch of China Mobile, jointly built China's largest 5G smart grid demonstration area in Nansha, Guangzhou. In the demonstration area, we completed 51 network tests and system tests in 2021, and rolled out 2,500 5G terminals. The project won the third prize in the 4th "Bloom Cup" 5G Application Competition, and the *Research and Practice of 5G Key Technology for Power Distribution Network Production and Control Services* won a first prize awarded by China Electricity Council for power innovation and a third prize by China Southern Power Grid for scientific and technological advancement.

In Shandong, ZTE, China Unicom, and Beidou Tiandi of Shandong Energy Group set up a joint laboratory for cooperation in the fields of underground 5G private network system, mining system platform, underground data collection, and underground intelligent application. *Shandong Energy Group Smart Mine 5G Private Network Application*, the tripartite cooperation project of Shandong Energy Group, China Unicom, and ZTE, won the first prize in the national final of the 4th "Bloom Cup" 5G Application Competition.

In Shaanxi, in August 2021, ZTE joined hands with Intelligent Mine Co., Ltd. of China Coal Technology & Engineering Group, China Coal Information Technology (Beijing) Co., Ltd., China Broadcasting Network, China Mobile, and Shaanxi China Coal Energy Sales Co., Ltd. to tackle key problems in underground mining. We successfully made the first underground 5G VoNR call in China, and achieved seamless switch between public and private networks, thereby solving problems about scheduling, network construction, and high costs in underground coal mining. The project won the first prize in the 4th "Bloom Cup" 5G Application Competition.

In the field of intelligent exploration, ZTE joined hands with Sinopec Geophysical Research Institute and Nanjing Branch of China Mobile on the project of building the world's first intelligent system for field oil and gas exploration powered by 5G private network, with complete independent intellectual property rights of exploration equipment for the first time. The project won the first prize in the final of the 4th "Bloom Cup" 5G Application Competition.

### 4. New Media

In the field of new media, we have established a strategic partnership with Xinhua News Agency and Hunan Broadcasting System. On December 6, we delivered point cloud-based AR panda live streaming for the first time through Xinhuanet.com, Xinhua News Agency App, Xinhua WeChat public account, Xinhua cloud streaming, and other media convergence channels to audience both at home and abroad. In addition, based on 5G messaging and XR technology, ZTE provided Xinhua News Agency with a 5G media convergence production and communication platform that features integration of all media forms, direct access to users, and

interconnection of all things. This project won the first prize in the 4th "Bloom Cup" 5G Application Competition this year.

In September 2021, during China's 14th National Games in Shaanxi, ZTE customized network planning for each venue and created 5G smart venues with a download speed of 700–800 Mbps, providing multi-view live streaming for onsite audience and TV viewers.

ZTE, together with the State Key Laboratory of Mobile Network and Mobile Multimedia Technology, signed a strategic cooperation agreement with Hunan Broadcasting System and the 5G High-tech Video Multi-scene Application Laboratory of the National Radio and Television Administration. According to the agreement, ZTE will work with Hunan Broadcasting System to explore new technologies, scenarios, and communication forms for convergence and further development of the media industry in the 5G era.

In the cultural tourism field, we have reached strategic cooperation with China Telecom and New Guomai Digital Culture, and completed the construction of the 5G cloud XR digital twin platform. We put AR services into commercial use in nearly a thousand business complexes, and supported New Guomai Digital Culture to launch cloud touring services such as AR digital landscape during the Shanghai Tourism Festival.

#### [Case] 5G Innovation in Panda Protection for Biodiversity Conservation



In December 2021, under the guidance of the Sichuan Provincial Administration of the Giant Panda National Park and the Nature Conservancy, ZTE and China Mobile jointly rolled out the world's first 5G messaging app, Panda's Coming, for giant panda protection. By giving full play to the advantages of 5G messaging including maximum reach, high efficiency, and wide coverage, the app is used for scenarios including forest patrol, visitor interaction, and digital and intelligent park operations. By protecting pandas, we aim to promote biodiversity conservation and sustainable habitat development, and showcase ecological conservation and Chinese culture to the world through advanced technology. Also, ZTE donated 5G smart terminals to panda rangers to support their daily work.

## 5. Finance and Internet

In the financial market, we have made breakthroughs in the deployment of our IDC products for customers such as CITIC Bank and China Banking and Insurance Information Technology Management Co., Ltd. Our end-to-end IDC products have covered all scenarios in the three-tier architecture of bank customers from headquarters to branches and outlets. In the project of CITIC Bank, we adopted a multi-model architecture in more than 40 pilot sites, which covered all application scenarios from headquarters to branches and outlets and played a key role in guaranteeing data security and operation stability for financial customers.

In addition, we continued to optimize the deployment of our IDC products in the Internet market in 2021, and our core self-developed products adopting the indirect evaporative cooling technology were delivered in large quantity to Baidu, Tencent, JD.com, and other leading customers. In the centralized procurement project for Tencent's Tblock in 2021, our IDC solutions helped save delivery time by 40% and energy by 30%, considerably reducing the initial investment.

## Establishment of Smart Home Ecosystem

The recovering market will see a surge of 5G applications and more innovative consumption scenarios. Building an all-around terminal ecosystem becomes an important development trend for the smart terminal industry. To keep pace with the trend, ZTE Mobile Devices will seize the opportunities in the 5G smartphone and mobile Internet product markets to provide consumers with full-scenario intelligent experiences.

We will strengthen the core role of smartphones in the mobile Internet ecosystem. To be specific, we will enhance product competitiveness from four aspects. First, we will improve product design to create a younger and more stylish brand image. Second, following the prevailing trend in photography, we will further innovate in smartphone imaging and set new trends for computational photography. Third, we will give full play to our advantages in 5G technology to address the pain points of consumers. Lastly, we will strengthen OS upgrade and interaction optimization, and launch the brand-new MyOS to improve user experience. In addition, by continuously improving the experience of multi-screen interaction and connection, we strive to achieve the IoT centered on smartphones.

As for smart products for individuals and families, we have launched personal devices like smart watches, headsets, and portable WIFI products, and smart home devices like routers, smart cameras, 5G CPEs, and smart toothbrushes. We will continue to launch a wider range of products for consumers.

As for peripheral ecological products, we focus on the four major fields, namely, sports and health, business travels, audio-visual entertainment, and home and education. We are committed to providing diverse 5G products tailored to the needs of individual and family users, thus empowering smart lives in various scenarios.

## Empowering Digital Inclusion

As most people are enjoying the convenience brought by the technological revolution, some people are lagging in the wave of informatization due to various reasons. In this context, ZTE is making efforts to bring more convenient digital services to narrow the digital divide through technology.

For elderly users, ZTE has launched tablet PCs equipped with a docking station with charging function and a magnetic suction charging line. With the help of magnetic traction, elderly users can easily connect the charging line to the charging station. Moreover, the magnetic suction port features a universal design so that all kinds of magnetic suction charging lines will work, and the magnetic force never fails.

For children, we have developed kids' watches that can be connected with smartphones. Through Kids Space set in their phones, parents can set the time for their kids to use the watches, select the range of applications accessible to their kids, and define the time of play for their kids. When parent-kid time is over, parents can exit Kids Space and return to their normal interface.

For elderly people that wear hearing aids, ZTE has launched the Feature Phone that is compatible with hearing aids, which allows the users to receive regular voice signals without any interference.

ZTE also makes active contributions to ecological construction and bridging the digital divide. In 2021, ZTE and the ITU jointly held the AI for Good webinars, dedicated to exploring practical AI application in business for good.

## Securing Customers' Trust with Openness and Transparency

ZTE is committed to providing customers with secure and trustworthy products and services, and ensuring the security of communications network equipment, to promote digital transformation.

### Upgrade of the Cybersecurity Assurance System

ZTE implements cybersecurity controls throughout product lifecycle from supply chain and R&D, to engineering services, to ensure full-lifecycle security for customers.

In 2021, ZTE published the *Specifications on Cybersecurity Policy*, which specifies security requirements for the system lifecycle defined in ISO/IEC/IEEE 15288 based on the NIST SP 800-160 Systems Security Engineering. It also provides a unified cybersecurity policy, and acts as a basis for ensuring the security of ZTE's products and services.

In the same year, ZTE upgraded the security system to a cybersecurity governance architecture based on the three lines model, which can effectively prevent conflicts of interest. Specifically, self-inspection is conducted by business units of the first line, independent security assessment by the second-line (namely the Product Security Dept.), and independent security audit by the third line (namely Internal Control and Audit), to assure cybersecurity from multiple perspectives and levels for more effective risk management.

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#### **[Case] The Company Issued the 2021 ZTE Cybersecurity White Paper - Providing Customers with Secure and Trustworthy Products and Services**

In October 2021, the company published the [2021 ZTE Cybersecurity White Paper - Providing Customers with Secure and Trustworthy Products and Services](#). The white paper systematically introduces how ZTE implements top-down, risk-based cybersecurity governance by implementing industry standards and best practices, and stresses the importance of security maturity verification. ZTE complies with industry technical standards, certification systems, and evaluation frameworks, and establishes cybersecurity labs to enable customers, regulators, and stakeholders to verify ZTE products in a convenient and effective way.

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ZTE has taken the initiative to conduct cybersecurity evaluation and actively disclosed vulnerability-related information. In 2021, ZTE disclosed a total of 28 security vulnerabilities to the public, among which eight were of low risk, 15 of medium risk, four of high risk, and one of critical risk. The identification and management of security vulnerabilities further safeguarded the security of customers' networks, equipment, and data, and increased customers' trust in ZTE.

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#### **External Security Evaluations, Certifications, and Awards for ZTE in 2021**

- By the end of 2021, ZTEC and its global subsidiaries had obtained a total of 27 ISO 27001 certificates.
  - ZTE obtained the CC EAL3+ certificate for its 5G RAN solution, the first telecom vendor in the world that has obtained this certificate for a whole system solution.
  - In 2020, ZTE passed the GSMA NESAS product development and lifecycle audit. In 2021, ZTE successfully passed the NESAS security audit for its 5G NR gNodeB and seven 5GC network devices in partnership with Brightsight, becoming the equipment supplier that have most of its 5G products passing the tests.
  - In collaboration with Synopsys, ZTE completed BSIMM assessments for its 5G RAN and core network products, as well as 5G Flexhaul products, with results far exceeding the industry average, demonstrating ZTE's industry-leading software security capability.
  - In 2021, ZTE won the Champion award for its ICT security solution at the WSIS Forum, making ZTE the only Chinese company in the information security field to receive this honor.
  - As for incident response, ZTE was awarded the Technical Support Unit Certificate issued by the China National Vulnerability Database of Information Security (CNNVD) and the Service Support Unit Certificate issued by the National Computer Network Emergency Response Technical Team (CNCERT).
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In terms of terminal cybersecurity, ZTE has issued a series of standards, including the *General Requirements for MBB Product Security Protection*, *Guidelines for Terminal Product Security Tool Management*, *Guidelines*

for MBB Product Security Design, General Requirements for Server Product Security Protection, Python Security Coding Specifications, and Guidelines for Smartphone Product Security Design, to continuously optimize the system of terminal cybersecurity specifications. By setting up key control points and developing efficiency improvement tools, ZTE conducts security governance in the fields of terminal development, customer services, and supply chain.

In 2021, ZTE identified 78 high-risk modules in the development of smart phones and MBB products, completed all security design reviews, and ensured that no medium or high-risk vulnerabilities were identified in security and penetration tests for products to be delivered. In terms of customer services, the company signed the *Authorized Repair Service Agreement*, which included data protection clauses, with 39 aftersales agents. The company introduced 30 new suppliers, all of which have signed the *Supplier Security Agreement with ZTE*.

## All-out Efforts to Strengthen Quality Management

Talent, technologies, standards, tools, and methods are the very foundation of ZTE's quality management. To advance closed-loop management from customer demand to customer satisfaction, quality management is integrated into activities of R&D, production, delivery, and services. Internally, the company adopts digital approaches to implement flat and intelligent quality management that is in line with its business philosophy - "Simplicity Prevails, Agility Makes Success." Externally, ZTE upholds the principle of "Bringing Simplicity to Customers" to provide easy-to-use products and services for customers.

In 2021, ZTE passed the certification of ISO 9001, TL 9000, QC 080000, ESD, ISO 45001, ISO 14001, and ISO 22301 management systems, with the certified sites including its main R&D centers and manufacturing bases in Shenzhen, Changsha, Nanjing, Wuhan, Shanghai, Chongqing, Xi'an, and Heyuan, and the certified products covering 62 main categories it provides. In addition, we organized various training sessions, including those for TL9000 internal auditors, EHS internal auditors, as well as training for ESD, BCM, and other management systems, covering more than 800 people in key quality-related positions.

Based on the different sales patterns of system products and terminal products, ZTE has customized corresponding quality management methods.

