

ZTE Corporation
2022 Sustainability Report

March 2023

Contents

Message from the CEO	4
Message from the COO	6
About This Report	9
ZTE in 2022	10
About ZTE.....	10
Highlights of 2022.....	11
Honors and Achievements.....	11
Sustainability Strategy and Management	14
Sustainability Management Structure.....	14
Materiality Analysis.....	16
Major Progress in 2022.....	17
Stakeholder Engagement.....	19
Making Steady Progress and Pursuing High-Quality Growth	21
Strengthening Governance and Preventing Emerging Risks.....	22
Steadily Promoting Corporate Governance.....	22
Fully Preventing and Controlling Operational Risks.....	23
Enhancing Organizational Resilience Through BCM.....	24
Tax Management.....	25
Adhering to Compliance in Operations for Steady Business Growth.....	27
Strengthening Compliance Operations and Management.....	27
Firmly Curbing Bribery and Corruption.....	29
Reinforcing the Export Control Compliance System.....	32
Enhancing Data Security and Privacy Protection.....	33
Improving the Whistleblowing System.....	36
Remaining People-Centric and Supporting Employee Development.....	39
Protecting Employees' Rights and Interests.....	39
Talent Development and Capability Building.....	46
Caring for Employees.....	49
Igniting Innovation with Solid Foundation for Shared Success in Digital Economy	51
Empowering Industries Through Innovation and Building the Foundation of Digital Economy.....	53
Building Digital Capability.....	53
Strengthening Intellectual Property Management.....	56
Building the Digital Ecosystem for Industries.....	57
Enabling Smart Life.....	67

Staying Open and Transparent to Win Customers' Trust.....	69
Guaranteeing Cybersecurity.....	69
Controlling Hazardous Substances in Products.....	72
Reinforcing the Prevention of Quality Problems.....	74
Responding to Customer Demands Rapidly.....	78
Promoting Green Development to Tackle Climate Change.....	79
Green Operations.....	79
Green Supply Chain Ecosystem.....	83
Green Product Innovation.....	86
Empowering the Green Development of Industries.....	89
Upholding Win-Win Cooperation to Grow with Partners.....	92
Improving Supplier CSR Management.....	92
Refining Responsible Minerals Management.....	95
Shouldering CSR to Contribute to the Global Community.....	98
Promoting Rural Vitalization.....	98
Supporting Educational Development.....	99
Caring for Vulnerable Groups.....	101
Advancing Public Health.....	103
Practicing Green Public Welfare.....	103
Contributing to the Global Community.....	103
A Letter from the Board of Directors.....	106
Policy List.....	107
2022 Sustainability Performance.....	113
ESG Reporting Guidelines Index of the Hong Kong Stock Exchange.....	120
GRI Standards Index.....	123
Readers' Feedback Form.....	128

Message from the CEO

In 2022, the global political and economic environment was still complex, with huge challenges from regional conflicts, energy crisis, high inflation, interest rate hike, supply chain uncertainties, and aging population. Meanwhile, extreme weather events occur frequently around the globe, making environmental protection a race against time. In this time of unprecedented changes, how to build a more resilient socio-economic system and seek more opportunities for sustainable development has become a global concern.

However, despite all these uncertainties, we firmly believe in the power of human wisdom and collaboration. While making our way forward, we can, as always, seize opportunities amid challenges, thus bringing about a new round of evolution.

On this new journey, digital transformation is playing a critical role. Over the past few years, we have seen faster deployment of 5G and gigabit optical networks for wider dual-gigabit network coverage. Moreover, next-generation information technologies including cloud computing, big data, and AI are enabler of each other as they are converging. Driven by these technologies, the real and digital worlds are converging and evolving at a fast pace, reshaping the entire human society.

For individuals, digital technologies are extending the boundaries of sensing and control, unlocking infinite possibilities. For example, smart home devices make our lives more convenient, and with applications like UAVs, machine vision, unmanned excavators, and rescue robots, our lives and property are better protected.

For communities, digital technologies are bridging the digital divide and promoting equality of opportunity for all. Particularly, 5G Fixed Wireless Access (FWA) enables quick broadband services in areas with inadequate infrastructure, distance learning brings equity in education to people in different areas, and over dual-gigabit networks, telemedicine allows doctors to treat patients in remote areas. In this way, high-quality educational and medical resources are within immediate reach of all. Also, by using holographic video technology, reporters can communicate face to face with interviewees thousands of miles away; with advanced digital tools, people can work from home as efficiently as in the office; and, with 5G Air-To-Ground systems, passengers can enjoy in-flight services just as if they are on the ground. As it turns out, digital transformation has narrowed the distance between people and brought hearts closer, leading to a more harmonious society.

For industries and society as a whole, digital technologies are accelerating the industrial revolution and social progress. For instance, smart factory represents a leap from traditional manufacturing, lowering costs while improving efficiency and quality. Intelligent traffic infrastructure facilitates low-carbon emissions and more efficient transportation. With 5G, the grid-connected distributed photovoltaic system enables flexible scheduling of source, network, load, and storage, contributing to the goals of carbon peaking and carbon neutrality. With 5G, intelligent and refined management becomes a reality in climate-dependent agriculture. 5G also helps protect biodiversity, and improves our living environment with higher water and air quality, thus promoting sustainable development.

Playing an indispensable role in industrial digitalization, ZTE will always adhere to the business philosophy of "Simplicity, Agility, and Openness for Win-Win", and speed up its evolution by riding the trend. In the fields with business certainties, we keep with innovation for simplicity. With decades-long efforts in DICT innovations, we promote computing and network convergence, and redefine hardware and software integration, to work out optimal, end-to-end solutions. In the fields with business uncertainties, we act agilely to explore new opportunities. Internally, we step up efforts to enhance underlying capabilities with highly flexible components for fast implementation. Externally, we launch Minimum Viable Products (MVPs)

and make constant iterations for different scenarios. Together with customers and partners, we aim to build a digital and intelligent ecosystem for greater openness and shared success.

According to the reports from authoritative agencies, ZTE has secured the first place in the global market shares of 5G MBB and FWA products for two consecutive years, and ranked second in the global shipments of wireless base stations, 5G gNodeBs, and 5GC products in 2022. We have been working with more than 500 partners on innovative applications in 100+ scenarios in over 15 industries, striving for the prosperity of an open ecosystem worldwide.

For ZTE itself, the company has been promoting all-round digital transformation for six years. Shifting from process-driven to data-driven, we are dedicated to building an "ultimate cloudified company" with fully cloud-based, intelligent, and lightweight workflows. Currently, most of our daily tasks can be completed through our internal OA platform on smartphones. Even in the special conditions when tens of thousands of employees worked from home, the R&D efficiency reached up to 98% of that in normal situations. Overall, the company's operational efficiency has improved by about 15% annually. And also, we have built a Global 5G Intelligent Manufacturing Base.

In the future, the world will witness constant breakthroughs in both technology and market, along with numerous changes beyond imagination. Against such backdrop, we will never stop innovating digital and intelligent technologies to create greater value. To ride the digital wave, ZTE will stick to its role as a driver of digital economy and strive for excellence while tackling the hardest challenges. With greater determination, we will join hands with partners across the industry to break new ground, and ultimately contribute to high-quality economic growth and make the planet a better place for all.

Message from the COO

The year 2022 marks the start of ZTE's expansion phase. Facing global uncertainties and the growing trend of digital economy and green development, ZTE has maintained steady business growth by adhering to its strategy.

Internally, continuous efforts are being made in digital transformation. Dedicated to becoming an ultimate cloudified company with fully cloud-based, intelligent, and lightweight workflows in R&D, production, and operations, ZTE has evolved into a more agile and resilient organization, achieving higher efficiency and lower costs. Externally, as a faithful driver of digital economy, we have helped operators and other partners build the digital foundation integrating "connectivity, computing power, and digital capabilities" with our underlying abilities and extensive experience. While gaining an edge in the markets with more competitive products, the company has been fueling the digital transformation of the entire society.

In terms of innovation in products, the company has been bolstering its leadership in key technologies, with rising product and market competitiveness. To be specific, we have made significant progress in the following fields:

- **Network infrastructure:** Multiple groundbreaking innovations have been launched, including the UniSite@All Scenarios solution, the world's first precise 50G PON prototype, the industry's first ONU prototype supporting 50G PON and Wi-Fi 7 technologies, and Mini 5GC, namely the industry's smallest 5GC. With these innovative products and solutions, operators can achieve full-scenario network connections in an ultra-efficient and green manner. Also, we have been promoting the commercial use of 5G networks by working with over 110 operators across the world. For example, ZTE teamed up with major operators in building 5G pilot networks in countries like Spain, Austria, Italy, and Thailand, and making gigabit-plus network services a reality in China's major cities including Beijing, Guangzhou, Shanghai, and Shenzhen.
- **Computing power infrastructure:** The company keeps enhancing the R&D of related software and hardware. With years of efforts, we have unveiled the G5 series server and storage products, and built partnerships with leading players in the Internet and financial industries. Moreover, we have launched new-generation end-to-end data center solutions for the eight computing hubs in China, contributing to the East-to-West Computing Resource Transfer Project.
- **Industrial digitalization:** We have launched Digital Nebula, a platform that tailors modularized, convenient, and efficient cloud-network convergence solutions for verticals. To date, the company has collaborated with over 500 partners in 15 verticals, including manufacturing, steel metallurgy, mining, power, and transportation. With joint efforts, we have developed more than one hundred innovative applications for digital transformation, and implemented a number of exemplary projects.
- **Smart life:** ZTE has built an ecosystem encompassing smartphones, mobile Internet products, home information terminals, and other peripheral products, providing individuals and homes with intelligent product portfolios.

Regarding cybersecurity and quality management, we have consolidated our capabilities and achieved remarkable results in certification. For example, we have obtained Information Technology Service Standards (ITSS) certification for cloud service, the Wi-Fi EasyMesh™ R3 certification for CPEs, and the SaaS security capability certification for RDCloud. ZTE is also the first to pass the GSMA NESAS 2.1 audit in the world. Putting quality and customers first, ZTE has realized both effective and efficient quality management, receiving certifications from multiple management systems including ISO 9000 and TL 9000.

Internally, all employees are engaged in fostering a culture of quality. Through these efforts, customer satisfaction has been significantly improved.

For value chain development, while promoting compliant operations with partners, ZTE has been actively advocating carbon neutrality among suppliers. In 2022, we conducted carbon audits on 109 suppliers. To play a greater role in this regard, we held offline training for more than 110 persons from over 80 suppliers, and online training for above 350 attendees from over 170 suppliers on the topic of product carbon footprint assessment through Life Cycle Assessment (LCA). We also further refined responsible minerals management, investigating 984 suppliers throughout the year. In the meantime, the entire cobalt supply chain has been audited, and a comprehensive supply chain has been mapped out.

Sticking to the low-carbon strategy, ZTE keeps moving forward on a green path to digital economy. Guided by the **dual carbon goals**, we have set up a corporate-level team led by the Chief Strategy Officer to carry out 10 programs on carbon emission reduction. Moreover, the company received the Greenhouse Gas Verification Statement issued by SGS, making it the first in China's telecom industry to implement the ISO 14604-1:2018 standard. Meanwhile, **the company vigorously works on green product innovation**, and promotes carbon emission reduction across the product lifecycle, from design and R&D, packaging and shipment, to recycling. **To build greener offices**, we have developed an all-in-one cloud platform that supports video conferencing and remote work, which helps cut down 36,300 tons of carbon emissions every year. **In manufacturing**, dark factories have been built to reduce carbon emissions and power consumption. In 2022, the carbon emissions from production of a single product decreased by 9.3%, and compared with 2021, power consumption dropped by 7.13%. To fully embrace green development, the ICT industry is obliged to **empower other industries**. As a leading player in this industry, ZTE not only provides integrated ICT solutions to promote the green development of operators and traditional industries, but also takes an active part in standards formulation, so as to make the world better and greener.

With respect to public welfare, ZTE always focuses on education, healthcare, poverty alleviation, and more. By December 2022, ZTE Foundation has taken part in 157 public welfare programs with a total donation of about CNY 91.8 million. In addition, the company has also carried out charitable activities in Africa, Southeast Asia, and other regions, aiming to leave no one behind in a digital world.

As a Chinese saying goes, it takes a good blacksmith to make good steel. Likewise, to create greater value for our stakeholders amid a more challenging environment, we have been unswervingly consolidating the company's three cornerstones, namely compliance, internal control, and talent.

- **Compliance:** The risk management system has been improved for proactive risk identification and prevention. In this way, corporate risks are eliminated in a systematic manner.
- **Internal control:** We have been enhancing internal control to foster a culture of integrity. Particularly, we have deepened digital transformation for higher operational efficiency. Meanwhile, through enhancement of organizational capabilities and cross-functional coordination, long-term business development can be safeguarded.
- **Talent:** The focus is put on creating a healthy working environment for every employee. Sticking to the principle of "Love and Responsibility", we protect the health and safety of employees, and conduct refined and targeted management in different business scenarios. Through a series of activities like knowledge contests, we have created a positive health and safety culture. For capability development, a comprehensive training mechanism and multiple career paths are in place for all employees. In such manner, we aim to build a strong talent team for the company, which grows together with its employees.

Despite the uncertainties in the external environment, there are still promising trends. The digital economy has become a key driving force for countries to rebuild their economies and competitive advantages. As a driver of digital economy, the company will seize the opportunities brought by computing power, renewable energy, and digitalization to facilitate industrial transformation. Sticking to its strategy, ZTE is bound to fulfill the goals for the expansion phase and achieve greater growth.

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, 2022 to December 31, 2022. For any inconsistency, it will be explained in the specific content.

For 15 consecutive years since 2009, ZTE has annually released sustainability reports/corporate social responsibility reports.

—Reporting Basis and 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 the Hong Kong Stock Exchange, and the Shenzhen Stock Exchange's *Self-Regulatory Guidelines for Listed Companies No. 1 - Standardized Operation of Listed Companies on the Main Board*. It also makes reference to the Global Reporting Initiative (GRI) Standards Version 2021, 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 key issues related to sustainable development, making decisions on the report scope, as well as collecting, summarizing, organizing, and reviewing relevant data and materials in the preparation process. The Key Performance Indicators (KPIs) in the report are quantitative.

—Scope and Boundaries

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

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

—Definition of Terms

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

Unless otherwise specified, the terms used in this report have the same meanings as those defined in the company's Annual Report 2022.

—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 integrity of this report.

—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 2022

About ZTE

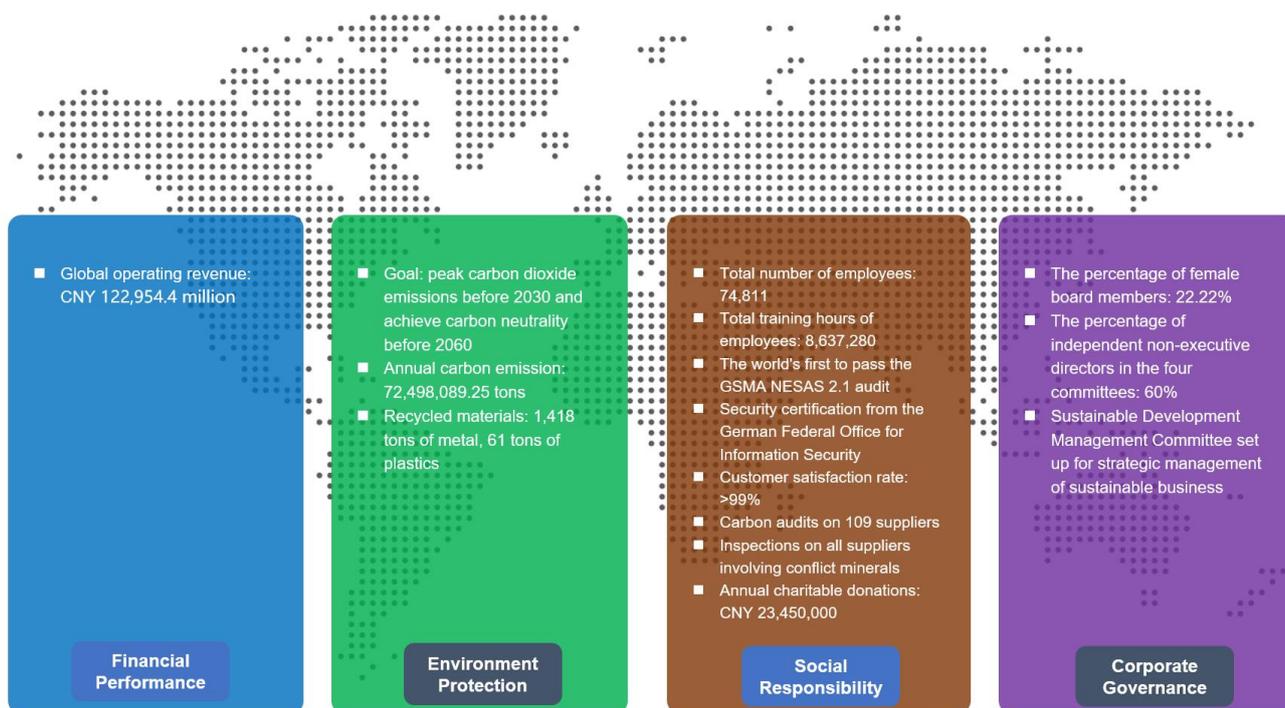
ZTE Corporation is a global leader in information and communications technology. Founded in 1985 and listed on both the Hong Kong and Shenzhen Stock Exchanges, the company has been committed to providing innovative technologies and integrated solutions for global operators, enterprise customers, and consumers from over 160 countries. Serving over a quarter of the global population, the company is dedicated to enabling connectivity and trust everywhere.

In 2022, ZTE entered the expansion phase as expected. While consolidating the foundation for its CT business in the first curve, the company continued to develop the IT, digital energy, and terminal business in the second curve, so as to outperform itself and the industry for sustainable development. Specifically, ZTE has rolled out solutions for the next-generation data centers that are "green, fast, intelligent, and reliable". Meanwhile, the company keeps investing in telecommunication renewable energy, with its third-generation SmartLi solution widely used across the world. For the mobile Internet, we have maintained our global first ranking in market shares for MBB & FWA. In addition, the company set up a special team for east-to-west computing resource transfer in China. By leveraging its major resources, ZTE has developed integrated products and solutions, including green data centers, server and storage products, intelligent E-OTN 2.0, cloud-network convergence, and Secure and Reliable Cloud. These products and solutions are used in scenarios related to storage, computing power, transportation power, applications, and security, contributing to greater computing power and greener development across the country.

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 process of R&D, production, logistics, and customer services, making constant contributions to the reduction of global energy consumption and carbon emissions. 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 15 consecutive years. In August 2022, ZTE was named to Fortune China ESG Influential Listing 2022, becoming one of the leading enterprises with remarkable performance in ESG.

Looking ahead, ZTE will stay committed to its role as a "driver of digital economy". Internally, with strategic determination, the company will speed up digital transformation, and build a highly resilient organization. Additionally, efforts will be doubled in fulfilling dual-carbon goals for green and sustainable development. Externally, ZTE aims to extend collaboration with customers and partners, to build a stronger digital economy.

Highlights of 2022



Note: For more information, please refer to the ZTE Annual Report 2022.

Honors and Achievements

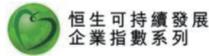
Field	Awarded on	Awarded by	Honor
Environment	February 2022	China Energy News	"2021 Technological Innovation Solution for Carbon Peak and Neutrality and High-Quality Development" awarded to ZTE for its PowerMaster hybrid power solution
	December 2022	Caijing Magazine	The 5th Caijing Award-Sustainable Development Contribution Award
	December 2022	CDP China	CDP 2022 Environmental Leadership Award
	January 2023	GLOGIS The Organizing Committee of the Forum on China's Supply Chain Modernization	"Top 30 Solutions for Supply Chain Digitalization and Carbon Neutrality in 2022" awarded to ZTE for its Innovative Green Supply Chain Solution
Society	January 2022	Association for Talent Development (ATD)	ATD Excellence in Practice Award 2021-2022 awarded to ZTE for its "Capability Enhancement Program Integrating Training

			and Practice for Transport Network Products" program
January 2022	People's Posts and Telecommunications News		"Excellent ICT Case 2021" awarded to ZTE for its smart industrial park solution based on gigabit optical network and MEC platform
February 2022	China National Vulnerability Database (CNVD)		Outstanding Contribution Award for Vulnerability Handling in 2021
April 2022	Ministry of Science and Technology, China; Ministry of Industry and Information Technology, China		Gold Award of China Patent Award granted to ZTE's patent "Handover Method and Apparatus"
June 2022	NGON & DCI World		Best Data Center Connect Vendor
May 2022	China Academy of Information and Communication Technology		Best Practice of Compliance Audits on Personal Information Protection
August 2022	China Federation of Logistics & Purchasing		<ul style="list-style-type: none"> ■ First Prize of Science and Technology Award: Intelligent Warehouse Solution enabled by 5G Technology and Digital Twin Platforms ■ Second Prize of Science and Technology Award: 5G Smart High-Speed Railway Vehicle-to-Ground Communication, "Intelligent Quality Management Platform Enabled by Innovative Big Data Analysis Algorithms ■ Third Prize of Science and Technology Award: Integrated Solution of Intelligent Supply Collaboration Platform
September 2022	Ministry of Commerce, China		2022 National Supply Chain Innovation and Application Demonstration Enterprises
September 2022	The Office of the Central Cyberspace Affairs Commission, China; General Office, Central Commission for Guiding Cultural and Ethical Progress, China		Best Practice of Innovative Personal Information Protection
November 2022	HRoot		Best Practice of Human Resource Management in Greater China 2022 awarded to ZTE for its <i>ZTE Cybersecurity Competency System Construction Practice</i> .
November 2022	Forbes		The World's Top Female-Friendly Companies 2022
November 2022	Shenzhen Municipal Commission for Guiding Cultural and Ethical Progress		"Shenzhen's top 10 public welfare institutions" and "top 10 creative public welfare programs" granted to ZTE Foundation
December 2022	China Foundation Center		Full score in the Foundation Transparency Index (FTI) for three consecutive years
Corporate Governance	January 2022	Sina Finance	2022 China Top 500 ESG Companies
	July 2022	The 14th China Corporate Social Responsibility Annual Conference	2022 Responsible Governance Award

	August 2022	Fortune	Fortune China ESG Influential Listing 2022
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Member of UN Global Compact



ZTE's A shares and H shares were included into Hang Seng Corporate Sustainability Index Series.