- For system products, ZTE established the Issue to Resolution (ITR) process from problem acceptance, to problem handling, solving, and closing. In addition, the company adopted a three-tier handling mechanism consisting of an onsite support team, expert team, and product development team, and realized digital handling of problems via the RDC and ECC-CSC systems.
- For terminal products, ZTE established an effective product quality evaluation and improvement mechanism. Specifically, before a product is launched, ZTE performs evaluation of competitors' products and FUT tests to make all-round decision-making on the product launch. After the product launch, ZTE closely supervises product return and customer reviews to identify key quality weaknesses and quickly solves quality problems, to improve product quality and user experience. To increase the efficiency of quality control, ZTE has developed IT systems for end-to-end quality management, including the digital management systems for Voice of Customer (VOC) data and supervision of product return with full-process traceability.

Promoting the culture of quality is a key task for ZTE, and a major approach is to give priority to quality management and engage all members in the process. Through project-based operation of the QCC and promotion throughout the company, 3,697 projects were registered and 2,792 were completed in 2021, which hit record highs. The company's exemplary projects also won the highest prize, 2021 model awards, in the both national and Shenzhen quality innovation competitions.

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### [Case] Quality Summit

In September 2021, ZTE successfully held the 2nd Quality Summit themed "Stick to Intelligence and Simplicity in Digital Quality Management", to facilitate quality improvement, reach consensus in quality management, and promote collaborative development. More than 20 guests (including officials from government agencies, industry-leading companies, experts and scholars, important

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customers, and major suppliers) and over 100 ZTE leaders and employees gathered together to have exchanges on the development and practice of digital quality management and other hot issues in the age of digital economy. The success of the Quality Summit greatly enhanced ZTE's influence in the industry.

In 2021, we applied for the 4th China Quality Award, the highest quality award in China, and won the nomination for our customer-focused, digital, intelligent, and simplified quality management system, marking a national recognition of our comprehensive strength and a leading position in the industry.

Table: ZTE Complaint-Related Data in 2021

Indicator	Unit	2021 Number
Shipping complaints	times	6
Service complaints	times	54
Engineering complaints	times	3
Product complaints	times	2

## Fast Response to Customer Demands

Adhering to the customer-oriented and market-driven business strategy, ZTE continuously promotes digital transformation and service innovation and develops intelligent platforms, to guarantee secure and stable networks for customers and increase customer satisfaction.

In terms of customer support, ZTE built a three-tier customer support system that includes representative offices/engineering service offices, network service departments, and R&D teams, to standardize and improve the tracking and notification mechanism for customer complaints, and ensure timely response and follow-up of customer demands and effective settlement of all complaints. Moreover, to ensure that all customer complaints are taken seriously, we issued the *Notice Regarding Promotion of the Regulations on the Management of Customer Complaint Tracking and Notification* in 2021, to enhance employee engagement and guarantee customer satisfaction.

Table: ZTE Customer Communication and Service Statistics

Indicator		2019	2020	2021
Amount of feedback from Chinese users received by the Global Customer Support Center	times	84	64	63
Amount of feedback from overseas users received by the Global Customer Service Center	times	3	1	2
Percentage of cases handled in a timely manner and closed as scheduled - China	%	99.5	99.73	99.94
Percentage of cases handled in a timely manner and closed as scheduled - overseas	%	98.8	99.27	99.77
Customer satisfaction rate with aftersales services - China	%	99.83	99.94	99.95
Customer satisfaction rate with aftersales service - overseas	%	98.69	99.19	98.51

In regard to service digitalization for higher efficiency, to ensure timely resolution of existing network problems for customers, ZTE launched the ITR app in 2021 and took proactive prevention measures, improving the efficiency by 20% in the whole process of customer problem handling. In addition, to provide better one-stop services for customers and standardize service procedures, our Global Customer Support Center developed and launched the iSupport app for end-to-end collaboration, covering fault handling, spare parts, repairs, and onsite services. Through the iteration and upgrade of the iSupport app, we realized real-time online feedback and exception management during on-duty period, reducing manual workload.

ZTE shortened its annual average period of emergency fault recovery by 29.5% compared with that in 2020. Moreover, the company offered customer remote support and spare parts services in 65 countries, with the customer satisfaction rate exceeding 99%.

For overseas markets, we strengthened resource allocation and support for major countries, regularly evaluated key pilot site projects, and made timely response to test problems and resource demands. In 2021, we launched the MKT-CRM system to keep track of the effectiveness of communication with customers for product and comprehensive solutions, to continuously improve customer satisfaction.

In 2021, ZTE's terminal customer service personnel provided 295,778 times of remote services for end users worldwide via hotline, email, LiveChat, and social media, with service language covering Chinese, English, Spanish, German, Korean, etc. In the same year, we introduced hotline services for Mexican users and global self-run cross-border e-commerce business.

## Upholding Win-Win Cooperation to Grow with Partners

ZTE is committed to maintaining long-term collaboration with our partners. In particular, ZTE implements strategic procurement and seek opportunities to expand cooperation with strategic partners, to establish sustainable and win-win partnerships and co-explore new practices for green development.

### Upgrading Supplier CSR Management

With respect to supplier CSR management, ZTE has established a supplier CSR management system that covers labor rights, health and safety, environmental protection, control of hazardous substances in products, information security, cybersecurity, business ethics, and CSR management of sub-suppliers.

In 2021, ZTE updated the *Supplier CSR Agreement* and [the \*Supplier CSR Code of Conduct\*](#). The *Supplier CSR Code of Conduct* stipulates six redlines, concerning labor standards, health and safety, environmental protection, and prohibited business practices. The *Supplier CSR Agreement* specifies the corresponding penalties for violating these redlines.

In 2021, to augment the effectiveness of supplier CSR management, ZTE updated the supplier performance appraisal rules and established an appraisal system consisting of five modules, including technology, quality, delivery, cost, and sustainability. The sustainability module includes CSR, cybersecurity, conflict minerals investigation, information security, and business continuity. Currently, the supplier performance appraisal results have been applied to procurement bidding, hierarchical management of suppliers, award evaluation at ZTE Global Partners Day, Quarterly Business Review (QBR), rectification and elimination of low-performing suppliers, etc.

In addition, sustainability is also a factor for integrated supplier audit, which covers labor rights, health and safety, environmental protection, compliance/fraud prevention and supplier management, control of hazardous substances in products, information security, cybersecurity, business continuity, and conflict minerals control. In 2021, we completed integrated audit of 225 suppliers and invited a third-party organization to conduct special CSR audit of high-risk suppliers for the first time.



ZTE's Integrated Supplier Audit Module

For nonconformities found through onsite audit of suppliers, we provided guidance for the suppliers to formulate rectification plans, and tracked and verified the settlement of the nonconformities through [the Supply Chain Coordination \(SCC\) website](#). Furthermore, we followed up and reported the rectification progress on a monthly basis. For nonconformities that were not solved within the specified time (namely, three months), we deducted corresponding points in supplier performance appraisals.

Table: ZTE Supplier Data in 2021

Indicator (Number)	Units	2021
Production suppliers		
in Asia	suppliers	2,763
in Europe	suppliers	151
in North America	suppliers	94
in South America	suppliers	91
in Africa	suppliers	94
in Oceania	suppliers	3
Suppliers that newly signed <i>Supplier CSR Agreement</i>	suppliers	290
New subcontractors/suppliers	suppliers	262
Suppliers not introduced for failing to pass CSR audit	suppliers	9
New subcontractors/suppliers that received onsite CSR audit	suppliers	60
Suppliers that newly signed the <i>Supplier Commitment Letter of Transparent Cooperation and Anti-Bribery Compliance</i>	suppliers	262
Suppliers participating in CSR training	suppliers	87
New suppliers that received certification	suppliers	60
Existing suppliers that received cross-category collaboration certification	suppliers	75
Existing suppliers that received supervision	suppliers	90

Note: Due to the pandemic, the number of suppliers receiving onsite audit was slightly reduced.

Internally, to strengthen the CSR awareness of procurement personnel and enhance their CSR management over suppliers, ZTE established a CSR Column in the company's internal system in August 2021, to regularly publicize CSR know-how and skills for all procurement personnel.

To ensure the effectiveness of supplier CSR management, we also established an internal auditor certification and training system that included training in theory and field practice, to guarantee the effectiveness of supplier audit. To date, 778 people have passed the supplier auditor certification, among whom 110 were newly certified in 2021.

In November 2021, we invited a third-party organization to promote training and capability building. The third party provided training in general knowledge about CSR (including labor rights, health and safety, environmental protection, business ethics, and management system) for more than 130 employees.

## Supplier Capability Building

To seek growth together with our partners, ZTE conveyed its business code of conduct to suppliers by holding a series of special meetings and training sessions, which significantly enhanced suppliers' capability in CSR management.

In May 2021, ZTE organized the annual supplier intensive training camp in Shenzhen for 133 participants from 87 suppliers. Some of the courses included the *Basics of CSR for Suppliers*, *Basics of Cybersecurity for Suppliers*, *Basics of Data Protection for Suppliers*, *BCM*, and *Introduction to CDP*.

In November 2021, ZTE held the Global Partners Day themed "One Goal, One Future" in Shenzhen. It invited more than 300 strategic partners and core suppliers across the world. Focusing on the collaborative innovation

of the industrial chain, the participants had in-depth discussions about digital economy, supply chain development, and building of a compliance management system.

Every year, ZTE provides training for engineering service subcontractors in fields of compliance, information security, and engineering delivery. In 2021, ZTE conducted 161 training sessions for overseas leased personnel and subcontractors through eUniv, involving 7,488 people and 15,590 attendances. Specifically, we provided compliance training for people in charge of overseas subcontractors, with a total of 666 attendances. For overseas third-party leased personnel, we provided training in compliance (10,125 attendances), engineering delivery (666 attendances), and information security (664 attendances). Our compliance training program covers all of the leased personnel, and only those who have received compliance training and obtained the certificate can take on the position.

In June 2021, we offered free courses on export compliance awareness to over 10,000 employees of our channel partners via ZTE's learning platform, and regularly promoted the courses and tracked their learning based on a half-year learning program.

## Lean Management of Conflict Minerals

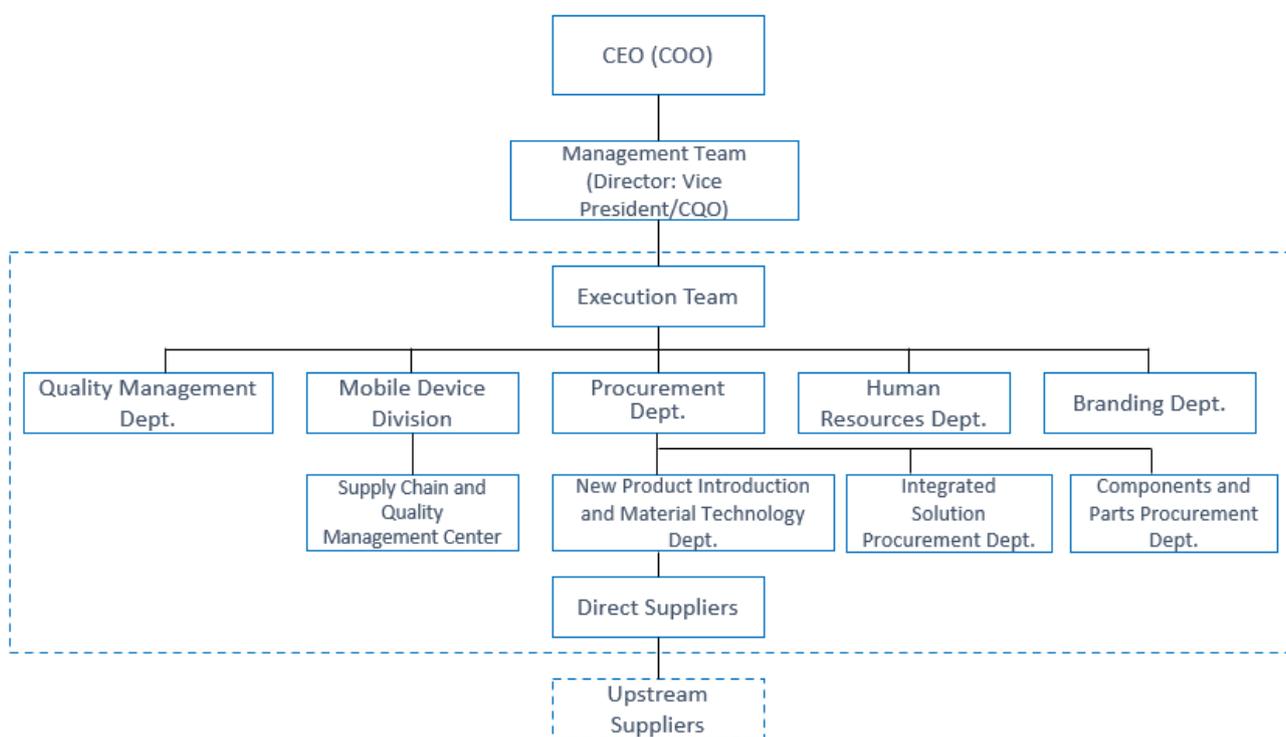
ZTE abides by all recognized international conventions, practices, and industry initiatives, including the United Nations Global Compact, *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*, and the Responsible Minerals Initiative (RMI). Since we joined the Global e-Sustainability Initiative (GeSI) in 2011 and the Responsible Business Alliance (RBA) in 2019, we have been sticking to lean management of conflict minerals.

In 2021, ZTE updated the *Conflict Minerals Report* based on previous work and conducted due diligence and evaluation of 255 suppliers.

### 1. Systematic Management of Conflict Minerals

ZTE has released the *Policy on Conflict Minerals Management*, which is in line with the principles recognized worldwide, including the UN Global Compact, and formulated [the Regulations on Conflict Minerals Management](#) to facilitate the implementation of conflict minerals management policies. In addition, we have developed the *Supplier Conflict Mineral Risk Management Guide*, and designed the survey questionnaire and risk assessment tool for the management of conflict minerals, to better understand the conflict minerals management levels of relevant suppliers.

In terms of organizational support, a Management Team, led by the Vice President/Chief Quality Officer (CQO) of the company is established for the management of conflict minerals. An Execution Team is established under the Management Team, consisting of designated representatives from the Quality Management Dept., Mobile Device Division, Procurement Dept., Human Resources Dept., and Branding Dept. The Management Team is responsible for the overall management and implementation of related regulations to ensure their applicability, transparency, and effectiveness, and supervise the risk of conflict minerals in the supply chain. The Management Team regularly reviews KPIs and reports the situation to CEO, COO, and other senior management. The Execution Team, equipped with relevant competency and experience, is responsible for coordinating with stakeholders in implementing conflict minerals management methods as outlined in related regulations, including the annual risk assessment for conflict minerals. The Management Team reports any risks or opportunities identified to the senior management in a timely manner, so that the management can develop a corporate strategy related to conflict minerals.



Conflict Minerals Management Structure

ZTE requires all its suppliers to procure materials from environmentally and socially responsible sources only. The supplier contract and the *Declaration of Metal Conflict-Free* both contain requirements and regulations related to conflict minerals. All suppliers are required to sign either the *Declaration of Metal Conflict-Free* or *Supply Assurance Agreement* as a commitment to comply with ZTE's policies and requirements regarding conflict minerals. These requirements stipulate that all suppliers shall provide feedback on the *Conflict Minerals Reporting Template (CMRT)/Cobalt Reporting Template (CRT)* every year and participate in relevant training and due diligence.

## 2. Empowerment of Supplier for Conflict Minerals Management

ZTE actively works with suppliers and takes various countermeasures against the risks of conflict minerals, to optimize conflict minerals management. We encourage our suppliers to develop their own conflict-free metal policies to manage procurement activities. Also, we provide annual training for all suppliers to enhance their management of conflict minerals.

In May 2021, we organized the annual supplier intensive training camp in Shenzhen for 87 suppliers. The training included ZTE's course for conflict minerals management and environmental management, with an emphasis on ZTE's requirements for suppliers in terms of conflict minerals and environmental protection. The training provided an accurate explanation of conflict minerals, and enabled partners to fully understand the background, as well as relevant international regulations and management requirements.



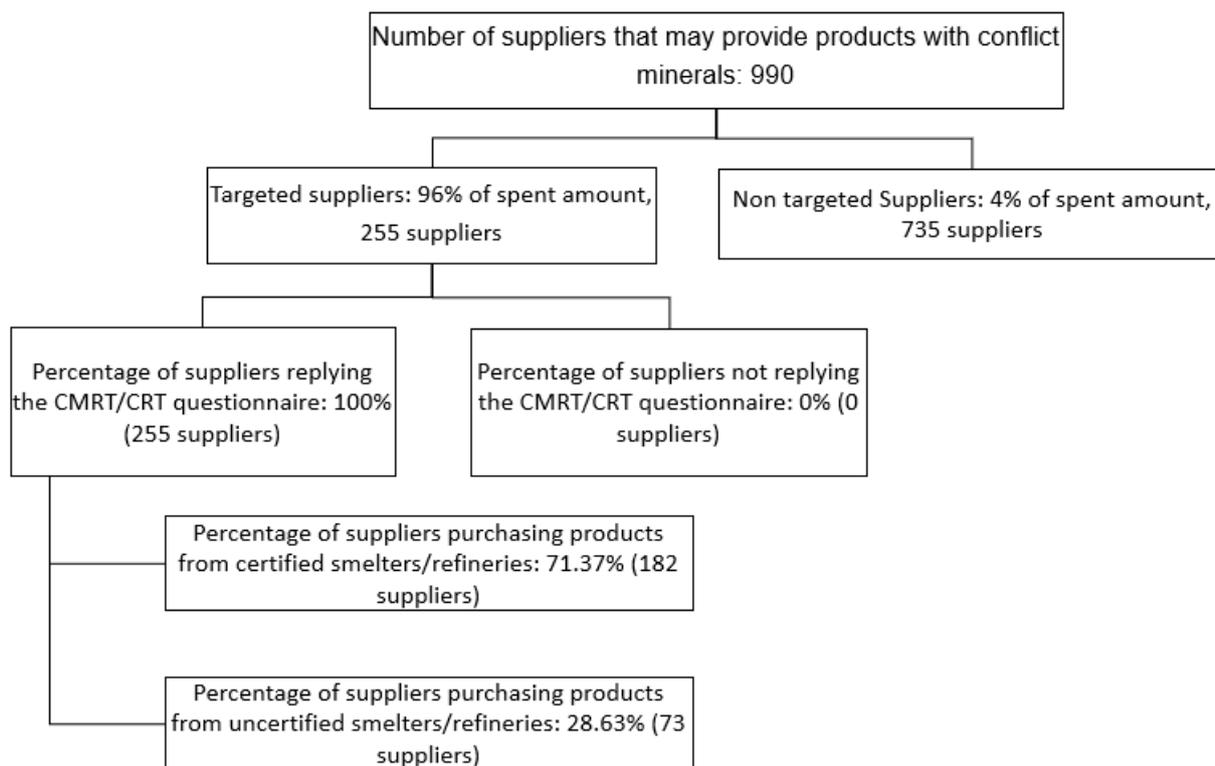
2021 Supplier Training

We also conducted face-to-face training in conflict minerals management for all the 36 high-risk suppliers, to enhance their capability in conflict minerals management. In the future, we will continue to build an online training system.

### 3. Promoting the Audit of Suppliers

As a member of RBA and GeSI, ZTE audits the performance of all suppliers with risks in terms of conflict minerals management. The audit includes special onsite audit and integrated audit, through which ZTE comprehensively evaluates suppliers' corporate management, risk assessment, risk mitigation, and due diligence results of smelters/refineries involved in the supply chain. Moreover, the company's audit team summarizes the audit findings and provides corresponding improvement recommendations. If a supplier refuses to cooperate with or fails to meet our requirements after rectification, ZTE may stop collaboration with the supplier.

From 2020 to 2021, we conducted inspections on conflict minerals in the supply chain, and identified 990 suppliers involving conflict minerals. In 2021, we conducted 142 audits of all suppliers with risks, including four special onsite audits for high-risk suppliers and 138 integrated audits for suppliers of all risk levels.



ZTE Supplier Conflict Minerals Audit and Feedback Process

Note: Some smelters/refiners failed to be certified due to the pandemic.

ZTE requires all direct suppliers to provide a full list of their upstream smelters/refineries obtained through supply chain due diligence, so as to assess whether the smelters/refineries can be verified as conflict-free.

**[Case] Audit of Midstream and Downstream Suppliers in the Cobalt Supply Chain by RCS Global**

In 2021, ZTE signed a contract with RCS Global for an independent supply chain due diligence audit. We conducted cobalt due diligence and collected supply chain mapping information. With a focus on downstream to midstream cobalt supply chain, the due diligence aimed to identify cobalt suppliers and assess the risks associated with human rights violations in the cobalt supply chain. To improve the due diligence capability of ZTE's team, RCS Global provided one-day training in the OECD five-step framework for 55 members of ZTE's conflict minerals project team. The training enhanced the conflict minerals management capability of personnel in supplier management, procurement, new product introduction, material technology, and human resources departments.

In 2022, based on ZTE's short, mid, and long-term goals, due diligence and assessment will be conducted on all of our suppliers for conflict minerals.. Specifically, we will conduct due diligence for the top 96% of suppliers, and require the rest 4% to fill out a self-assessment document.

## Promoting Green Development to Tackle Climate Change

According to ITU's statistics, through the use of ICT, about 7.8 gigatons of carbon dioxide equivalent (GtCO<sub>2</sub>e) were reduced in 2020, which accounted for 15% of the annual emissions. Economically, ICT enables higher energy efficiency, which can lead to cost savings of EUR 600 billion. It is clear that the ICT industry plays a significant role in reducing carbon emissions.

On a green path to the digital economy, ZTE is determined to achieve "carbon peak" before 2030 and "carbon neutrality" before 2060. Towards this goal, ZTE is making great efforts to promote green operations, green supply chain, green digital infrastructures, and empowerment for the green development of industries despite various challenges posed by the low-carbon transformation.

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### **[Case] ZTE Launches Carbon Emission Strategic Planning Project Worldwide**

In 2021, ZTE launched the carbon emission strategic planning project worldwide, and set up a cross-organizational project team led by the company's CSO to carry out the top-level design, phased implementation, and overall planning. The project covers the company's R&D centers, manufacturing bases, branches, and controlled subsidiaries in China and overseas.

Currently, the company has established the project team and held training sessions. ZTE invited external agencies to conduct training with the themes of "Interpretation and Application of ISO 14064 GHG Standard on Climate Change and Carbon Emissions" and "Scientific Carbon Goals", in which more than 170 ZTE employees participated.

ZTE completed its inventory of GHG emissions from January 1, 2021 to December 31, 2021 based on the ISO 14064-1:2018 standard. The company also invited an external certification agency to verify the inventory based on reasonable assurance and in accordance with the ISO 14064-3:2019 standard, and the company is expected to get the certification in March 2022. ZTE's inventory report made reference to the Global Warming Potential (GWP) from the *IPCC 2021 Sixth Assessment Report*, covering greenhouse gases such as carbon dioxide, methane, nitrogen oxide, hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride, and nitrogen trifluoride.

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## Green Operations

In 2021, the company released the updated *Energy Management Regulation, Process for the Management of Energy Conservation and Emission Reduction, Regulation on the Control of Water Pollution, and Waste Management Process*. These regulations specify the duties of different departments, and promote energy supervision through effective organization, planning, support, operation, and control. For example, ZTE conducts energy management in daily operations and constantly improve relevant technologies. In environmental management, the company transfers hazardous waste to qualified third parties for disposal, and implemented annual examinations of air, water, and noise pollution to effectively ensure that the indicators are within the standard range.

ZTE's GHG emissions mostly come from power consumption in such fields as production, R&D, and office work. The company has been reducing GHG emissions, directly and indirectly, by optimizing technical processes, conducting energy-saving transformation, and promoting the use of green electricity.

### **1. Energy and Carbon Emission Management**

In accordance with the *ISO 14001: 2015—Environmental Management Systems—Requirements with Guidance for Use* and the *ISO 50001: 2008—Energy Management Systems*, ZTE formulated the *Process for the Management of Energy Conservation and Emission Reduction* and *Energy Management Regulation* to effectively promote and standardize energy management, reduce power consumption, improve energy efficiency, and ensure the implementation of the company's energy policy and goals.

Specifically, ZTE has launched iEnergy, an energy management system for effective planning and utilization of energy, thereby reducing energy consumption per product. High energy-consuming equipment is removed after being identified through "energy-balance tests" and "energy audits". Through the energy-saving transformation of main equipment and the optimization of systems for power consumption, the real-time energy utilization statuses can be provided to corresponding business units for power consumption analysis.

In December 2021, the company passed the ISO 50001 certification for energy management systems, and its energy audit and the Energy-Saving Plan during the 14<sup>th</sup> Five-Year Plan period were approved by the Industry and Information Technology Bureau of Shenzhen Municipality.

In production management, ZTE utilizes the supplier energy management system to analyze the power consumption of electric tributaries and explore potentials of energy saving. Based on the analysis, the company can identify problems in a timely manner, such as missed switch-ons/off, improper operation time, and redundant equipment, and output the list of abnormal electric tributaries and locate the corresponding distribution boxes. On-site troubleshooting is then conducted and the problems are reported.