GeSI ENABLING DIGITAL SUSTAINABILITY

Member of GeSI



ZTE received the low ESG risk rating by Sustainalytics in 2022.



FTSE4Good

ZTE's H shares were included into the FTSE4-Good Index Series.



ZTE received "A-" rating in the CDP Climate Change 2022 Questionnaire, and the "Environmental Leadership Award".



ZTE won Silver Medal by EcoVadis. ZTE ITALIA won Gold Medal by EcoVadis. ZTE ranked among the top 10% in terms of the overall CSR score, and top 9% in terms of the business ethics score among enterprises in the telecom industry assessed by EcoVadis, with carbon management level rated as "Advanced".



ZTE ITALIA obtained SA 8000 Certification.

Sustainability Strategy and Management

ZTE has been committed to sustainable development for creating harmonious relationships with societies, environments, and stakeholders around the globe. Based on the strategic goals for the expansion phase, we have identified and thoroughly analyzed the most critical sustainability issues around the concerns of stakeholders.

Sustainability Management Structure

ZTE has established an organizational structure for sustainability as shown below. The Sustainable Development Management Committee is responsible for major sustainability projects and the related appraisals, and shall report the progress to the Board of Directors regularly. Horizontally, functional departments constitute the Sustainable Development Working Group to enable cross-level communication and overall planning.



Sustainability Management Structure 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 Board of Directors on sustainable development in terms of ESG, 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. reports to the Sustainable Development Management Committee in terms of ESG, offers necessary information for decision-making, coordinates and provides guidance for all units, and supports 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 its vision, ZTE regards internal control, compliance, and talent as the cornerstones to strengthen its core competitiveness, and defines five strategic priorities for sustainable development based on industrial trends and 17 UN Sustainable Development Goals.

- **Empowering Industries Through Innovation and Building the Foundation of Digital Economy:** Give full play to our strengths in technology innovation and commercial deployment, to accelerate the digital transformation of industries, and to achieve sustainable development of both society and economy through 5G technologies.
- **Staying Open and Transparent to Win Customers' Trust:** Guarantee cybersecurity for customers' business through high-quality products, and promptly address customer demands through superior services.
- **Promoting Green Development to Tackle Climate Change:** Enable the green development of different industries through technology, effectively control resource and power consumption, cut carbon emissions, optimize waste management to support the circular economy, and continuously reduce the impact of business operations on the environment.
- **Upholding Win-Win Cooperation to Grow with Partners:** Establish strategic cooperation with suppliers, promote the sustainable development of partners across the value chain, and continuously support the capability building of our partners.
- **Shouldering CSR to Contribute to the Global Community:** Engage in sustainable development of the global community, identify key issues, and contribute to the global community via technology, capital, and volunteer services.



Sustainability Strategy System of ZTE

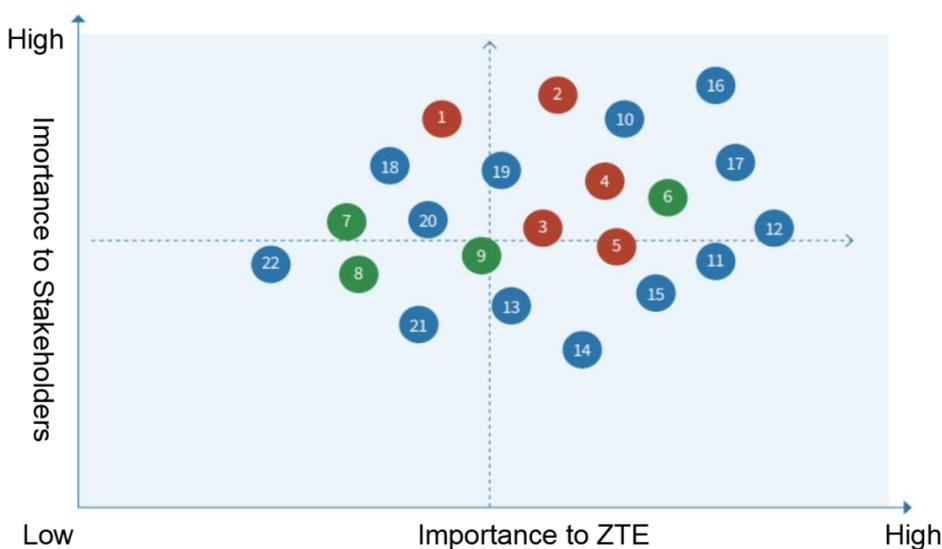
Materiality Analysis

ZTE has established the process for the identification of material issues, based on which we annually identify important issues of the year through the analysis of the stakeholders' concerns.



ZTE Materiality Analysis Process

In 2022, we thoroughly analyzed external stakeholders' concerns through regular communication, industry associations, customer exchanges and audits, and seminars. Internally, based on the company's strategy, we conducted interviews and surveys on sustainability issues among employees to better understand their concerns. The surveys covered ZTE's teams worldwide, involving various functional departments such as human resources and finance, and multiple business departments like product R&D and supply chain, with a total of over 9,000 valid questionnaires received. In accordance with the internal and external analysis results, we identified the annual material issues and carried out targeted management and performance improvement. Progress on materiality analysis for 2022 is specified in subsequent chapters.



ZTE Material Issues Matrix

Category	Material Issue
<p>Governance</p>	<ul style="list-style-type: none"> 1 Sustainability management structure 2 Business ethics 3 Risk management system 4 Anti-corruption and anti-bribery 5 Internal and external whistleblowing and whistleblower protection
	<ul style="list-style-type: none"> 6 Dual-carbon strategy implementation and promotion 7 Efficient energy utilization 8 Waste/hazard management 9 Contribution to low-carbon circular economy
	<ul style="list-style-type: none"> 10 Technological innovation and intellectual property protection 11 Labor rights protection 12 Employee health and safety 13 Employee communication channels 14 Employee training and capability building 15 Employee welfare and employee emergency relief 16 Cybersecurity and quality assurance 17 Privacy protection and data security 18 Industry empowerment and cooperation 19 Customer rights protection 20 Supplier social responsibility management 21 Raw materials and responsible procurement 22 Public welfare

Major Progress in 2022

Field	Progress
Strengthening Governance and Preventing Emerging Risks	<ul style="list-style-type: none"> ■ Implemented the ISO 22301:2019 system and promoted Business Continuity Management (BCM) certification in 11 key suppliers. ■ Organized 252 emergency drills for business with high BCM risks at the company or division level, with the aim to strengthen risk response and business recovery capability.
Adhering to Compliance in Operations for Steady Business Growth	<ul style="list-style-type: none"> ■ Conducted compliance training that covered 100% of employees, with over 58,000 employees trained online and over 14,000 employees trained offline. ■ Hosted the 3rd Multinational Corporation Trade Compliance Symposium attended by over 500 guests on site. ■ Updated and released the <i>ZTE Business Code of Conduct</i>. ■ Launched ZTE Privacy Center in both Chinese and English on the official website. ■ Obtained full marks in the 2022 Sustainalytics assessment for "Anti-Bribery & Anti-Corruption Policies" and "Anti-Bribery & Anti-Corruption Systems". ■ Passed the EU's ePrivacy and U.S. TRUSTe certifications, both of which are globally authoritative certifications for privacy protection.
Remaining People-Centric and Supporting Employee Development	<ul style="list-style-type: none"> ■ Published the <i>ZTE Health and Safety Risk Map</i> and the <i>ZTE Equipment Medium- and High-Risk Map</i>, and used digital tools to manage the risks in each industrial park. ■ Set up 38 new training sites covering 25 positions. Over 7,000 employees participated in hands-on training activities. ■ Updated and published policy documents such as <i>ZTE Human Rights and Labor Rights Policy</i> and <i>ZTE Health and Safety Policy</i>. ■ Launched zService, a "one-stop service platform", and collected more than 11,000 suggestions and 15,000 troubleshooting reports, with a satisfaction rate of 85%.
Empowering Industries Through	<ul style="list-style-type: none"> ■ Won three GTI awards in the Mobile World Congress 2022: the "Market Development Award" for 5G TSN Deterministic Network for Green Power Grid, and the "Innovative Mobile Service and Application Award" and "Outstanding Award" for iCube solution, a Tailor-Made Private 5G as a Service Solution.