As for office operations, ZTE has launched nine energy-saving projects in China, saving 21.56 million kWh of electricity annually, which is equivalent to reducing 19,800 tons of CO<sub>2</sub>. For example, the PV power generation project at the headquarters in Shenzhen can provide about 2.6 million kWh of electricity from clean energy per year. In addition, the company has also reduced electricity consumption by replacing the lighting system in its office areas with LED lighting, and that in underground and external areas with the voice-activated lighting system. ZTE also raised employees' awareness of energy saving and consumption reduction through various publicity activities, such as putting up slogans, posters, and signs in public areas, holding offline quiz competitions on China's implementation of dual control system of total energy consumption and intensity, and sending energy saving announcements through public email accounts.

For the details of ZTE's energy consumption and GHG emissions, please refer to 2021 Sustainability Performance.

## 2. Solid Waste Management

In accordance with the *ISO 45001 Occupational Health and Safety Management Systems—Requirements with Guidance for Use*, *Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution*, *National Catalogue of Hazardous Wastes (2021 Edition)*, and other laws and regulations, ZTE formulated the *Waste Management Process* and other regulations to manage the company's daily waste, and reduce the generation and discharge of solid waste.

When disposing of waste, ZTE gives priority to the recycling of waste, such as packaging cartons and wooden cases. For general waste, the company sorts and stores the waste in specific containers or areas, and then sends it to designated waste receiving stations for the disposal by qualified recyclers. For hazardous waste (including solutions, batteries, and circuit boards), the Administration Dept. collects and stores it in specific containers or areas, and then transfers it to qualified agencies for disposal.

### [Case] ZTE's "Clean Your Plate" Campaign

With the slogan of "Stop wasting from now", the "Clean Your Plate" campaign was carried out to encourage employees to cherish food. At the end of June 2021, the campaign was launched in ZTE's domestic R&D centers, and overseas offices, such as the Bengal Representative Office, Tanzania Representative Office, Brazil Representative Office, and Global Account Office VEON. Employees in China and overseas actively participated in the campaign online and offline, such as signing their names on the signature wall to make a promise and uploading their photos of empty plates. Altogether, over 4,523 employees participated in the campaign and enhanced their respect for food.

Table: ZTE's Waste in 2021

Indicator	Unit	2021
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Total hazardous waste	Ton	0.14
Total intensity of hazardous waste	Ton/ Million operating revenue	0.000001
Total general waste	Ton	4,721.61
Total intensity of general waste	Ton/ Million operating revenue	0.0412

### 3. Exhaust Gas Emission Management

ZTE strives to standardize the prevention and control of air pollution and provide guidance on the emergency response to environmental accidents. Therefore, the company has formulated the *Regulation on the Control of Air Pollution* to specify the management requirements for exhaust gas emissions in accordance with the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution* and *ISO 14001: 2015 Environmental Management Systems—Requirements with Guidance for Use*.

There are two main exhaust gas pollution sources in the company. One pollution source is daily operations. For example, exhaust gases are produced in canteens, by generators, and by shuttle buses. The other one is production processes. For example, pollution can be caused by exhaust gases emitted from chemical release, and by vehicles. At present, the company has established a relatively comprehensive system to manage exhaust gas emissions:

- Generator exhaust gas control: Generators are checked regularly in accordance with related regulations and repaired in a timely manner once a problem is found.
- Vehicle exhaust gas control: An annual inspection is conducted on the company's vehicles to ensure that exhaust gas emissions meet the national standards.
- Exhaust gas control of production equipment and materials: Lead-free production equipment is used to strictly control the emission of lead fumes. Equipment with high emissions is set with an exhaust filter and a ventilator. Volatile chemicals in materials are tightly sealed to prevent chemical volatilization or leakage.
- Control of other exhaust gases: It is forbidden to burn garbage in any area of the company. The company's canteens are required to be equipped with lampblack purification facilities, which need to be regularly cleaned and maintained. The company also takes appropriate prevention and control measures in case of any activity that may cause air pollution in the production area.

#### [Case] Strengthening the Management of VOC Emissions

In response to the *Requirements for Controlling Volatile Organic Compounds (VOC) of Enterprises* issued by the General Office of the Department of Ecology and Environment of Guangdong Province, the company has strengthened the management of VOC emissions, adjusted the contents of materials that may emit VOCs with existing technologies and processes, and replaced the stencil cleaning agent with semi-aqueous cleaning agent. By the end of June 2021, the company has reduced alcohol consumption in Shenzhen High-Tech Industrial Park by optimizing the cleaning process with scrapers, replacing alcohol with aqueous cleaning agent, and cleaning lead and lead-free scrapers. In 2021, ZTE's monthly average alcohol consumption in Shenzhen decreased by 50%, further reducing VOC emissions. Meanwhile, a small amount of exhaust gas was emitted as required after UV photolysis and water spray.

Table: ZTE's Emissions in 2021

Indicator	Unit	2021
NOx	Ton	5.23
SOx	Ton	0.18
Particulate Matter (PM)	Ton	0.39

### 4. Water Resources and Wastewater Management

In strict accordance with the *Law of the People's Republic of China on the Prevention and Control of Water Pollution* and other relevant national and local laws and regulations, ZTE formulated the *Regulation on the Control of Water Pollution* to effectively control the company's wastewater and prevent pollution incidents.

In ZTE, wastewater is mainly generated from office areas. The company discharges wastewater into the city sewage in accordance with the *Discharge Standard for Water Pollutants* and other regulations. According to the principle of separating rainwater and sewage, wastewater is discharged into the grille through the oil-water separator and then to the sewage system. In daily operations, the company uses water-saving sensing faucets, checks water usage in cleaning and outsourced activities from time to time, and posts water-saving slogans beside washing sinks.

In addition, ZTE also takes an active part in setting industry standards. In 2021, the company participated in the seminar on social responsibility standards for water efficiency and carbon reduction management of enterprises in the electronic information industry, and discussed with government departments and organizations in the industry about relevant topics.

Table: ZTE's Water Consumption in 2021

Indicator	Unit	2021
Total water consumption	Ton	7,932,907.96
Total intensity of water consumption	Ton/ Million operating revenue	69.27

## Green Supply Chain

ZTE is committed to establishing a "green supply chain" together with global partners. Through the cooperation with more than 160 environment-friendly service providers around the world, the company has created a global green recycling network to achieve energy conservation and emission reduction through the selection of raw materials, material recycling, and logistics and transportation. At present, more than 40 of ZTE's leading supply chain partners have formulated their decarbonization strategies. In the next 5 to 10 years, ZTE will also collaborate with more partners who share the dual-carbon goal.

### [Case] Green Supply Chain Innovation Pioneer Project

In 2021, ZTE invited 32 suppliers to participate in the "green supply chain innovation pioneer project" led by the China Electronics Standardization Association. The theoretical training consisted of green supply chain management, green design and green production, green sales and green recycling, environmental risk factor identification and assessment, chemical management, energy management, water resource management, GHG emission accounting and control, green information platform construction, and environmental information disclosure.

During the onsite visit by experts, ZTE's suppliers shared their best practices on water resource management, chemical management, and energy management.

## Green Digital Infrastructure

ZTE is devoted to building green digital infrastructures, providing the green energy solutions to reduce carbon emissions during energy introduction, and deploying green sites and data centers to significantly cut down carbon footprint during energy use. ZTE has incorporated environmental protection requirements into conceptual design, performance appraisal, design finalization, and product certification processes, and established a green product lifecycle management system to reduce carbon emissions during the sales and use of products.

### 1. Product Design and R&D

In accordance with the *ISO 14040: 2006 Environmental Management—Life Cycle Assessment—Principles and Framework*, *ISO 14044: 2006 Environmental Management—Life Cycle Assessment—Requirements and Guidelines*, and other regulations, the company has formulated the *Product LCA Carbon Footprint Assessment Specifications*. Based on customer demands and the product positioning, the company has made a full-lifecycle

evaluation on relevant target products in four phases, namely, goal and scope definition, inventory analysis, impact assessment, and interpretation. On this basis, ZTE has output a carbon footprint assessment report of the full product lifecycle, quantified resource consumption and carbon emissions of products, and assessed their impact on resources, ecological environment, and people's health.

ZTE continues to promote the innovation and R&D of chips, and takes the lead in function integration, low power consumption, and performance of wireless network chips. In 2021, ZTE developed the 2nd-generation 5G chips, doubling both the chipset performance and integration and cutting power consumption by half through architecture optimization and improvement of process and computing power. Moreover, ZTE adopts the Customer Owned Tooling (COT) model for the 16nm and 7nm multi-mode baseband chips, and its in-house chips have been put into large-scale commercial use in access and transport networks. In a word, the company constantly boosts the maturity of domestically-made key chips in the telecommunications field.

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#### **[Case] The Application of GaN Reduces Power Consumption of 5G Base Stations**

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The company has developed power amplifier devices based on the third-generation semiconductor RF GaN materials to reduce the power consumption of 5G base stations. GaN devices are applied in the pioneering high-efficiency circuit architecture of power amplifiers with the global dynamic adaptive internal matching technology, thus significantly reducing power consumption. More than 50 million of the company's GaN devices were used from 2020 to 2021, with the largest shipment in China and the second largest in the world, strongly supporting operators to achieve carbon peak and carbon neutrality.

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## **2. Product Manufacturing**

In terms of product manufacturing, ZTE continues to promote the upgrade of intelligent manufacturing and improve production efficiency. In ZTE Global 5G Intelligent Manufacturing Base in Nanjing, the company pioneered the concept of "intelligent manufacturing powered by 5G", and reduced cost reduction and enhanced efficiency in production by building the private network and cloud manufacturing platform in the manufacturing base, and deploying cloud-based AGVs, machine vision-aided quality inspection, and other innovative infrastructures. Digital operation is fully guaranteed in raw material management and workshop logistics management. In 2021, more than 200,000 electronic tickets were handled by IT systems. ZTE's innovative practice of "intelligent manufacturing powered by 5G" was selected into the 2020 National New Infrastructure 5G Innovation and Improvement Demonstration Project, and won the first prize of the 4<sup>th</sup> "Bloom Cup" 5G Application Competition.

Throughout the product manufacturing process, ZTE keeps innovating to improve the energy efficiency of equipment, processes, and management, and actively explores new green manufacturing modes. For example, in 2021, over 11 million kWh of electricity was saved from the high-temperature aging testing of telecom products through the application of energy-saving high-temperature aging cabinets, spontaneous-heating solutions, and intelligent switches.

To enhance the company's capability of green management, and ensure that its products meet the requirements for environmental protection, the company incorporated the IECQ QC 080000 Hazardous Substance Process Management system into the design, R&D, verification, supply chain procurement, production, and delivery processes of products to proactively prevent and reduce compliance risks of environmental protection. In 2021, there was no external complaint about products with hazardous substances exceeding the standard specified in IECQ QC 080000 Hazardous Substance Process Management.

In 2021, ZTE signed the *Supplier Green Product (GP) Declaration* with all of its suppliers, and formulated the *Regulations on Environmental Risk Assessment and Management Regarding Suppliers' Products*, to determine the environmental risk level of suppliers and conduct targeted controls. For instance, for high-risk suppliers, the company managed to reduce risks by conducting strict inspections on incoming materials and providing guidance based on on-site review.

In addition, ZTE worked with China Electrotechnical Society and International Electrotechnical Commission in drafting the hazardous substance testing standards for electronic and electrical products. Moreover, ZTE was one of the main standard setters of the *SJ/T11789-2021 Lead-Free Welding Spot Reliability Assessment Method*, which was released in 2021.

For terminal products, in 2021, the company improved the after-sales material planning and the sales and operation planning (S&OP) for terminal customer services. In this way, the company effectively controlled material inputs, reduced the rate of redundant and scrapped materials from 3.89% in 2019 to 1.6% in 2021, thus significantly reducing electronic waste.

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**[Case] Application of the Innovative Intelligent Logistics System**

ZTE Global 5G Intelligent Manufacturing Base Nanjing uses automated stereoscopic warehouses, automated conveying lines, hoists, 5G cloud-based AGVs, 5G unmanned forklifts, and fully-automated warehouse transfer lines. With digital technologies and automation, the end-to-end intelligent logistics system covering the whole process from material acceptance, storage, kitting, and delivery, to the turnover of semi-finished products and the warehousing of finished products has greatly reduced the traditional manual handling and truck transfer, and thus improved the utilization rate of the site, with the logistics turnover efficiency increasing by more than 30%.

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**3. Product Packaging and Transportation**

In terms of product packaging, ZTE continued to optimize and improve packaging design by optimizing packaging materials and structure, and promoting whole device packaging, to reduce the weight of product packages and transportation costs. In 2021, the company reduced the weight of packaging materials by 689.1 tons in total through the improved packaging design.