Innovation and Building the Foundation of Digital Economy	<ul style="list-style-type: none"> ■ Focused on fields such as wireless, wired, and terminal technologies, and signed more than 100 cooperation projects, to combine the engineering capability of enterprises with the cutting-edge technology research capability of universities to jointly solve industrial technology problems and cultivate excellent talent. ■ Won the most China Patent Awards in the telecommunications industry by 2022, with 10 gold, two silver, and 38 excellence awards. ■ Became the first Chinese manufacturer in the field of automotive OS that had passed the PSE52 test (certified by the IEEE) of the Open Group. ■ ZTE Global 5G Intelligent Manufacturing Base in Nanjing was honored the WSIS Champion Award, listed among the Top Ten Scientific and Technological Progress of World Intelligent Manufacturing in 2022, selected to GSMA's 5G in Verticals in China 2022 and success cases of the first China Central State Owned Companies Digital Transformation Summit, and recognized as a 5G fully connected factory in Jiangsu province.
Staying Open and Transparent to Win Customers' Trust	<ul style="list-style-type: none"> ■ Summarized and refined the company's development experience and best practices, and published the book titled <i>From Following to Surpassing - ZTE's Digital, Intelligent, and Simplified Quality Management System</i>. ■ Established the quality maturity models, determined quality metrics and refined quality audit requirements for key processes, and implemented quality warnings for key processes in the fields of R&D, supply chain, engineering services, and terminals. ■ Became the industry's first company to pass GSMA NESAS2.1 audit. ■ Became the world's first company that had obtained the security certification from the German Federal Office for Information Security, obtained the level-1 information security certification of China Cybersecurity Review Technology and Certification Center (CCRC), became a level-2 technical support company for China National Vulnerability Database of Information Security (CNNVD), and obtained the level-1 certification for telecom network security service capability (security design and integration) of China Association of Communication Enterprises. ■ Obtained the ITSS certification for cloud services, EasyMesh™ R3 certification for fixed network terminal products, and SaaS security capability certification of the CAICT for RDCloud. ■ Attended the ETSI Cybersecurity Conference for the first time and delivered a keynote speech.
Promoting Green Development to Tackle Climate Change	<ul style="list-style-type: none"> ■ Built a joint team of company-level projects led by the Chief Strategy Officer, with more than 250 persons directly involved, to systematically promote ZTE's ten major projects for green development, obtained the ISO 14604-1:2018 certification for greenhouse gas emission quantification issued by SGS, becoming the first company in China's telecom industry to import and implement this standard. ■ Achieved a 9.3% reduction in the carbon emissions from the production of single products, and a YoY reduction of 7.13% in electricity consumption for production compared to 2021; Reduced the annual carbon emissions of sold products by more than 14.72% through service sharing in the middle platform, cloud-based R&D, and technology-enabled energy-saving as well as carbon reduction in laboratories. ■ Built intelligent logistics in ZTE Global 5G Intelligent Manufacturing Base in Nanjing based on the high-speed railway vehicle-to-ground communication mode. With intelligent warehousing and logistics equipment such as three-dimensional warehouses, work-in-process warehouses, cross-floor elevators, cross-building transmission lines, and 5G cloud-based AGVs, the entire process from raw materials to finished products can be automatically realized, reducing carbon emissions by more than 300,000 tons every year. ■ Conducted in-depth cooperation with over 150 environmental protection organizations in 60 major countries/regions around the world, and recycled a total of 1,418 tons of metals and 61 tons of plastics.
Upholding Win-Win Cooperation to Grow with Partners	<ul style="list-style-type: none"> ■ Officially initiated carbon audit, and conducted the audit on 109 suppliers. Completed the integrated certification audit (including CSR audit) on 61 new suppliers and 162 existing suppliers, and JAC's standard CSR audit on 9 suppliers. ■ Further expanded the scope of conflict minerals investigation and realized full coverage of suppliers, with altogether 984 suppliers investigated in 2022; Conducted 151 audits on all suppliers involving potential risks, including 10 special audits on high-risk suppliers and 141 integrated audits on suppliers at all risk levels.
Shouldering CSR to	<ul style="list-style-type: none"> ■ Donated a total of CNY 23.45 million on behalf of ZTE and CNY 20,336.6 thousand on behalf of ZTE Foundation, and carried out a total of 58 public welfare projects.

Contribute to the Global Community	<ul style="list-style-type: none"> ■ Actively arranged for employees to participate in volunteer services; Established 16 volunteer teams in various countries around the world till 2022; Had a total of 8,063 employees registered as volunteers with a total of 19,746.5 hours of volunteer services. ■ Carried out altogether 248 public welfare activities in 2022, including care for motherless children, mountain cleaning, and art therapy for autistic children, serving more than 100,000 people in total.
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Stakeholder Engagement

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

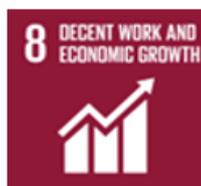
Stakeholder Category	Representative	Expectation	Communication Method
Shareholders and investors	<ul style="list-style-type: none"> ■ Investors 	<ul style="list-style-type: none"> ■ Corporate business and fundamentals ■ Long-term development plans and financial performance ■ Corporate governance and risk control ■ Communication and interactions with investors 	<ul style="list-style-type: none"> ■ Regular information disclosure ■ General Meeting of Shareholders ■ Investor roadshows and meetings ■ Hotline and mailbox
Regulators	<ul style="list-style-type: none"> ■ Governments at various levels and competent authorities ■ Shenzhen Stock Exchange ■ Hong Kong Stock Exchange ■ China Securities Regulatory Commission 	<ul style="list-style-type: none"> ■ Compliant operations ■ Protection of the rights and interests of stakeholders such as customers and employees ■ Stable product operation ■ Driver of economic growth 	<ul style="list-style-type: none"> ■ Face-to-face and written communication ■ Participation in relevant meetings ■ Communication with listed company associations and other institutions
Customers	<ul style="list-style-type: none"> ■ Relevant operators at home and abroad ■ Consumers 	<ul style="list-style-type: none"> ■ Excellent product performance ■ Information security and privacy protection ■ Green product standards ■ Timely and efficient customer services 	<ul style="list-style-type: none"> ■ Presales communication ■ Aftersales services ■ Regular communication (such as customer visits) ■ High-quality exhibitions ■ Third-party training
Employees	<ul style="list-style-type: none"> ■ Full-time employees ■ Part-time employees 	<ul style="list-style-type: none"> ■ Rich contents about the capability building ■ Open and transparent career development paths ■ Balance between work and life ■ Steady corporate development ■ Healthy and safe workplace 	<ul style="list-style-type: none"> ■ Online platform for communication ■ Employee complaint hotline ■ Employee Assistance Program (EAP) ■ Employee representative meetings ■ Face-to-face talks with senior executives and other internal activities

Suppliers	<ul style="list-style-type: none"> ■ Suppliers of production materials ■ Service suppliers 	<ul style="list-style-type: none"> ■ Open and transparent selection procedures ■ Steady financial performance and reasonable payment policies ■ Long-standing and steady partnership ■ Fair, equal, open, and transparent procurement environment 	<ul style="list-style-type: none"> ■ ZTE Global Partners Day ■ Supplier training ■ Onsite review and communication ■ Regular visits ■ High-level exchanges ■ Daily business communication
Communities	<ul style="list-style-type: none"> ■ Areas designated for partner assistance ■ Global community 	<ul style="list-style-type: none"> ■ Contribution to the sustained development of communities ■ Sharing of the outcomes from corporate development 	<ul style="list-style-type: none"> ■ Face-to-face communication ■ Public welfare activities ■ Complaint hotline
Social organizations (such as media, NGOs, and industry associations)	<ul style="list-style-type: none"> ■ Universities and research institutes ■ Media ■ NGO ■ Industry associations 	<ul style="list-style-type: none"> ■ Sound partnership ■ Timely sharing of experience and practices ■ Transparent information communication and sharing ■ Common growth across the industry 	<ul style="list-style-type: none"> ■ Press conferences ■ Regular communication and feedback ■ Project cooperation ■ <i>ZTE Communications</i> ■ <i>ZTE Technologies</i>

Making Steady Progress and Pursuing High-Quality Growth

Field	Objective	Progress
Corporate governance	<ul style="list-style-type: none"> Implement the ISO 22301: 2019 system. Optimize the compliance system to efficiently incorporate compliance management into business activities. 	<ul style="list-style-type: none"> ZTE implemented the ISO 22301:2019 system and promoted BCM certification in 11 key suppliers. ZTE optimized compliance rules based on 533 suggestions, further refining compliance governance.
Compliance	<ul style="list-style-type: none"> Pass the ISO 37001 audit. Release <i>ZTE Business Code of Conduct</i>. Develop and launch ZTE Privacy Center. 	<ul style="list-style-type: none"> In September 2022, ZTE passed the ISO 37001 audit, maintaining the validity of the certification that covers our business operations in China and 36 other countries. ZTE updated and released <i>ZTE Business Code of Conduct</i>. ZTE launched the official website for ZTE Privacy Center in both Chinese and English. Consisting of five modules of ZTE Privacy, Product Privacy, User Privacy, Privacy Construction, and Privacy Policy, the Privacy Center allows global customers, partners, consumers, and other stakeholders to better understand ZTE's privacy compliance program.
Talent	<ul style="list-style-type: none"> Promote digital prevention and control of risks related to employees' health and safety. Improve training sites, and provide hands-on training for more than 7,000 employees. 	<ul style="list-style-type: none"> ZTE published the <i>ZTE Health and Safety Risk Map</i> and the <i>ZTE Equipment Medium- and High-Risk Map</i>, and used digital tools to manage the risks in each industrial park. In 2022, ZTE set up 38 new training sites covering 25 positions. Over 7,000 employees participated in hands-on training activities.

Contributing to the UN Sustainable Development Goals



Strengthening Governance and Preventing Emerging 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 other relevant laws and regulations of the China Securities Regulatory Commission (CSRC), ZTE has been continuously improving its corporate governance system, regulating corporate operations, and optimizing the internal control system.

Steadily Promoting Corporate Governance

In 2022, ZTE's General Meetings of Shareholders, Board of Directors, and Board of Supervisors all operated in accordance with laws and regulations, and the corporate governance complied with the regulations about the governance of listed companies issued by CSRC. ZTE appoints its directors in strict compliance with the criteria and procedures set out in its *Articles of Association*. To promote diversity, ZTE has developed the *Policy to Promote Diversity on the Board of Directors*. When appointing the members of the Board, the company will take into account multiple factors, including but not limited to the age, cultural and educational background, expertise, skill, and knowledge, ensuring that the directors are appointed in an open, fair, independent, and diversified manner. In March 2022, ZTE completed the re-election of the Board of Directors, Board of Supervisors, and senior management members. Currently, ZTE has nine directors. Among them, three members are independent non-executive directors and two are 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 the respective conveners of these committees are independent non-executive directors, to make sure that these committees provide scientific and professional suggestions to support the decision-making of the Board of Directors. Currently, independent non-executive directors account for 60% of the committee members.



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' general meeting, to notify all registered shareholders of the issues to be deliberated as well as 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 the general meeting shall have the right to one vote for each share held. The company adopts both onsite and online voting for shareholders to participate in the meeting at their convenience. Also, the votes of minority shareholders are disclosed separately in the meeting's resolution announcements to give an adequate account of the views of minority shareholders.

Note: For more information about corporate governance, please refer to the *ZTE Annual Report 2022*.

Board of Directors	Unit	2022
Number of directors	Person	9
Number of male directors	Person	7
Number of female directors	Person	2
Number of directors with legal expertise	Person	2
Number of directors with risk management expertise (including accounting and legal background)	Person	4
Number of directors with accounting expertise	Person	2
Number of independent directors	Person	3

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 optimized its risk management featuring "three lines of defense" and the internal control system.

The company has formulated and implemented the *ZTE Risk Management Regulations*. This regulation specifies that the company's risk management follows the principles of "management with systems, evaluation with standards, response with plans, change with early warnings, and events with reviews". ZTE has set up a three-level risk management structure with the company, divisions, and basic-level business units as the main operating bodies. The risk level is evaluated from seven dimensions, including daily operations, laws and regulations, employee health and safety, corporate reputation, product competitiveness, market share, and financial loss. Also, the company implements a closed-loop management process covering risk classification, identification, assessment, response, monitoring, and reporting.

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 involving the Board of Directors, Audit Committee, Internal Control Committee, Internal Control and Audit, and the internal control teams of 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, conducts decision-making, planning, and supervision, and provides guidance. In 2022, the company developed a risk management-oriented internal control system and further strengthened the building of internal control teams. Also, efforts have been made to strengthen the management members' awareness of internal control, and publicize the management members' messages in this regard. In this way, ZTE aims to foster a culture of integrity. Moreover, the company has been constantly hosting activities such as internal control knowledge transfer, seminars, best practice sharing, knowledge tests, and internal control manager certification.



2. Improve the Closed-Loop Risk Management

In 2022, to ensure effective risk management, the company continued to optimize the corresponding mechanism, improve the risk landscape, promote risk classification, standardize the process for risk identification, assessment, and treatment, and refine the standard operations for 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 incidents of their respective units. When the risks and incidents meet the closure conditions, they can be removed from the list of critical or major risks and incidents 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 next year's risk list for continued control.

Enhancing Organizational Resilience Through BCM

ZTE set up the Business Continuity Management Committee in 2018 and passed the ISO22301 certification for its BCM system for the first time in 2019, covering the company's main production bases and R&D centers. The Committee holds a meeting on a quarterly basis, formulates the BCM strategic plans, and supervises the implementation of these plans to ensure the availability of resources and the effective operations of the BCM system. In 2022, to bolster the effectiveness of BCM, ZTE stepped up efforts in BCM system building, incident management, emergency drill, digital empowerment, training, and extension of the management scope. The details are as follows.

- **System building:** ZTE fully implemented the ISO 22301:2019 system, and passed the external audit. External auditors made positive comments on our management of disaster response capabilities, system coordination, and rapid incident response.
- **Incident management:** We incorporated the policy of "proactive prevention, effective mitigation, and swift response" into incident management, providing strong support for the prevention, early warning, reporting, handling, recovery, and review of critical BCM incidents, such as public health emergencies, natural disasters, fires, and geopolitical conflicts. These efforts have played a crucial role in advancing our business operations and strengthening our crisis response capability.

- **Emergency drill:** ZTE organized 252 emergency drills for business with high BCM risks at the company or division level, with the aim to strengthen risk response and business recovery capability, thus better protecting the interests of customers and stakeholders, and lowering operating risks of the company.
- **Digital empowerment:** ZTE used SDP, a low-code platform to visualize and analyze the status of BCM incidents and relevant risks. By developing risk and incident maps, we managed the risks of business interruption and the existing incidents to ensure the effective operations of the BCM system.
- **BCM training:** The company continued to conduct qualification assessment, capability building, and training for internal auditors and in auditing skills, and also carried out publicity and workshop activities. In 2022, a total of 132 internal auditors received training, 414 BCM specialists passed qualification assessment, 86 hours of BCM professional training were provided, and 12 BCM publicity activities and five workshops were organized.
- **Supply chain:** ZTE put consistent efforts in building a safe and reliable supply chain by developing three core competences, namely anticipation, cushioning, and adaptation. In addition, we provided guidance on BCM system certification for 11 core suppliers from various industries, including chips, batteries, PCB, optical components, filters, processing machinery parts, logistics, etc.

Tax Management

ZTE attaches great importance to tax governance and transparency, receiving the "A" rating as a taxpaying enterprise for several years in a row. To operate with integrity, the company has set up a tax governance and risk management team consisting of 44 specialists at the headquarters and 250 professionals at frontline units, and put in place standardized and comprehensive global tax management system. In this way, we have effectively integrated tax management into business processes to improve tax compliance and risk management.

In 2022, Focusing on comprehensive tax management, ZTE took the following major measures in the verification and joint review of tax declaration, digital tax management, coordination between accounting and tax management, all-round management of income taxes, and comprehensive identification of tax risks in international business:

- **Verification and review of tax declaration:** ZTE conducted over 300 times of verification on tax declaration and more than 130 joint reviews for annual declaration of core categories of tax, effectively implementing the tax declaration verification and review mechanism.
- **Digital tax management:** ZTE established an invoice sharing platform in China, which is seamlessly interconnected with the company's financial and accounting management systems. This system enables online management of invoice issuance, input VAT verification, input VAT transfer-out, and tax account reconciliation throughout the process.
- **Coordination between accounting and tax management:** ZTE completed the account reconciliation of all tax categories for over 170 legal entities under ZTE Corporation. This measure helped identify risks, improve relevant regulations, and fix broken processes. In doing so, we further increased our global tax assets.
- **All-round management of income taxes:** For international business, effective profit and loss management was realized under strict process control. For business in China, ZTE standardized the weighted deduction of R&D expenses, and the application for the high-tech enterprise status. Also, the company studied the OECD two-pillar solution to get prepared for new tax policies.
- **Comprehensive identification of tax risks in international business:** Based on the tax audits in the company's international business operations, a comprehensive review of tax risks was conducted for all

overseas offices and rectifications were made accordingly. Through a tax case database and training in tax risk management, ZTE has effectively promoted risk identification in all business activities.

Also, ZTE paid close attention to tax capability building, with following major steps taken in 2022:

- **Fiscal and tax policies:** New fiscal and tax policies closely related to the company's business were analyzed within three workdays after their release. In 2022, over 30 policies were interpreted, ensuring in-depth understanding of tax policies for sound business operations.
- **Regular training:** The company's Tax Affairs Management Team organized topic-specific seminars and provided training for the financial personnel of overseas units once a month. Also at least twice a quarter, the team publicized typical cases for awareness improvement and compiled tax laws and regulations closely related to ZTE's business. In 2022, ZTE provided nearly 20 training sessions in tax for employees, and conducted extensive exchanges with customers and partners.

Adhering to Compliance in Operations for Steady Business Growth

For multinational corporations, compliance is a major part of business ethics, and they face challenges like how to adapt compliance rules to different scopes of laws, settle conflicts of laws, and respond to regulations by multiple authorities. In 2022, joining hands with our partners, ZTE actively embraced new situations and challenges and explored optimal solutions to strengthen compliance governance.

[Case] ZTE Business Code of Conduct Publicly Released



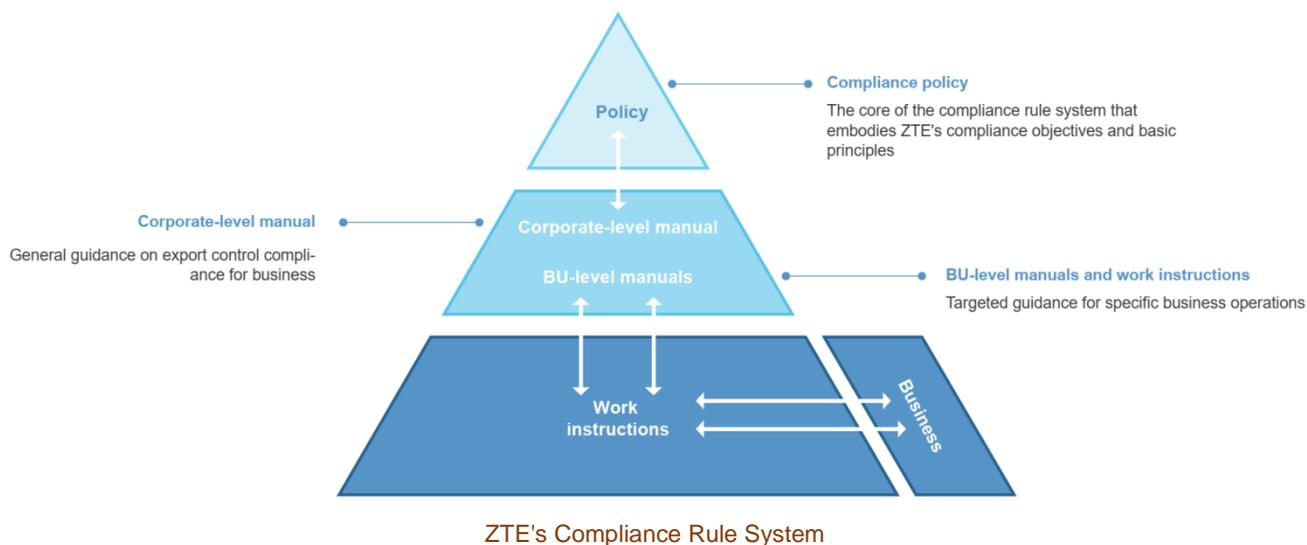
As a leading global provider of integrated communications solutions, ZTE is listed on both the Hong Kong and Shenzhen stock exchanges and serves over a quarter of the world's population in over 160 countries and regions. The company is dedicated to enabling connectivity and trust everywhere, creating value for customers by continuous technological innovation, and building trust with employees, partners, and communities. ZTE believes that building trust with its stakeholders requires not only leading and innovative products and services, but more importantly, strict observance of high standards of ethics and integrity in global business practice.

We updated and released the **ZTE Business Code of Conduct** to urge every employee to conduct all business activities in accordance with the highest ethical standards. It is not only a set of rules, but also relevant ethical guidelines and principles in business that every ZTE employee must observe, which is what we call "doing the right thing".

Strengthening Compliance Operations and Management

1. Optimizing Rules to Promote Delicacy Management

In 2018, ZTE established a hierarchical compliance rule system consisting of compliance policies, principles, work instructions, and Key Control Points (KCPs) incorporated in business processes. Under the system, external compliance rules are translated into internal management requirements for implementation. Meanwhile, we comprehensively optimized the compliance rules to build a best-in-class compliance system that enables effortless, intuitive compliance, and to identify and control a wider range of risks more effectively and efficiently. We not only systematically reviewed the rule system to sort out work instructions and KCPs, but also identified the greatest pain points of users in various scenarios to improve user experience. On this basis, we implemented 533 improvement recommendations, promoting the transformation of compliance control from "effective" to "efficient". In such way, compliance rules are effectively observed during business operations, guaranteeing business growth and continuity.



2. Enhancing Research to Realize Early Warning of Risks

With a relatively complete mechanism for interpreting laws and regulations in place, we are able to study and interpret new laws and regulations around the globe in a timely manner. In 2022, we output interpretation results of China's *Anti-Monopoly Law (Revised Version)*, 5G cybersecurity laws in European countries, etc., effectively supporting the company's compliant operations. Also, we play an active role in sharing achievements within the industry. For example, we organized the third Legal and Compliance Scholars Forum, in which we had in-depth exchanges with four authoritative experts in business secret protection. We also took part in writing the *Corporate Compliance Management (Advanced)* (textbook for corporate compliance managers), which has been published by China Legal Publishing House, contributing to the development of the professional standards for compliance professionals.

3. Advancing Compliance Training to Cultivate Strong Awareness Among Employees

We have established a comprehensive compliance training framework targeted at different groups. As the working scenarios and compliance risks vary with positions, we tailored compliance training plans for employees in different positions, and released the plans through our online learning platform. In 2022, our compliance training covered 100% of employees, with over 58,000 employees trained online and over 14,000 employees trained offline.