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**[Case] Cable Packaging Optimization Project of A Country**

An OSP project of a country required a large number of cables, including four kinds of pre-terminated cables with ZTE's patented connectors, which was at low value but a large weight and size, bringing high logistics cost. Due to patent reasons, the cables were unavailable locally, and could only be delivered from China. About 130,000 pieces of cables were needed and the packaging was conducted by the cable manufacturer. Through analysis, it was found that the cable manufacturer's original packaging could be optimized. By optimizing the carton size and packing method to increase the load of cartons, and adjusting the pallet packing method to increase the load of containers, the project saved nine 40-foot-high containers. In the future, this successful practice will be promoted to all overseas cable projects, and is expected to save more than 50 containers (40-foot-high) each year.

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**Table: ZTE's Packaging in 2021**

Indicator	Unit	2021
Total package weight	Ton	55,199.74
Package intensity	Ton/Million operating revenue	0.482

To promote green logistics, ZTE delivers finished products more by railway and less by air, and transports materials in a more environment-friendly way at its bases, so as to achieve energy saving and emission reduction.

**4. Product Recycling and Reuse**

ZTE is fully aware of its social responsibilities in recycling waste products. Following its recycling management guideline of "safety, environment-friendliness, and professionalism", and the waste electronic equipment management regulations of various countries, ZTE actively promotes the recycling and reuse of waste products and resources. The company has set up a department to take charge of green recycling.

As for the selection of recyclers, the company conducts closed-loop management throughout the process from bidding, contract execution, and contract performance to ensure compliance. The management methods mainly

include on-site supervision, and unannounced inspections on materials of key projects, regular follow-up and collection of the *Materials Scrap Destruction Report*, classification and hierarchical management, and annual performance assessment.

In external cooperation, the company works closely with the world's leading environmental service providers to establish a global material recycling network, which enables one-stop disassembly and recycling of telecom equipment around the world. In this way, electronic waste can be disposed of in an environment-friendly way and resources can be recycled.

The company strictly complies with the management requirements on transboundary transfer of hazardous waste in the *Basel Convention*, and gives priority to working with local service providers to recycle waste products. ZTE also sets up a general control platform for recycling in its headquarters in Shenzhen.

In terms of telecom products, ZTE's recycling system has covered 140 recycling sites around the world by the end of 2021. In China, the company optimized 4 waste recycling and processing platforms and conducted in-depth cooperation with more than 10 leading environmental protection institutions in the industry, reaching the overall recycling rate of 97%. Through long-term in-depth cooperation with more than 150 environmental protection institutions overseas, ZTE ensured that the recycling business met the local environmental protection requirements of different countries, and achieved the overall recycling rate of 98%.

As for terminal products, in 2021, 11,122 devices that had been returned due to dead on arrival (DOA) were recycled through over 100 authorized repair centers overseas in an environment-friendly way in accordance with the requirements of the company. In China, the company promoted recycling through its official website, ZTE Mall, and third-party recycling companies, to reduce pollution. In 2021, the company recycled a total of 4,470 terminal products through only one third-party recycling company. In the recent five years, it has recycled over 19,000 units in total.

## Empowering the Green Development of Industries

ZTE has contributed to global energy saving, emission reduction, and climate change mitigation. More importantly, ZTE makes continuous innovation in ICT to explore green application scenarios together with industry partners. At the 2021 Sustainable Development and Corporate Social Responsibility Summit of China's Electronic Information Industry, ZTE and other industry players jointly launched the "2021 Green and Low-Carbon Innovation Initiative of China's Electronic Information Industry", which called on more enterprises to join the green and low-carbon action, address global climate change with actions, and contribute to achieving the dual-carbon goals.

### 1. Assisting Operators in Saving Energy and Reducing Energy Consumption

Upholding the concept of building "green, efficient, intelligent, and reliable" networks, ZTE proposed the new "Zero-Carbon" Energy Network, providing high-quality, low-carbon, and green energy solutions to customers around the world. By improving the algorithm, technology, and design, ZTE effectively assisted its global operators in improving energy efficiency and reducing energy consumption of digital infrastructures with its products and solutions.

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#### **[Case] Construction of China Mobile's Green and Energy-Saving 5G Base Station in Beijing**

China Mobile Research Institute, Beijing Branch of China Mobile, and ZTE have jointly completed the construction and commissioning of the first 5G green energy-saving demonstration site in Beijing. Based on the specific conditions of the site, China Mobile proposed a plan to utilize the existing property resources and install solar panels on the top of the equipment room, thus realizing the hybrid power supply by solar energy and mains electricity at the site through the mixed insertion of photovoltaic modules and rectifier modules. With ZTE's high-density and high-efficiency intelligent power system, UniPower, the site not only maximized the use of photovoltaic energy, but also overcame the difficulty of poor stability of photovoltaic power supply caused by weather change. The daily average power generation of the site is about 10-30 kWh, and the annual average power generation is about 6,000 kWh, reducing about 5.9 tCO<sub>2</sub>e in a year.

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## 2. Promoting Energy Saving and Emission Reduction in Traditional Industries

Besides the ICT industry, the green 5G network established by ZTE and its operators plays an important role in energy saving, emission reduction, and green transformation of traditional industries. Currently, ZTE has worked with its partners to promote 5G-powered green innovations in 15 industries, including steel, metallurgy, manufacturing, ports, rail transit, mining, and power, and launched more than 60 demonstration projects worldwide.

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### **[Case] Green 5G Smart Factory of Yunnan Sunho Aluminum**

Yunnan Sunho Aluminum, China Mobile, ZTE, and Guiyang Aluminum Magnesium Design & Research Institute jointly built an integrated smart factory with "one industrial smart brain and various innovative applications powered by one 5G network", to carry out 5G applications in all scenarios of the green and smart metallurgy factories, including big data analysis of energy consumption, intelligent analysis of hot metal temperature in intermediate-frequency furnace, online crack detection of conveyor belts, visual meter reading of air compressors, remote control of overhead cranes, online monitoring of electrolytic cell leakage, and fusion positioning.

Yunnan Sunho's 5G smart factory will take the 5G industrial Internet platform and digital twin platform as the core to constantly improve equipment automation and intelligent management. It will continue to accumulate experience through explorations and in-depth practices to promote the digital and intelligent transformation of the metallurgy industry. Meanwhile, the company aims to drive the development of digital economy in western China by gathering resources with innovative technologies. With its innovative and impactful digital technologies, the project won the gold medal in the benchmarking competition of the 4th Bloom Cup and was selected into the GSMA's *5G Use Cases for Vertical China 2021*.

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At present, with more than 500 green innovation patents, ZTE continuously increases efficiency and reduces energy consumption, and contributes to building a green and low-carbon society through technological innovations. In the future, ZTE will continue to enhance basic research in new energy, new materials, and new components, achieve key technological breakthroughs, promote more in-depth application of digital technologies in more fields for sustainable development, and ultimately achieve the goal of carbon neutrality.

## Shouldering CSR to Contribute to the Global Community

Centering on recipients and their real needs, ZTE focuses on educational development, medical assistance, vulnerable population assistance, rural vitalization, and environmental protection, and ensures that all public welfare projects effectively respond to recipients' needs and achieve expected social benefits.

In 2021, ZTE Foundation launched a new system, "ZTE Volunteer", visualizing the number, activities, and points of volunteers and ensuring recognition from external parties. ZTE has established 15 volunteer branches worldwide, and now has more than 5,600 volunteers, with a year-on-year growth of 76%.

Table: ZTE's Charity Activities in 2021

Indicator	Unit	2021
Total charitable donation of ZTE Foundation	CNY	13,167,637.11
Financial donation	CNY	12,307,625.21
Value of materials donated	CNY	860,011.9
Volunteers attending activities	Attendance	2238
Volunteer service hours	Hour	5891
Number of volunteers	Person	5690
Charity projects	/	380
All kinds of charity events and activities	Session	220

### Supporting Educational Development

To support educational development, ZTE continues to promote the Xinghua Student Aid Program, the Xinghuo Program, and the "Xingtianshi" One-to-One Education Support Program. The company supported the education of students from poverty-stricken families by means of financial aid, personalized assistance, and training for rural teachers.

#### 1. Xinghua Student Aid Program

Since the launch of the Xinghua Student Aid Program in 2016, ZTE Foundation has financially supported 2,238 high school students and 356 college students. In April 2021, ZTE Foundation signed the second five-year donation agreement, and will make a total donation of up to CNY 30 million through the program, aiming to help more students receive higher education. In September 2021, ZTE Foundation visited nine schools in seven counties of Gansu and Qinghai provinces, and provided financial support for 900 excellent high school students.

#### 2. Xinghuo Program

Teachers ignite hope and guide the way to realizing dreams. ZTE Foundation and China Cares for the Next Generation Working Committee launched the "Xinghuo Program" to retain teachers in China's underdeveloped western regions, and provide more resources and opportunities for career development to continuously support local teachers. In 2021, Gansu Province was officially included in the new national college entrance examination reform. ZTE Foundation arranged two training sessions by experts and teachers with extensive experience from the reformed provinces for 300 teachers in Gulang County, helping them deliver good lessons to students.

#### 3. "Xingtianshi" One-to-One Education Support Program

China's poverty alleviation program helped reduce students' financial pressure, and more attention from all walks of life should be paid to their developmental needs. Accordingly, ZTE Foundation is evolving from offering universal support to providing individual assistance. In September 2021, ZTE Foundation launched the

"Xingtianshi" One-to-One Education Support Program, in which ZTE's employees would give one-to-one support for three consecutive years to high school students living in poverty by donating CNY 3,000 annually to reduce their financial pressure. In addition, through correspondence, visits, and summer camps, donors can provide more support for the students to help dissolve their confusions and problems in life, thus leading them to a brighter future.

Table: ZTE's Educational Aid in 2021

Indicator	Unit	2021
Fund provided to the Xinghua Student Aid Program	CNY	3.162 million
Number of high school students funded by ZTE Foundation	Person	2,238
Number of college students in western China funded by ZTE Foundation	Person	356
Donation amount to the education support program in Shaanxi	CNY	100,000

## Assisting in Building the Health Technology Assessment Mechanism in Shenzhen

As China's first public welfare organization carrying out health technology assessment (HTA), ZTE Foundation made great breakthroughs in the HTA project. In 2021, through the HTA project, an alliance consisting of seven 3A-grade hospitals, including Shenzhen People's Hospital, is formed, creating the "HTA Mechanism" integrating assessment, review, training, and sharing. In this project, 39 health technology assessment reports were completed throughout the year to support medicine introduction in the hospitals, and were publicly available on the official website of ZTE Foundation HAT Center. All these efforts were well recognized by the Shenzhen Municipal Health Commission, and HTA was included into the official annual drug administration work report. Meanwhile, under the approval of the Health Commission of Guangdong Province, ZTE Foundation HTA Center ranked among comprehensive drug clinical assessment bases in Guangdong Province as the only selected organization that is not a public hospital.

Table: ZTE's Fund Input in the HTA Project in 2021

Indicator	Unit	2021
Fund input in the HTA project	CNY	600,400

## Caring for Vulnerable Groups

ZTE pays close attention to the living conditions of vulnerable groups. ZTE's employees have been supporting and caring for the veterans in west Yunnan with practical actions.

To provide help for the veterans, ZTE Foundation worked with the local united front work departments to collect the wishes of the veterans, and held an activity called "Make Their Wishes Come True" in September. With the help of 747 ZTE's employees, the veterans' wishes were fulfilled in just a few days. In October, Mr. Miao Wei, Director of ZTE Foundation, led a volunteer team and sent gifts and fund donations to the veterans, and celebrate their 100<sup>th</sup> birthday together.

In 2021, ZTE Foundation donated a total of 8,792 mobile phones to the elderlies in remote areas of Jiangxi, Guizhou, and Gansu provinces to bring them convenient communication. ZTE Foundation also provided mobile phone cards for 60 elderly people from Jiangxi Province and arranged for volunteers to explain how to use the mobile phones to them.

Table: Data of ZTE's Project of Caring for Veterans in 2021

Indicator	Unit	2021
Accumulated donation amount of the project of caring for veterans in west Yunnan	CNY	6.104 million
Number of veterans covered by the project of caring for veterans in west Yunnan	Person	275
Accumulated employee contributions to the project of caring for veterans in west Yunnan	CNY	3.16 million
Number of ZTE volunteers in the project of caring for veterans	Person	1,869

in west Yunnan		
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## Supporting Rural Vitalization

In 2021, ZTE took an active part in promoting rural vitalization. Based on the actual demands of rural areas, the company carried out more than 30 projects, including agricultural product consumption, industrial support, infrastructure construction, village appearance improvement, and employment of persons with disability, covering more than 20 provinces such as Guangxi, Heilongjiang, and Sichuan, and contributing to poverty alleviation and rural vitalization.

## Offering Assistance to Flood-Hit Areas

In July 2021, the whole nation was worried about the floods in Henan province. According to the "demands for supplies" of the flood-hit areas posted by the official Weibo account of People's Daily, ZTE Foundation immediately mobilized its resources, and purchased 50 kayaks and 200 life jackets within five hours. Although the roads were blocked, ZTE Foundation sent the supplies from Shandong province to Henan province, within 24 hours, and delivered them to the local armed police force, police stations, and rescue teams to transfer the trapped person.