We set up a "1+1+N" compliance training course system, which includes compliance awareness training for all employees, and compliance training for key fields and positions, to improve the compliance capability and awareness of all employees. Also, we promoted compliance training in languages other than Chinese and English. In 2022, more than 300 employees using other languages than Chinese and English, such as Spanish, took the compliance training via the online learning platform, and the training completion rate reached 100%.

In 2022, we organized four quarterly training sessions for senior management, which covered export control, anti-bribery compliance, whistleblowing improvement, and compliance audits and interviews. Through mini-lectures, onsite training sessions, and other forms, our senior management can participate in compliance and business ethics training anytime and anywhere more efficiently and easily.

4. Upholding Openness and Sharing Experience to Promote Compliance in the Industry

After years of compliance practices, we firmly believe that compliance not only safeguards value, but also creates value. Therefore, we actively exchange with partners in diverse sectors to share practice and experience in compliance management and performance improvement, and thus facilitate the compliance building of the industry.

- In 2022, we were invited to a series of important events, including the China International Import Expo (CIIE), the second China (Shenzhen) Corporate International Compliance Forum, and the Internationalization and Compliance Forum for Chinese Companies, and other important events, to share ZTE's practice in compliance system building.
- In October 2022, we held the first online activity to share our compliance building practices. In this event, we introduced our experience in compliance system building, compliance culture cultivation, and compliance digitalization based on the *Guidelines for the Compliance Management of Central Enterprises*, attracting online views by more than 1,000 people.
- In November 2022, we held the Business Secret Protection Seminar at the third Legal and Compliance Scholars Forum, inviting experts and scholars from well-known universities, judicial organs, and judicial appraisal institutes to discuss the frontier issues about the business secret protection.

In terms of empowerment, ZTE has developed partnerships with universities, research institutes, and professional associations, and participated in the compilation of the *Basics of Corporate Compliance—Legal Affairs* (a reading for popularizing basic knowledge of law) as well as the *Corporate Compliance Management (Advanced)*. Moreover, the "Compliance Creates Value" case originated from ZTE's practices has been included in the China Business Case Center of Tsinghua University, a top university in China.

[Case] ZTE Successfully Held the 3rd Multinational Corporation Trade Compliance Symposium

In August 2022, ZTE 3rd Multinational Corporation Trade Compliance Symposium was successfully convened in Guangzhou. More than 30 guest speakers were invited to discuss topics like national legislation, economic situations, export control, data protection, anti-bribery, and anti-monopoly, and over 500 guests attended the event on site.



Firmly Curbing Bribery and Corruption

1. Strengthening the Building of the Anti-Corruption System

ZTE always holds a "zero tolerance" attitude toward corruption and bribery. The company has proactively fought against corruption and strictly cracked down on any violations, to strengthen work ethics among employees, and foster a culture of integrity. By identifying and eliminating loopholes, optimizing processes, and improving

management, we have established a longstanding effective mechanism where employees dare not, cannot, and would not commit any violations. In this way, we strive to prevent corruption in the first place, to ensure the company's sound development and effectively safeguard the interests of all shareholders and employees.

ZTE fully complies with all the applicable anti-corruption and anti-bribery laws and regulations of the countries and regions where it operates, including but not limited to the anti-corruption and anti-bribery laws and regulations of China, the *U.S. Foreign Corrupt Practices Act (FCPA)*, and the *United Kingdom Bribery Act (UKBA)*. In terms of anti-corruption governance structure, the company has set up Internal Control and Audit, a level-2 unit, to independently carry out audit, inspection, and supervision. Internal Control and Audit takes charge of anti-corruption and directly reports to the Board of Directors of the company, and thus the independence, objectivity, and authoritativeness of anti-corruption work, audit, inspection, and supervision are guaranteed. In addition, this unit reports to the Board of Directors and the Audit Committee on a quarterly basis on the company's internal control, risk assessment, audit and supervision, and anti-corruption. With a comprehensive anti-bribery compliance management system, ZTE is the first company in China to obtain the ANAB-accredited ISO 37001 certificate issued by the BSI. In September 2022, the company successfully passed the BSI audit and maintained the validity of the ISO 37001 certification for its anti-bribery management system.

To engage all employees and stakeholders in supervision, the company has built special whistleblowing channels (mailbox: audit@zte.com.cn; hotline: (+86) 0755-26771199; website: www.zte.com.cn "whistleblowing"), to encourage employees, partners, and any other parties to report corruption, bribery, and other violations that may damage the interests of the company. For whistleblowers, the company will firmly protect their rights and interests, and give rewards. For more details, please refer to the chapter of "Improving the Whistleblowing System".

A delisting query system is available on the company's official website for both internal and external parties, which includes the list of people who have been fired from the company for illegal and unethical behaviors. In 2022, the company investigated and dealt with 39 employees who committed misconducts.

In addition, the company actively joins the Trust and Integrity Enterprise Alliance, the Enterprise Anti-Fraud Alliance, and other external associations. Through exchanges with such associations, we are committed to improving the integrity system, enhancing the anti-fraud capability, and strengthening risk prevention, so as to better fulfill our CSR. In 2022, ZTE was awarded the "Most Influential Anti-Fraud Team" by Guangdong Enterprise Institute for Internal Controls and the "Star of Integrity" in the second enterprise anti-fraud micro-video competition.

2. Further Improving Regulations and Processes

To guarantee standardized and regulation-based anti-corruption work, the company has formulated a series of rules and regulations based on relevant laws and regulations in accordance with actual business, such as the *Code of Conduct for ZTE Employees*, *Accountability Management Regulations*, and *Handling and Investigation of ZTE Whistleblowing Job Specification*. These rules and regulations prohibits any form of corruption and provides comprehensive institutional support for the company's anti-corruption work. In addition, the company has developed the **ZTE Anti-Bribery Compliance Manual**, **Anti-Bribery Compliance Policy**, and other regulations and guidelines for the management of anti-bribery risks. In 2022, we also updated and released the regulations in eight key fields, including gifts and hospitality, the provision of business travels, business partners, and procurement transactions, to make the regulations more applicable and effective.

In terms of processes, by interconnecting business and compliance IT systems and using various IT tools, we optimized the anti-bribery compliance process, and took the integrated, end-to-end compliance risk management to a higher level. In 2022, the company accelerated the response to the user demands about the anti-bribery compliance app and improved the user interface design to enable more convenient operation for employees.

The company also strengthened continuous supervision. In 2022, we completed special inspections in six major fields including procurement transactions with business partners, commercial sponsorship, charitable donations, and the provision of business travels. Meanwhile, risk-oriented anti-bribery compliance inspections were carried out in nine overseas subsidiaries (i.e. subsidiaries in South Africa and Colombia), covering a number of anti-bribery risk fields such as gifts and hospitality. In this way, we continuously identified weaknesses in the building of the anti-bribery compliance system, formulated rectification plans for problems, and completed rectification on schedule. Regarding control over the business with third-party partners, the company strengthened the supervision during the implementation phase and the audit afterwards, enhancing risk management throughout the process.

3. Enhancing Compliance Publicity and Training

The company attaches great importance to promoting integrity among employees and continuously fosters a culture of integrity.

For employees, the company has published internal control regulations, case briefings, relevant laws and regulations, and other related information through various internal platforms such as mailbox, Share (internal BBS), and iCenter (internal one-stop collaborative work platform). In such a way, we aim to emphasize the importance of abiding by laws and regulations, and raise employees' awareness of integrity and self-discipline, so as to safeguard the company's steady development.

In 2022, ZTE published materials about anti-corruption 23 times through various platforms, with a total of more than 400 thousand clicks. Observing the International Anti-Corruption Day on December 9th, the company organized a campaign themed "Month of Integrity Culture", which includes a series of activities such as messages from top management on integrity, the launch of iCenter stickers of "Qingfeng Man" (a mascot symbolizing integrity), lectures by external experts from the procuratorate, and related games.



"Qingfeng Man"

In addition, the company conducts internal control and integrity exams annually for all employees to verify and improve the effectiveness of training. In 2022, 49,923 employees passed the exams, with a pass rate of more than 99%.

For anti-bribery compliance, in 2022, we pushed 45 notifications about policies and norms, scenario-based guidelines, cases, Q&A, and anti-bribery news highlights, which included both daily publicity for all employees and special publicity targeting certain groups, to continuously raise the anti-bribery compliance awareness of all employees. Meanwhile, the company completed online training of anti-bribery compliance for over a hundred business partners' management members or other personnel in key positions to strengthen their anti-bribery compliance control.

4. Strengthening Legal Research and Risk Management

Governments and business entities around the world pay high attention to anti-bribery, and relevant legislation and requirements are constantly being updated. The Global Law and Policy Research Institute of ZTE has conducted special legal research to safeguard the company's healthy operations across the globe. In 2022, the *White Paper on the Compilation of International Anti-Bribery Laws* was released, which contains the research results on anti-bribery laws and regulations of 25 countries.

We conduct systematic risk assessment of relevant entities and business on a yearly basis according to our annual risk assessment plan, constantly improving risk management. In 2022, we optimized the bribery risk profiles for overseas countries, and developed the overseas bribery risk map to realize graded risk management while optimizing anti-bribery risk assessment tools. We completed risk assessment in nine overseas countries in 2022.

Indicator	Unit	2022
Number of anti-bribery due diligence investigations and supervisions on business partners (including intermediaries)	Time	74
Number of compliance directors/managers in the Anti-Commercial Bribery Compliance Dept.	Person	17
Number of compliance directors/managers in BU compliance teams	Person	183
Total number of employees participating in the anti-corruption and anti-bribery training	Person-time	73,000
Percentage of employees participating in the anti-corruption and anti-bribery training	%	100
Data protection compliance courses	Course	14
Anti-bribery courses	Course	11
Full-time employees participating in the training	Person	73,000
Outsourced employees participating in the training	Person	18,055
Percentage of employees participating in the anti-bribery training	%	100

For details about more indicators, please refer to the *2022 Sustainability Performance*.

Reinforcing the Export Control Compliance System

In 2022, to adapt to the changes in external policies and regulations, we updated our *Export Control Compliance Policy* and had it signed by all employees. Also, we launched the training courses on the export control compliance manuals, to make the manuals easier to be acquired and understood.

- In 2022, we optimized the export control compliance rules in a top-down manner.
- We conducted in-depth analysis of the KCPs in terms of necessity, rationality, and management cost, and identified 283 improvement recommendations, 67 of which are related to the compliance manuals, and 216 about optimization in business processes.
- Regarding the application of the SAP Global Trade Services (GTS) system, we adjusted the screening rules of the system in accordance with the changes in internal and external regulations. For example, we optimized control rules in accordance with external regulations, which are adjusted in line with the international situations. Also, we expanded the scope of automated screening and conducted the GTS control over channel partners.
- As for the improvement of the Export Compliance Screening System (ECSS), we completed the test on the compliance with the U.S. Export Administration Regulations (EAR), and promoted the deployment of ECSS in subsidiaries. Also, we optimized ECSS by adding the function of control over the military end users and government end users. In addition, we further standardized the implementation of ECSS, and output 42 standard documents.
- Based on the risk list of 2021 and actual enterprise operations, ZTE stepped up efforts to eliminate loopholes in business processes, enhanced the compliance risk classification and governance, and

reviewed the compliance risks after they were closed. With these efforts, the company managed to ensure closed-loop risk management and continuously safeguard the company's operations.