In 2021, ZTE Foundation donated CNY 13.1676 million in total through public welfare projects, and held more than 220 public welfare activities, covering a total of 12,000 beneficiaries. ZTE Foundation was scored full marks by FTI for four consecutive years, and won the honor of Top 10 Caring Enterprises in Shenzhen.

In 2022, ZTE Foundation will continue to optimize the existing projects, and consolidate the ZTE public welfare brand with a focus on key areas such as education support, public welfare culture, vulnerable groups, and rural vitalization, to boost the sustainable development of society.

## A Letter from the Board of Directors

To all stakeholders,

We are pleased to present to you the company's 2021 Sustainability Report, which is the 14th report we've published in succession.

ZTE has established a sustainable development strategy and implementation system under the guidance of the Board of Directors, which is the supreme decision-making body for the company's sustainable development management. Through regular meetings every year, the Board audits the company's sustainable development strategy and work priorities in response to domestic and international environmental changes, ensures efficient allocation of resources, and evaluates the company's sustainable development strategy, goals, and performance.

The company has established the Sustainable Development Management Committee, which makes decisions on environmental, social, and governance issues relate to sustainable development, prevents relevant risks, and regularly reports the work progress of sustainable development to the Board. The Sustainable Development Management Committee is composed of the company's top management, including the Executive Vice Presidents, Chief Operating Officer, and Chief Strategy Officer.

Responsible for the execution of the company's sustainable development strategy, the Sustainable Development Working Group formulates the company's overall strategy, identifies and evaluates risks, reviews management policy and goals, and deliberates major project implementation achievements. The Group carries out the company's sustainable development strategy by collaborating with the human Resources Dept., and reports to the Sustainable Development Management Committee.

The Board of Directors participates in the annual assessment of sustainability issues, which is based on the social and economic environment and the company's development strategy. The Board discusses and determines the company's risks and opportunities in environmental, social, and corporate governance with the company's top management, with the management and improvement of key issues included in the annual sustainable development strategy.

This report has been reviewed and approved by the Board of Directors of the company for public release.

ZTE is committed to achieving sustainable development, which requires the significant role of the Board of Directors and the company's top management. All members of the Board of Directors are willing to take an active part and join hands with relevant parties to create value together.

# Independent Assurance Report



## 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 Corporation Sustainability Report 2021 (the Report). All contractual contents for this assurance engagement rest entirely within the responsibility of ZTE. Our task was to give a fair and adequate judgment on the ZTE Corporation Sustainability Report 2021.

The intended users of this assurance statement are stakeholders having relevance to the ZTE overall sustainability performance and impacts of its business activities during 2021 (1 January 2021 ~ 31 December 2021). TÜV Rheinland is a global service provider of CSR & Sustainability Services in over 65 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 were not involved in the preparation of report contents.

### Assurance Standard:

The Independent Assurance was carried out in accordance with Environmental, Social and Governance (ESG) Reporting Guidelines in Appendix 27 of the Main Board Rules issued by Hong Kong Exchanges and Clearing Limited (HKEX), and by reference to AccountAbility, U.K Standard AA 1000 AS (2008) and other related standards such as AA 1000 APS (2018).

### Scope & Type of Assurance:

Our Assurance engagement covers the following:

- In accordance with ESG Reporting Guidelines in Appendix 27 of the Main Board Rules issued by Hong Kong Exchanges and Clearing Limited (HKEX), ZTE's sustainability performance as described in the Report on the general disclosures and key performance indicators (KPIs) from Environment & Social aspects, as well as the reporting boundaries.
- Referenced Global Reporting Initiative (GRI) Standard, and material topics disclosed in the Report.
- Evaluation of disclosed information in the Report as per the Assurance Standard.
- Moderate assurance engagement

**Limitation:** The assurance engagement was performed at ZTE Headquarters at No. 55, Hi-tech Road South, Shenzhen, China. And, we communicated to managers responsible for ZTE's sustainability operations via video conference system. We did not carry out consultations with external stakeholder were not carried out. We did not observe any significant situations to limit our assurance activity. The verification was carried out based on the data and information provided by ZTE, assuming they are complete and true.

### Assurance Methodology:

TÜV has reviewed the report contents and assessed the process undertaken by ZTE from source to aggregate in disclosure of information/data related to sustainability performance, against the ESG guidelines about reporting principles of Materiality, Quantitative, Balance and Consistency. Our judgment is made based on the objective review of reported information as per the assurance standards mentioned above.

Analytical methods and the performance of interviews as well as verification of data were used as random sampling, to verify and validate the correctness of reported data and contents in light of contractual assurance agreement. Our work included interviews with more than 30 ZTE's representatives including 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 documentary evidences, direct response, and 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. Our work offers a sufficient and substantiated basis to enable us to come to a conclusion mentioned below and based on the content of our contract.

**Observation:**

The Report disclosed that ZTE has identified expectation and focus of key stakeholders through established stakeholder engagement process, and conducted sustainability topics materiality assessment by integrating this process into corporate sustainability strategy, goals and governance system.

ZTE has identified, recorded and assessed sustainability material topics and its importance based on topics materiality assessment process, can combine this process with risk management and compliance management against applicable laws and regulations and internal policies and procedures. The Report disclosed these sustainability topics, management policies and systems, and key performance indicators including compliance management, tax governance, and anti-commercial bribery, etc.

ZTE can positively respond internal and external stakeholders about concerns and focuses, including data protection and personal privacy protection through stakeholder communication and engagement mechanism. ZTE has implemented a project of compliance risk assessment and governance of cross-border data that applicable laws and regulations related to cross-border data transfer in main countries and regions were studied and analyzed, and risk matrix and control points country wise is identified in 2021. ZTE jointly released white paper of cross-border data transfer governance practice together with Deloitte, in response to key concerns raised by supervisory organization and customers.

ZTE can better understand sustainability context in its industry, and has identified and addressed impacts relating to corporate policies, operation, decision-making, product and service. ZTE has launched strategy of carbon emission peaking and carbon neutrality, and completed preliminary work in carbon emission project, including training about scientific carbon emission. The Report disclosed Green House Gas (GHG) emission data (covering scope 1, scope 2) in response to governmental policies and goals of climate change.

**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 Corporation Sustainability Report 2021 meets the requirement of ESG Reporting Guidelines in Appendix 27 of the Main Board Rules issued by Hong Kong Exchanges and Clearing Limited (HKEX).
- The Report includes statements and claims that reflects ZTE achievements and challenges supported by documentary evidences and internal records. The information provided in the Report are accurate and consistent.
- The performance data in the Report are collected, stored and analyzed in a systematic and professional manner and were reasonable.
- TÜV Rheinland shall not bear any liability or responsibility to a third party for perception and decision based on this Assurance Statement.

**For TÜV Rheinland Group**



**Daniel Pan**

**Lead Verifier**

Shenzhen, 23 February 2022

## Policy List

Category	Laws and Regulations Observed <sup>1</sup>	ZTE Corporation Internal Policies
A1. Emissions	<ul style="list-style-type: none"> <li>■ Environmental Protection Law of the People's Republic of China</li> <li>■ Law of the People's Republic of China on the Prevention and Control of Environment Pollution by Solid Wastes</li> <li>■ Law of the People's Republic of China on the Prevention and Control of Water Pollution</li> <li>■ Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution</li> <li>■ Directory of National Hazardous Wastes</li> <li>■ Air Pollution Emission Limits</li> <li>■ Water Pollution Emission Limits</li> <li>■ Standard for Pollution on the Storage and Disposal Site for the General Solid Wastes</li> <li>■ Standard for Pollution Control on Hazardous Waste Storage</li> <li>■ Regulations of Guangdong Province on Prevention and Control of Environmental Pollution by Solid Waste</li> </ul>	<ul style="list-style-type: none"> <li>■ Regulation on the Control of Air Pollution</li> <li>■ Regulation on the Control of Water Pollution</li> <li>■ Waste Management Process</li> </ul>
A2. Use of Resources	<ul style="list-style-type: none"> <li>■ Law of the People's Republic of China on Conserving Energy</li> </ul>	<ul style="list-style-type: none"> <li>■ Process for the Management of Energy Conservation and Emission Reduction</li> </ul>
A3. The Environment and Natural Resources	<ul style="list-style-type: none"> <li>■ Law of the People's Republic of China on Conserving Energy</li> <li>■ Environmental Protection Law of the People's Republic of China</li> <li>■ Emission Standard for Industrial Enterprises Noise at Boundary</li> </ul>	<ul style="list-style-type: none"> <li>■ Management Regulations on Noise Prevention and Control</li> </ul>
B1. Employment	<ul style="list-style-type: none"> <li>■ Labor Law of the People's Republic of China</li> <li>■ Labor Contract Law of the People's Republic of China</li> <li>■ Law of the People's Republic of China on the Protection of the Rights and Interests of Laborers</li> <li>■ Social Security Law of the People's Republic of China</li> <li>■ Special Protection Provisions for Juvenile Workers</li> <li>■ Provisions of the Decree No. 364 of the State Council of the People's Republic of China on the Prohibition of Using Child Labor</li> </ul>	<ul style="list-style-type: none"> <li>■ ZTE Human Rights and Labor Rights Policy</li> <li>■ Management Standard for the Chinese Campus Recruitment</li> <li>■ Special Protection Regulations for Female and Juvenile Workers</li> <li>■ Regulations on Prenatal Leave</li> <li>■ Onboarding Management Process for Employees Recruited from Society</li> </ul>
B2. Health and Safety	<ul style="list-style-type: none"> <li>■ Labor Law of the People's Republic of China</li> <li>■ Labor Contract Law of the People's Republic of China</li> <li>■ Social Security Law of the People's Republic of China</li> <li>■ Work Safety Law of the People's Republic of China</li> <li>■ Law of the People's Republic of China on the Prevention and Control of Occupational Diseases</li> </ul>	<ul style="list-style-type: none"> <li>■ ZTE Health and Safety Policy</li> <li>■ Management Regulations on the Organizational Structure and Operating Mechanism of the Health and Safety Committee</li> <li>■ Management Regulations for the Inspection of Health and Safety and the Check and Governance of Potential Hazards</li> <li>■ Regulations on Production Safety Management</li> <li>■ Health and Safety Behavior Requirements and Rewarding and Punishment Regulations</li> <li>■ Regulations on Hazard Identification and Risk Grading Management and Control</li> <li>■ Regulations on Occupational Health and Safety Accident Report and Management</li> <li>■ Regulations on Health and Safety Training Management</li> <li>■ Emergency Incident Preparation and Response Procedure</li> </ul>
B3. Development and Training	<ul style="list-style-type: none"> <li>■ Labor Law of the People's Republic of China</li> <li>■ Labor Contract Law of the People's Republic of China</li> <li>■ Social Security Law of the People's Republic of China</li> </ul>	<ul style="list-style-type: none"> <li>■ Management Process for Employee Position Appointment</li> <li>■ Selection and Appointment Management Process for Management Members</li> <li>■ Management Process for the Setting of Management Positions</li> <li>■ Management Regulations on Employee Compliance Training</li> </ul>

<sup>1</sup>ZTE complies with all applicable regulations and legislation. The chart below only refers to major laws of the Chinese mainland that ZTE complies with,