Enhancing Data Security and Privacy Protection

1. Updating Regulations and Processes

In 2022, ZTE reviewed and optimized its data protection policies to align with the evolving laws regarding data security and privacy protection in China, and ensure that our compliance rules are in line with our business strategy.

- KCPs were sorted out based on 87 scenario-based guidelines and rules including the *ZTE Compliance Manuals for Data Protection - Corporate-level Manual*, *Regulations on Data Protection Impact Assessment*, *Personal Data Breach Response Process*, *Process of Responding to Data Subject Rights Requests*, and *Regulation on Compliance Management for Cross-Border Data Transfer*. The KCPs were then reviewed and assessed based on necessity, rationality, and management cost. On this basis, the rules were optimized and updated in accordance with the assessment results so that the compliance rules were easier to be acquired and understood.
- Based on the business development needs of frontline units, we refined the compliance rules for scenarios including e-marketing, external satisfaction surveys, the processing of customer network data, Privacy by Design (PbD) baselines, and the incorporation of compliance clauses in the contracts with suppliers.
- To fulfill the key compliance obligations related to China's data export, ZTE conducted in-depth legal research and risk assessment, and formulated and released the *Regulation on Identification of Important Data* to regulate the identification of important data within the company. Additionally, the *Guide to Compliance Controls for Transferring Data to External Parties* was released to build a management process for screening and assessing data, and ensuring the legality of data export.

2. Enhancing Risk Management and Relevant Practices

(1) Strengthening Risk Prevention and Management

ZTE remains risk-oriented in data security and privacy protection compliance control, and delves into business operations to identify, assess, and address compliance risks with higher efficiency to adapt to the ever-changing internal and external environments.

With a focus on the privacy risks involved with digital products, ZTE conducted special inspections and rectifications to enhance the data protection compliance for apps, and performed special risk assessment and governance on smart home products to reinforce the privacy protection capabilities of terminals.

To address compliance risks of cross-border data transfers, ZTE carried out special audit of compliance with the Data Processing Agreement (DPA) and Data Transfer Contract (DTC), to assess and verify the effectiveness of internal control processes for cross-border data transfers. Additionally, in response to the EU's latest control requirements for cross-border data transfers, we proactively updated the DTC and had it signed by European customers, and revised the DTC between ZTE Corporation and its subsidiaries.

To address the data breach risks, we carried out data breach drills in various business fields, including terminals, system products, engineering services, and the headquarters' functional units.

(2) Building the Privacy Protection Culture

In 2022, we hosted diverse and engaging activities with the theme of privacy protection to foster a company-wide privacy protection culture, instill common privacy protection awareness in all employees, and help develop employees' habits of protecting privacy.

At the company level, we continued to launch the activity themed "Make Privacy a Top Priority", which included photo and video contests, publicity surrounding privacy protection and innovation, etc., to strengthen employees' privacy awareness and the company's compliance image.

At the business unit level, we carried out the "Terminal Compliance Culture Month-Privacy Security Week" in an all-round and entertaining way. Through top management's commitments, executives' support, employees' engagement, publicity on the results, and the publication of advertorials, we endeavored to increase the influence and recognition of the privacy protection brand for our mobile devices both internally and externally, and make privacy protection a competitive advantage in the market.

[Case] Privacy Protection Culture Building: "What You Need to Know About Data Protection Compliance"

In 2022, given that product services are closely associated with data protection, ZTE planned and implemented the awareness-arising campaign targeting all employees, with the theme of "What You Need to Know About Data Protection Compliance". In addition, ZTE proposed a vision, namely "For stronger product competitiveness, higher technology value, and greater customer data security", to enhance employees' awareness of compliance and promote the co-building of product privacy protection.



3. Promoting IT-Based Compliance Management for Higher Efficiency and Quality

In 2022, ZTE developed the Data Compliance System (DCS), an internal platform for data compliance operations, which can provide the unified access to data management for external users. With automation replacing or complementing manual operation, DCS has improved the efficiency and quality of compliance management. The system presented the status of data management activities in real time, helping the company proactively comply with relevant laws and regulations, and realize the digitalization of data compliance governance. The Privacy Compliance Review System (PCRS) has been put into use in the terminal business, further ensuring the uniformity of global compliance management standards for ZTE's terminal products and improving the efficiency of daily compliance management. Additionally, we introduced the security and compliance screening tools targeting apps to our business units, and developed a unified technical testing system within the company.

In 2022, **ZTE Privacy Center** was officially launched on the company's official website, which consists of five modules, namely, ZTE Privacy, Product Privacy, User Privacy, Privacy Protection Construction, and Privacy Policy. This center has served as a unified platform for global customers, partners, consumers, and other stakeholders to access ZTE's privacy compliance program and have interactions.

4. Building Privacy Protection Capability

ZTE pays close attention to authoritative certifications in the industry. The company has passed ISO/IEC27701:2019 certification and the annual reviews for the privacy management systems in its terminal, 5G, core network, and digital technology product lines, as well as its human resource management. Through these efforts, ZTE strives to provide global customers with safer, more reliable, and compliant communications products and solutions.

In 2022, ZTE passed the EU's ePrivacy and U.S. TRUSTe certifications, both of which are globally authoritative certifications for privacy protection. These achievements have demonstrated that ZTE's privacy protection technology and management practices in the business field of smart terminals are taking the lead in the international market, and that ZTE is committed to offering global customers safer and more trustworthy products in the digital age.



[Case] ZTE Privacy Protection White Paper (2022) Released: Consolidating the Foundation for Data Compliance and Paving the Way for Digital Economy

In August 2022, *ZTE Privacy Protection White Paper (2022)* was released at the Data Protection Compliance Forum of ZTE 3rd Multinational Corporation Trade Compliance Symposium. The document has elaborated the progress of privacy protection compliance building of ZTE in five chapters, including the policy, framework, co-building, practices, and major events of privacy protection.

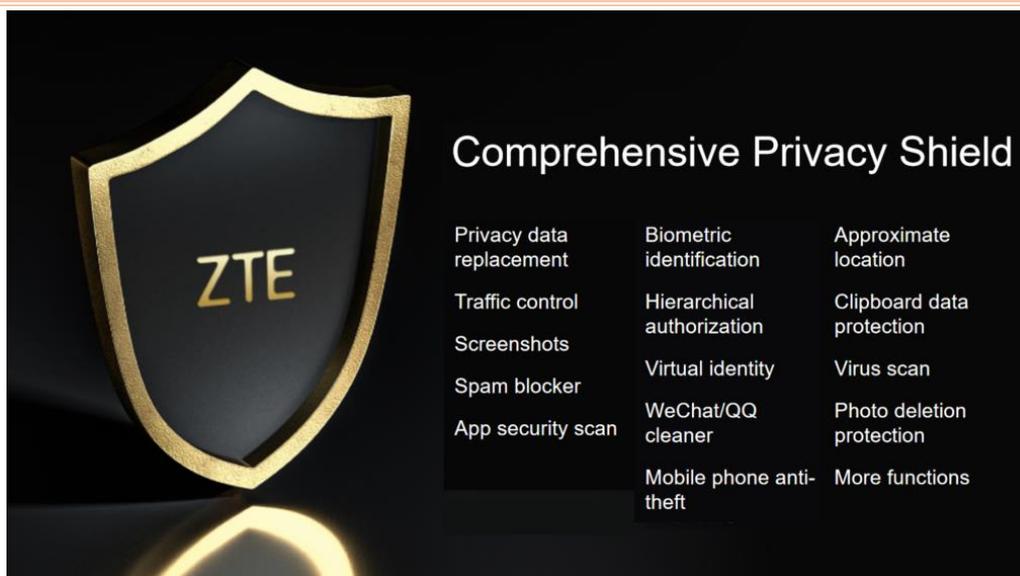
According to the white paper, as digital economy evolves, privacy protection has attracted higher attention from consumers, the general public, legislatures, regulators, etc., and privacy compliance has become a major topic in the industry. As a multinational enterprise in the telecommunications industry, ZTE has made great efforts to build and improve the privacy protection compliance system, and improve the results, efficiency, and benefits of privacy protection, so as to lay a solid foundation for data compliance and pave the way for digital economy.

5. Building the Brand of Privacy Protection

In 2022, ZTE officially launched its brand of privacy protection with the slogan "Your Privacy, Our Priority", and continuously enhanced privacy protection in all products and services.

[Case] ZTE Phone Released: Stronger System Privacy Security and Comprehensive Privacy Security Shield

In November 2022, the ZTE Axon 40 Ultra Aerospace Edition was launched. With the patent of privacy security, a comprehensive shield of privacy security, and the in-house security chip, the ZTE Axon 40 Ultra Aerospace Edition aims to create a trustworthy and reliable privacy protection environment for users in an all-round manner.



Improving the Whistleblowing System

1. Updating the Process for Handling Whistleblowing Clues

ZTE has developed a complete regulation system for compliance whistleblowing, which consists of the *General Rules for Compliance Audit and Violation Investigation*, *Regulations on Compliance Investigations*, and *Regulation on Compliance Reporting*, as well as guidelines on internal compliance auditing processes. In 2022, ZTE has further improved the receipt and processing of clues. We formulated the *Provisions on Screening for Export Control Risks of Clues Provided by Whistleblowers and Criteria for Case Filing*, updated the *Guidelines on the Management Process for the Receipt and Transfer of Whistleblowing Clues*, and thus formed standardized processes for the clue registration, clue classification, due diligence, and case filing/closure.

In 2022, ZTE received a total of 163 clues from various compliance whistleblowing channels, all of which were effectively handled. Among them, all clues that met the requirements for case filing were formally investigated. Throughout the year, 27 export control compliance cases and 13 anti-bribery compliance cases were completed, and corresponding disciplinary actions were taken against the personnel involved. As a strategic cornerstone, compliance has safeguarded the value of the company.

[Case] Illegal Gift Giving by an Employee of an Office

When filing the application for providing gifts and hospitality to a customer, an employee of an office falsified the name of the gift and the number of recipients to evade the compliance approval process. As a result, the application was not reviewed through the approval process as required. The employee's behavior violated the relevant requirements in the *Regulations on Anti-Bribery Compliance Management of Gifts and Hospitality*, stipulating that applicants should provide authentic, accurate, and complete information or materials. Therefore, the employee was criticized within the company.

2. Advancing Publicity on Compliance Whistleblowing

ZTE has established internal and external compliance whistleblowing channels, improved the whistleblowing process, and stepped up publicity and education on whistleblowing among employees.