<p>B4. Labor Standards</p>	<ul style="list-style-type: none"> <li>■ Labor Law of the People's Republic of China</li> <li>■ Labor Contract Law of the People's Republic of China</li> <li>■ Law of the People's Republic of China on the Protection of the Rights and Interests of Laborers</li> <li>■ Social Security Law of the People's Republic of China</li> <li>■ Special Protection Provisions for Juvenile Workers</li> <li>■ Provisions of the Decree No. 364 of the State Council of the People's Republic of China on the Prohibition of Using Child Labor</li> </ul>	<ul style="list-style-type: none"> <li>■ ZTE Human Rights and Labor Rights Policy</li> <li>■ Special Protection Regulations for Female and Juvenile Workers</li> <li>■ Regulations on Prenatal Leave</li> </ul>
<p>B5. Supply Chain Management</p>	<ul style="list-style-type: none"> <li>■ Company Law of the People's Republic of China</li> <li>■ Contract Law of the People's Republic of China</li> </ul>	<ul style="list-style-type: none"> <li>■ Regulations on the CSR Management of Material Suppliers</li> <li>■ Management Regulations on Supplier Cybersecurity Certification</li> <li>■ Regulations on the Management and Evaluation of Green</li> <li>■ Supplier CSR Agreement</li> <li>■ Supplier CSR Code of Conduct</li> <li>■ Supplier Security Agreement</li> <li>■ Suppliers Supplier Green Product (GP) Declaration</li> <li>■ Supplier Commitment Letter of Transparent Cooperation and Anti-Bribery Compliance</li> <li>■ Structural On-Site Audit Evaluation Form _SDA</li> <li>■ Declaration of Metal Conflict-Free</li> </ul>
<p>B6. Product Responsibility</p>	<ul style="list-style-type: none"> <li>■ Cybersecurity Law of the People's Republic of China</li> <li>■ Patent Law of the People's Republic of China</li> <li>■ Intellectual Property Law of the People's Republic of China</li> <li>■ General Data Protection Regulation</li> <li>■ Restriction of Hazardous Substances</li> </ul>	<ul style="list-style-type: none"> <li>■ Regulations on the Management of Green Products</li> <li>■ Regulations on Conflict Minerals Management</li> <li>■ Requirements for Banned and Restricted Hazardous Substances</li> <li>■ Requirements for Eco-Labels</li> <li>■ Data Subject Right Request Response</li> <li>■ Personal Data Breach Response Process</li> <li>■ Customer Request Management Regulations</li> <li>■ WEEE Recycle Manual</li> </ul>
<p>B7. Anti-corruption</p>	<ul style="list-style-type: none"> <li>■ Criminal Law of the People's Republic of China</li> <li>■ Law of the People's Republic of China Against Unfair Competition</li> <li>■ Company Law of the People's Republic of China</li> <li>■ Contract Law of the People's Republic of China</li> </ul>	<ul style="list-style-type: none"> <li>■ ZTE Business Code of Conduct</li> <li>■ Regulations on Anti-Bribery Compliance Management for Business Partner</li> <li>■ Regulations on Anti-bribery Compliance Management of Procurement Transactions</li> <li>■ Gift and Hospitality Compliance Management Process</li> <li>■ Compliance Management Process Regarding Business Travels Provided to Outside Parties</li> <li>■ Compliance Management Regulations on Charitable Donations</li> <li>■ Anti-Bribery Compliance Management Process for Commercial Sponsorship</li> <li>■ Anti-bribery Compliance Management Regulation Regarding Employment</li> <li>■ Regulations on Anti-bribery Compliance Management for Mergers, Acquisitions and Joint Ventures</li> <li>■ Management Regulations on Anti-Bribery</li> <li>■ General Rules for Compliance Audit and Violation Investigation-rev</li> <li>■ Accountability Management Regulations</li> <li>■ ZTE Process for Handling Whistleblowing and Conducting Investigations</li> <li>■ Regulations on Compliance Reporting</li> <li>■ ZTE Global Compliance Manuals for Export Controls and Economic Sanctions</li> <li>■ ZTE Anti-Bribery Compliance Manual</li> </ul>
<p>B8. Community Investment</p>	<ul style="list-style-type: none"> <li>■ Charity Law of the People's Republic of China</li> <li>■ Regulation on the Administration of Foundations</li> </ul>	<ul style="list-style-type: none"> <li>■ ZTE Foundation Management Regulations</li> <li>■ Regulations on the Management of Volunteers in ZTE Foundation</li> <li>■ Regulations on the Implementation of Vulnerable Assistance Project of ZTE Foundation</li> <li>■ Regulations on the Management of Public Charity Project of ZTE Foundation</li> <li>■ Voluntary Program Funding Scheme</li> </ul>

## 2021 Sustainability Performance

ESG Index	Unit	Data
A Environment		
A1.1	Type of emissions and respective emission data <sup>2</sup>	
	Lead and its compounds	Maximum detected emission concentration (mg/m3) Unorganized: $<3 \times 10^{-6}$ (standard limit: 0.0060)
	Tin and its compounds	Maximum detected emission concentration (mg/m3) Unorganized: $<1 \times 10^{-5}$ (standard limit: 0.24)
	VOCs	Maximum detected emission concentration (mg/m3) organized: 1.08 (reach the standard) Unorganized: 0.184 (standard limit:4.0)
	NOx Calculation formula: Emission factor * vehicle mileage + emission factor * natural gas consumption	Ton(s) 5.23
	Sox Calculation formula: emission factor * fuel consumption (including gasoline, diesel, natural gas)	Ton(s) 0.18
	PM Calculation formula: Emission factor * vehicle miles traveled	Ton(s) 0.39
A1.2	ZTE Global Greenhouse Gas Emissions <sup>3</sup>	
	Direct Emissions [Category 1]	Tons of CO2e 79,182.39
	Indirect Emissions from Imported Energy [Category 2]	Tons of CO2e 725,424.18
	Indirect Emissions from Transportation [Category 3]	Tons of CO2e 416,718.27
	Indirect Emissions from Products Used by An Organization [Category 4]	Tons of CO2e 9,144,758.17
	Indirect Emissions Associated with The Used of Products from The Organization [Category 5]	Tons of CO2e 88,839,580.62
	Indirect Emissions from Other Sources [Category 6]	Tons of CO2e 0
	Total Emissions Quantified	Tons of CO2e 99,205,663.63

<sup>2</sup>The following emission coefficients are taken from Appendix 2: Environmental Key Performance Indicator (KPI) Reporting Guidance of How to Prepare an Environment, Society and Governance Report released by The Stock Exchange of Hong Kong Ltd.: Nox: 0.0747g/km ; diesel oil: 0.0161g/L, petrol: 0.0147g/L; particle emissions: 0.0055g/km.

<sup>3</sup> ZTE calculated the greenhouse gas emission from January 1<sup>st</sup> to December 31<sup>st</sup>, 2021, based on ISO14064-3:2019. The figures are verified by a third party and verification certificate will be issued in 2022. Greenhouse gas types in the report include: carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, nitrogen trifluoride. Adopted Global Warming Potential: IPCC 6<sup>th</sup> Assessment Report

	Direct Emissions Intensity [Category 1]	Tons of CO2e/Million of operating revenue	0.6914
	Indirect Emissions Intensity from Imported Energy [Category 2]	Tons of CO2e/Million of operating revenue	6.3344
	Indirect Emissions Intensity from Transportation [Category 3]	Tons of CO2e/Million of operating revenue	3.6388
	Indirect Emissions Intensity from Products Used by An Organization [Category 4]	Tons of CO2e/Million of operating revenue	79.8519
	Indirect Emissions Intensity Associated with The Used of Products from The Organization [Category 5]	Tons of CO2e/Million of operating revenue	775.7452
	Indirect Emissions Intensity from Other Sources [Category 6]	Tons of CO2e/Million of operating revenue	0
	Total Emissions Quantified Intensity	Tons of CO2e/Million of operating revenue	866.2616
A1.3	Total hazardous wastes	tCO2e	0.14
	Density of hazardous wastes	tCO2e/ Million of operating revenue	0.000001
	Total non-hazardous wastes	tCO2e	4,721.61
	Density of non-hazardous wastes	tCO2e/ Million of operating revenue	0.0412
A2.1	ZTE Global Energy Consumption <sup>4</sup>		
	Diesel	Liter(s)	8,405,980.112
	Petrol	Liter(s)	3,792,701.66
	Natural gas	10,000 m3	818.19
	Liquefied Petroleum Gas	Ton(s)	37.21
	Direct Energy Converted Electricity Calculation formula: solar power generation + discount factor of standard coal * energy consumption (including gasoline, diesel, natural gas) / electricity (equivalent value)	kWh	224,558,788.63
	Direct energy density	kWh/ Million of operating revenue	1,960.8422
	Outsourced electricity	kWh	889,549,097.71
	Solar power generation (Shenzhen Head Office)	kWh	2,564,967.8
	Total electricity consumption	kWh	889,549,097.71
	Total Indirect Energy Consumption	kWh	889,549,097.71

<sup>4</sup>The following energy conversion coefficients are taken from Appendix 3: Units and Conversion Equivalent of Energy Statistics Manual released by International Energy Agency. Diesel: 45.66KJ/t, petrol: 45.66 KJ/t. 1KJ/t = 277.778 kilowatt-hour

	Indirect energy intensity	kWh/ Million of operating revenue	7,767.5224
A2.2	Water consumption in total	Ton(s)	7,932,907.96
	Density of water consumption	Ton(s)/ Million of operating revenue	69.27
A2.5	Total packaging material used for finished products (Mobile products are not included)	Ton(s)	55,199.74
	Density of packaging material	Ton(s)/ Million of operating revenue	0.482
B Social			
Employment			
B1.1	Workforce by gender, position, age group, and geographical region		
	Total workforce	Person(s)	72,584
	By gender		
	Male	Person(s)	55,399
	Female	Person(s)	17,185
	By position		
	Customer service personnel	Person(s)	8,626
	Administrative personnel	Person(s)	5,671
	Marketing personnel	Person(s)	8,283
	Production personnel	Person(s)	16,582
	R&D personnel	Person(s)	33,422
	By age group		
	Under 30 years old	Person(s)	27,469
	30-50 years old	Person(s)	43,095
	Over 50 years old	Person(s)	2,020
	By geographical region		
	China (including Hong Kong, Macau, and Taiwan)	Person(s)	65,345
	Asia (excluding China)	Person(s)	4,416
Africa	Person(s)	761	
Europe	Person(s)	1,391	
North America	Person(s)	312	
South America	Person(s)	332	

	Atlantic	Person(s)	27
<b>Diversity Index</b>			
	Percentage of female board members	%	22.22
<b>B1.2</b>	Percentage of annual staff turnover rate by gender, position, age group, and geographical region		
	Percentage of annual staff turnover rate	%	17.67
	By geographical region		
	China (including Hong Kong, Macau, and Taiwan)	%	18.1
	Asia (excluding China)	%	12.44
	Africa	%	10.94
	Europe	%	9.58
	North America	%	14.52
	South America	%	13.76
	Atlantic	%	15.63
	By age group		
	Under 30 years old	%	27.49
	30-50 years old	%	10.04
	Over 50 years old	%	10.14
	By gender		
Male	%	17.74	
Female	%	17.43	
<b>Development and Training</b>			
<b>B3.1</b>	The person-times and percentage of employees trained by gender and position		
	Total number of trainees	Person-times	3,131,481
	By gender		
	Male	%	77.92
	Female	%	22.08
	By position		
	R&D personnel	%	48.04
	Production personnel	%	24.45
	Administrative personnel	%	5.1

	Marketing and customer service personnel	%	22.42
B3.2	The average training hours completed per employee by gender and position		
	The average training hours completed per employee	hour/person	103.74
	By gender		
	Male	hour/person	109.65
	Female	hour/person	96.2
	By position		
	R&D personnel	hour/person	105.76
	Production personnel	hour/person	95.03
	Administrative personnel	hour/person	69.82
	Marketing and customer service personnel	hour/person	137.62
Supply Chain Management			
B5.1	Number of suppliers in the production category by region		
	Asia	Suppliers	2,763
	Africa	Suppliers	94
	Europe	Suppliers	151
	North America	Suppliers	94
	South America	Suppliers	91
	Atlantic	Suppliers	3
B5.2	Number of the suppliers where supplier engagement practices are being implemented		
	Number of newly signed Supplier CSR Agreement	%	93
	Number of new signings of the Supplier CSR Agreement	Suppliers	290
	New supplier CSR certification reviews	Suppliers	60
	Number of cross-category collaboration certification audits of stock suppliers	Suppliers	75
	Current supplier supervision reviews	Suppliers	90
	Number of suppliers that have participated in CSR training	Suppliers	87
	Number of suppliers deemed noncompliant with CSR review	Suppliers	9
Product Responsibility			
B6.2	Number of products and service related complaints received		

	Domestic Users	Times	63
	International Users	Times	2
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)	Not applicable
	Number of ZTE employees with valid court judgments for embezzlement offences this year	Person(s)	4
Community Investment			
B8.2	Resources contributed to the focus area <sup>[footnoteRef:4]</sup>		
	Contribution of funds	CNY	12,307,625.21
	Value of item donations	CNY	860,011.9
	Number of volunteers	Persons	5,690
	Volunteer hours	Hours	5,891

## 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.	P61-P64, P75
KPI A1.1	The type of emissions and respective emissions data.	P77-P78
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity.	P77-P78
KPI A1.3	Total hazardous wastes produced (in tons) and, where appropriate, intensity.	P62-P63, P78
KPI A1.4	Total non-hazardous wastes produced (in tons) and, where appropriate, intensity.	P62-P63, P78
KPI A1.5	Description of measures to mitigate emissions and results achieved.	P61-P62, P64-P68
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	P62-P63
Aspect A2: Use of resources		
General Disclosures	Policies on the efficient use of resources, including energy, water and other raw materials.	P61-P64
KPI A2.1	Direct and indirect energy consumption by type in total.	P78
KPI A2.2	Water consumption in total and intensity.	P63-P64, P78-P79
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	P61-P62, P64-P68
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	P63-P64
KPI A2.5	Total packaging material used for finished goods (in tons) and, if applicable, with reference to per unit produced.	P66, P79
Aspect A3: Environment and Natural Resources		
General Disclosures	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	P61-P64
KPI A3.1	Description of the significant impact of activities on the environment and natural resources and the actions taken to manage them.	P61-P64
Aspect A4: Climate Change		
General Disclosures	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	P61-P64, P75
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	P61-P68
Aspect B1: Employment		

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.	P34, P75-P76
KPI B1.1	Total workforce by gender, position, age group, and geographical region.	P79
KPI B1.2	Employee turnover rate by gender, age group, and geographical region.	P80
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.	P34-P36, P75
KPI B2.1	Number and rate of work-related fatalities.	P34-P35
KPI B2.2	Lost days due to work injury.	P34-P36
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	P34-P36
Aspect B3: Development and Training		
General Disclosures	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	P37-P39, P75
KPI B3.1	The percentage of employees trained by gender and position.	P80-P81
KPI B3.1	The average training hours completed per employee by gender and position.	P80-P81
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.	P34, P76
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	P34
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	P34
Aspect B5: Supply Chain Management		
General Disclosures	Policies on managing environmental and social risks of the supply chain.	P55-P56, P75-P76
KPI B5.1	Number of suppliers by geographical region.	P56, P81
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.	P55-P56
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	P55-P56, P57-P59
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	P55-P56
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.	P52-P53, P76
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	P53, P81
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	P46
KPI B6.4	Description of quality assurance process and recall procedures.	P52-P54
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	P30-P32, P76
Aspect B7: Anti-corruption		
General Disclosures	(a) Policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud, and money laundering.	P28-P29, P76
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employee during the reporting period.	P81-P82
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	P33
KPI B7.3	Description of anti-corruption training provided to directors and staff.	P28-P29
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.	P69-P71, P76
KPI B8.1	Focus areas of contribution.	P69-P71
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	P69-P71

## GRI Standards Index

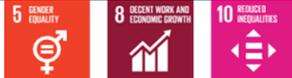
GRI Standard Indicator Contents			Sustainable Development Goals	Where to Find
General Disclosure	102-1	Name of the organization		ZTE in 2021
	102-2	Activities, brands, products, and services		ZTE in 2021
	102-3	Location of headquarters		ZTE in 2021
	102-4	Location of operations		ZTE in 2021
	102-5	Ownership and legal form		ZTE in 2021
	102-6	Markets served		ZTE in 2021
	102-7	Scale of the organization		ZTE in 2021
	102-8	Information on employees and other workers	 	Leading with High-End Talent and Supporting Employee Development
	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		About This Report
	102-12	External initiatives		Honors and Achievements
	102-13	Membership of associations		Honors and Achievements
	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
	102-16	Values, principles, standards, and norms of behavior		ZTE in 2021
	102-17	Mechanisms for advice and concerns about ethics		Sustainability Strategy and Management Materiality Analysis Stakeholder Engagement
	102-18	Governance structure		Sustainability Management
	102-19	Delegating authority		Sustainability Management
	102-20	Executive-level responsibility for economic, environmental, and social topics		Sustainability Management
	102-21	Counselling stakeholders on economic, environmental, and social topics		Stakeholder Engagement
	102-22	Composition of the highest governance body and its committees	 	Sustainability Management
	102-23	Chair of the highest governance body		Sustainability Management
	102-24	Nomination and selecting the highest governance body	 	Sustainability Management
	102-25	Conflicts of interest		Sustainability Management
	102-26	Role of the highest governance body in setting purpose, values, and strategy		Sustainability Management
	102-27	Collective knowledge of highest governance body		Sustainability Management

GRI Standard Indicator Contents			Sustainable Development Goals	Where to Find
	102-28	Evaluating the highest governance body's performance		Sustainability Management
	102-29	Identifying and managing economic, environmental and, social impacts		Materiality Analysis
	102-30	Effectiveness of risk management processes		Sustainability Management
	102-31	Review of economic, environmental, and social topics		Materiality Analysis
	102-32	Highest governance body's role in sustainability reporting		Sustainability Management Statement of the Board of Directors
	102-33	Communicating critical concerns		Stakeholder Engagement
	102-34	Nature and total number of critical concerns		Stakeholder Engagement
	102-35	Remuneration policies		Steadily Promoting Corporate Governance
	102-36	Process for determining remuneration		Steadily Promoting Corporate Governance
	102-37	Stakeholders' involvement in remuneration		Steadily Promoting Corporate Governance
	102-38	Annual total compensation ratio		-
	102-39	Percentage increase in annual total compensation ratio		-
	102-40	List of Stakeholder groups		-
	102-41	Collective bargaining agreements		Stakeholder Engagement
	102-42	Identifying and selecting stakeholders		Leading with High-End Talent and Supporting Employee Development
	102-43	Approach to stakeholder engagement		Stakeholder Engagement
	102-44	Key topics and concerns raised		Stakeholder Engagement
	102-45	Entities included in the consolidated financial statements		Stakeholder Engagement
	102-46	Defining report content and topic boundaries		About This Report
	102-47	List of material topics		About This Report
	102-48	Restatements of information		Materiality Analysis
	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		Independent Assurance Report
Management approach	103-1	Explanation of the material topics and its boundary		Materiality Analysis
	103-2	Management approach and its components		Policy List
	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 2021
	201-2	Financial implications and other risks and opportunities due to climate change		Promoting Green Development to Tackle Climate Change
	201-3	Defining benefit plan obligations and other retirement plans		Leading with High-End Talent and Supporting Employee Development
	201-4	Financial assistance received from government		-
Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage		-
	202-2	Proportion of senior management hired from the local community		Leading with High-End Talent and Supporting Employee Development
Indirect economic impacts	203-1	Infrastructure investments and services supported		Empowering Industries Through Innovation and Building the Foundation of Digital Economy
	203-2	Significant indirect economic impacts		-
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		Staying away from Redlines and Adhering to Compliance in Operations
	205-2	Communication and training about anti-corruption policies and procedures		Staying away from Redlines and Adhering to Compliance in Operations
	205-3	Confirmed incidents of corruption and actions taken		Staying away from Redlines and Adhering to Compliance in Operations
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		Staying away from Redlines and Adhering to Compliance in Operations
Tax	207-1	Approach to tax		Staying away from Redlines and Adhering to Compliance in Operations
	207-2	Tax governance, control, and risk management		Staying away from Redlines and Adhering to Compliance in Operations
	207-3	Stakeholder engagement and management of concerns related to tax		Staying away from Redlines and Adhering to Compliance in Operations
	207-4	Country-by-country reporting		-
Materials	301-1	Materials used by weight or volume		Promoting Green Development to Tackle Climate Change
	301-2	Recycled input materials used		Promoting Green Development to Tackle Climate Change
	301-3	Reclaimed products and their packaging materials		Promoting Green Development to Tackle Climate Change

GRI Standard Indicator Contents			Sustainable Development Goals	Where to Find
Energy	302-1	Energy consumption within the organization	   	Promoting Green Development to Tackle Climate Change
	302-2	Energy consumption outside of the organization	   	Promoting Green Development to Tackle Climate Change
	302-3	Energy intensity	   	Promoting Green Development to Tackle Climate Change
	302-4	Reduction of energy consumption	   	Promoting Green Development to Tackle Climate Change
	302-5	Reductions in energy requirements of products and services	   	Promoting Green Development to Tackle Climate Change
Water and Effluents	303-1	Interactions with water as a shared resource		Promoting Green Development to Tackle Climate Change
	303-2	Management of water discharge-related impacts		Promoting Green Development to Tackle Climate Change
	303-3	Water withdrawal	  	Promoting Green Development to Tackle Climate Change
	303-4	Water discharge		Promoting Green Development to Tackle Climate Change
	303-5	Water consumption		Promoting Green Development to Tackle Climate Change
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	    	Promoting Green Development to Tackle Climate Change
	305-2	Energy indirect (Scope 2) GHG emissions	    	Promoting Green Development to Tackle Climate Change
	305-3	Other indirect (Scope 3) GHG emissions	    	Promoting Green Development to Tackle Climate Change
	305-4	GHG emissions intensity	  	Promoting Green Development to Tackle Climate Change
	305-5	Reduction of GHG emissions	  	Promoting Green Development to Tackle Climate Change

GRI Standard Indicator Contents			Sustainable Development Goals	Where to Find
	305-6	Emissions of ozone-depleting substances (ODS)	 	Promoting Green Development to Tackle Climate Change
	305-7	Nitrogen Oxides (NOx), Sulfur Oxides (SOx), and Other significant air emissions	   	Promoting Green Development to Tackle Climate Change
Waste	306-1	Waste generation and significant waste-related impacts	   	Promoting Green Development to Tackle Climate Change
	306-2	Management of significant waste-related impacts	  	Promoting Green Development to Tackle Climate Change
	306-3	Waste generated	    	Promoting Green Development to Tackle Climate Change
	306-4	Waste diverted from disposal	 	Promoting Green Development to Tackle Climate Change
	306-5	Waste directed to disposal	  	Promoting Green Development to Tackle Climate Change
Environmental Compliance	307-1	Non-compliance with environmental laws and regulations		Promoting Green Development to Tackle Climate Change
Supplier environmental 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
Employee	401-1	New employee hires and employee turnover	  	Leading with High-End 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 High-End Talent and Supporting Employee Development
	401-3	Parental leave	 	Leading with High-End Talent and Supporting Employee Development
Labor/Management Relations	402-1	Minimum notice periods regarding operational changes		Leading with High-End Talent and Supporting Employee Development
Occupational Health and Safety	403-1	Occupational health and safety management system		Leading with High-End Talent and Supporting Employee Development
	403-2	Hazard identification, risk assessment, and incident investigation	 	Leading with High-End Talent and Supporting Employee Development
	403-3	Occupational health services	 	Leading with High-End Talent and Supporting Employee Development
	403-4	Worker participation, consultation, and communication on occupational health and safety		Leading with High-End Talent and Supporting Employee Development
	403-5	Worker training on occupational health and safety		Leading with High-End Talent and Supporting Employee Development
	403-6	Promotion of worker health		Leading with High-End Talent and Supporting Employee Development

GRI Standard Indicator Contents			Sustainable Development Goals	Where to Find
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		Leading with High-End Talent and Supporting Employee Development
	403-8	Workers covered by an occupational health and safety management system		Leading with High-End Talent and Supporting Employee Development
	403-9	Work-related injuries		Leading with High-End Talent and Supporting Employee Development
	403-10	Work-related ill health		Leading with High-End Talent and Supporting Employee Development
Training and education	404-1	Average hours of training per year per employee		Leading with High-End Talent and Supporting Employee Development
	404-2	Programs for upgrading employee skills and transition assistance programs		Leading with High-End Talent and Supporting Employee Development
	404-3	Percentage of employees receiving regular performance and career development reviews		Leading with High-End Talent and Supporting Employee Development
Diversity and equal opportunity	405-1	Diversity of governance bodies and employees		Leading with High-End Talent and Supporting Employee Development
	405-2	Ratio of basic salary and remuneration of women to men		Leading with High-End Talent and Supporting Employee Development
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken		Leading with High-End Talent and Supporting Employee Development
Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		Leading with High-End Talent and Supporting Employee Development
Child labor	408-1	Operations and suppliers at significant risk for incidents of child labor		Leading with High-End Talent and Supporting Employee Development
Forced or compulsory labor	409-1	Operations and suppliers at significant risk for forced or compulsory labor		Leading with High-End Talent and Supporting Employee Development
Security Practices	410-1	Security personnel trained in human rights policies or procedures		Leading with High-End Talent and Supporting Employee Development
Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples		Leading with High-End Talent and Supporting Employee Development
Human Rights Assessment	412-1	Operations that have been subject to human rights reviews or impact assessments		Leading with High-End Talent and Supporting Employee Development
	412-2	Employee training on human rights policies or procedures		Leading with High-End Talent and Supporting Employee Development
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening		Leading with High-End Talent and Supporting Employee Development
Local Communities	413-1	Operations with local community engagement, impact		Shouldering CSR to Contribute to the Global Community

GRI Standard Indicator Contents			Sustainable Development Goals	Where to Find
		assessments, and development programs		
	413-2	Operations with significant actual and potential negative impacts on local communities	 	Shouldering CSR to Contribute 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 with Openness and Transparency
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		Securing Customers' Trust with Openness and Transparency
Marketing and Labeling	417-1	Requirements for product and service information and labeling		Securing Customers' Trust with Openness and Transparency
	417-2	Incidents of non-compliance concerning product and service information and labeling		Securing Customers' Trust with Openness and Transparency
	417-3	Incidents of non-compliance concerning marketing communications		Securing Customers' Trust with Openness and Transparency
Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		Securing Customers' Trust with Openness and Transparency
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area		Staying away from Redlines and Adhering to Compliance in Operations

## Readers' Feedback Form

Dear Readers:

Thanks for your concern and reading ZTE 2021 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?					
<b>Your contact details (optional and confidential. ZTE strictly protects your personal information and will not use it for any business purposes.)</b>					
Name:	Phone:				
Email:					

You can contact us through the following email address.

Email: [esg@zte.com.cn](mailto:esg@zte.com.cn)

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