- External whistleblowing channels mainly refer to ZTE's third-party compliance whistleblowing platforms, including mailbox, website, and hotline, which are managed by an independent third-party law firm.
- Internal channels include ZTE's internal compliance whistleblowing mailbox and the LCM system.

ZTE's Third-Party Compliance Whistleblowing Platforms

- Website: <http://www.tip-offs.com.cn/ZTE>
- Mailbox: ZTEWhistleblowing@tip-offs.com.cn
- Hotline: 400-0707-099 (Chinese Mainland); +86213313-8584 (Overseas Countries/Regions, Hong Kong, Macao, and Taiwan)

Whistleblowers report clues via the above three channels, and the third-party law firm will record every clue after receiving them, and send them to ZTE's clue administrators. The mechanism is shown below:



Moreover, to create a healthy compliance culture within the company, ZTE has carried out various publicity activities in different forms for all employees, for instance, seminars of "Compliance Today" by top management at the Legal and Compliance Forum, activities in the "Compliance Awareness Month", and publicity with the theme of "How Much Do You Know About Compliance Reporting". With these efforts, the company made employees better understand proper compliance whistleblowing and raised employees' compliance awareness.

3. Protecting Whistleblowers' Rights

Keeping the information reported by whistleblowers confidential is the primary principle that ZTE upholds in handling such information. For real-name or anonymous reporting, ZTE will keep confidential all the personal information involved in the investigation. All the phone call records are stored after being encrypted. Meanwhile, while all the paper information is kept in a designated place, and only authorized personnel have access to such information when it is needed for investigation. Leaking any information of whistleblowers will be deemed as a severe violation, and the violator may be dismissed in the worst case.

ZTE resolutely protects whistleblowers' rights and interests, and takes a zero-tolerance attitude towards retaliation of any form. Retaliation of any form will be deemed as a severe violation of ZTE's compliance policies, and the person concerned will be severely punished or even be dismissed. Retaliatory behaviors include but

are not limited to threatening, insulting, or defaming any whistleblower, purposely making difficulties for or suppressing any whistleblower in promotion, job arrangement, or performance assessment, and disapproving of or delaying the handling of any reasonable application filed by any whistleblower.

Remaining People-Centric and Supporting Employee Development

Talent is one of ZTE's three strategic cornerstones, and the core driving force for the development of the company. Upholding the core values of "respecting each other and endeavoring with creativity", ZTE is committed to fostering a culture of simplicity, transparency, inclusiveness, and openness to improve employee experience. The company strives to create smooth channels and broad space for employee growth and career development, and tailor a well-structured and multi-dimensional training system for employees, so that they can create greater value for the company. Moreover, ZTE concentrates resources to improve employees' well-being, adopts an advanced and flexible incentive mechanism, and offers competitive compensation and benefits, to achieve growth of both the company and its employees.

Protecting Employees' Rights and Interests

1. Protecting Employees' Basic Rights and Interests

ZTE strictly abides by all applicable laws and regulations in the places where it operates, and endeavors to provide all employees with fair, equal, and competitive job and development opportunities. We treat employees equally regardless of their race, ethnic group, nationality, skin color, gender, or religious beliefs, take a zero-tolerance attitude towards any form of discrimination, harassment, or bullying, and protect employees' rights and interests at all times. We fully respect the human rights and freedom of our employees and strictly prohibit any child labor, as well as any forced, bonded, or indentured labor.

ZTE always complies with and constantly improves relevant rules and regulations, including the [ZTE Human Rights and Labor Rights Policy](#), to ensure that all employees enjoy equal rights in recruitment, employment, compensation and benefits, training, and promotion.

In the recruitment process, the company has developed regulations on recruitment activities such as the Onboarding Management Process for Employees from Social Recruitment, Management Regulations for the Campus Recruitment, and Management Process for Campus Recruitment for Supply Chain in Vocational Colleges, to provide equal job opportunities for all applicants. For campus recruitment, comprehensive and layered recruitment is conducted to support business development. More specifically, ZTE provides various positions in R&D, marketing, operations support, and supply chain for fresh graduates, and offers the Blue Sword Program and super special offer for talent with outstanding professional strengths and qualities. For overseas recruitment, in 2022, ZTE carried out local campus recruitment in 10 countries, including Indonesia, the Philippines, Italy, Hungary, and Spain, contributing to the local job market.

In addition, ZTE strictly abides by relevant laws and regulations. In 2022, ZTE started to implement the parental leave policy, according to which eligible employees may take five to ten days off each year in line with the local policies.

For more details about relevant data on employees, please refer to the 2022 Sustainability Performance.

[Case] ZTE Human Rights and Labor Rights Policy

ZTE respects all internationally recognized human rights, strives to protect human rights and labor rights in all respects, and incorporates its practices about and commitments to human rights protection in the [ZTE Human Rights and Labor Rights Policy](#).

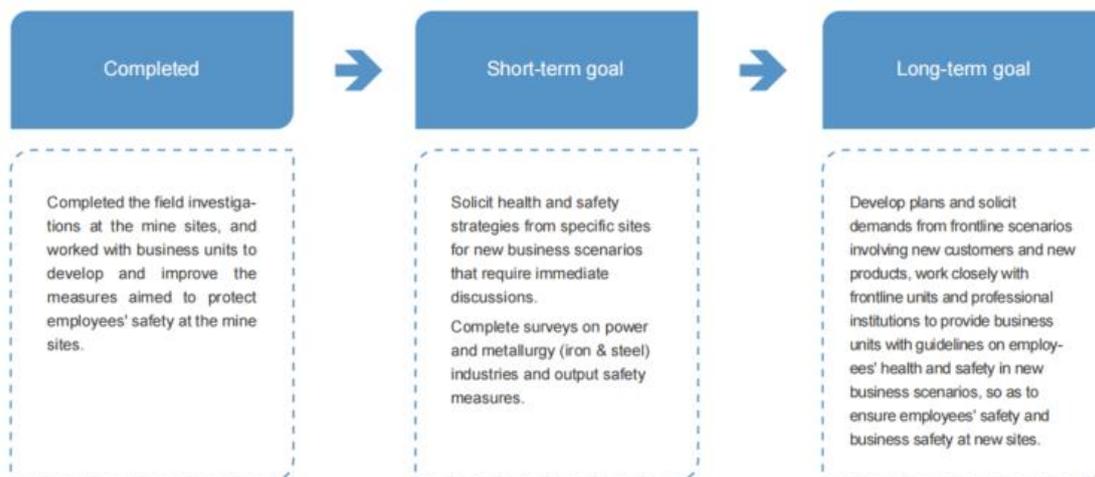
In 2022, ZTE revised the policy, promising to provide employees with equal job opportunities and take various measures to protect employees' physical and mental health. Moreover, ZTE values employees' feelings and works to build a simple, transparent, and honest communication environment, respects employees' diverse demands and endeavors to create an open, inclusive, and harmonious workplace, and enhances talent training and offers competitive opportunities to help employee grow and create greater value.

2. Caring for Employees' Health and Safety

(1) Refining Health and Safety Management

ZTE shoulders the great responsibility of protecting employees' physical and mental health. In 2022, ZTE continued observing relevant requirements in the *Management Regulations on the Organizational Structure and Operating Mechanism of the Health and Safety Committee*. For example, the company held regular meetings of the Health and Safety Committee to review and decide on the work contents related to employees' health and safety, including system building, accident management, process control, cultural awareness and capability enhancement, and emergency management. Our management members conducted regular inspections to ensure the refined health and safety management. Also, ZTE kept optimizing the management regulations on health and safety, and completed the formulation, revision, and abolishment of 22 documents, including the *Regulations on the Management of Fire Protection*, *Regulations on Emergency Preparedness and Response Management*, *Construction Management-Management Regulations on "Three Simultaneities" of Safety Protection*, and *Regulations on the Safety Management of Radioactive Materials and Devices*.

In addition, based on new onsite operation demands arising from business expansion, ZTE has further detailed the plans for safety management of the new business scenarios. For example, in 2022, ZTE arranged for health and safety experts to conduct field investigations at mine sites in Shanxi. On this basis, the experts analyzed the working scenarios and precautions, developed the approval rules, process, and mechanism for operations in mines, to ensure that employees must obtain approval before working in mines. In terms of regulation development, ZTE formulated the regulations on safety management of coal mine projects and the rules on occupational disease examination for employees working in mines based on the occupational hazards in the workplace. In addition, ZTE has built training mechanisms for coal mine projects, and produced safety training videos, to provide effective training in project safety.



Safety Measures and Plan for New Business

[Case] ZTE held the 5th Health and Safety Forum

In July 2022, ZTE hosted the 5th Health and Safety Forum in Nanjing, China. With the theme of "Safe, Scientific, and Green Electricity Use", this forum has gathered more than 20 partners for in-depth discussions on health and safety management, especially on how to use electricity in a safe, scientific, and green manner.

During the forum, the participants focused on the theme of electrical safety proactively shared their successful experience in health and safety management, and discussed the difficulties, countermeasures, and follow-up planning of health and safety management. The forum arranged for not only experts from power companies to share safe electricity technology, and experts from the Meteorological Bureau to explain lightning and static electricity protection, but also demonstration

of new intelligent and digital technology applications and roundtable discussions. With these efforts, the forum has effectively boosted audience engagement and achieved fruitful results.

As a driver of digital economy, ZTE is willing to work with partners to accelerate the widespread application of 5G technology not only in traditional industries and emerging fields, but also in health and safety management, to continuously improve the health and safety management capability of the entire industrial ecosystem.



(2) Making All-out Efforts to Guarantee Fire Safety

ZTE has attached great importance to the capability building and regulations on fire safety, and set up the Fire Safety Committee to take charge of the fire safety work. In 2022, the Fire Safety Committee implemented the resolution of having level-3 and level-4 management members sign an annual letter of commitment to fire safety. Together with the Health and Safety Office, the committee organized onsite safety inspections by ZTE's Chairman, and completed rectification of problems related to fire prevention, to continuously enhance fire safety in ZTE.

To address fire risks, ZTE evaluated and investigated the current fire safety management of its headquarters in Shenzhen, which involved personnel density, fire equipment status, and system maintenance. The company also sorted out the electric vehicle parking and charging sites to effectively evaluate and control potential fire safety risks.

In terms of fire prevention training, ZTE issued circulars about fire safety accidents on a monthly basis. Moreover, the company organized training on its fire safety regulations for relevant personnel in level 2 units based on the newly released regulations, including the *Regulations on the Management of Fire Protection*, *Regulations on the Management of Fire Safety Incidents* and *Regulations on Fire Safety Risk Management*.

In terms of fire prevention publicity, ZTE posted 42 materials on its official account on iCenter named Fire Safety, publicizing knowledge of electrical fire fighting, evacuation skills, and fire alarm signs. In addition, the company organized the "119" Fire Safety Month campaign, to select, reward, and publicize the excellent units or employees with outstanding performance in the campaign. Also, ZTE carried out the selection of the annual "fire safety stars", to effectively strengthen employees' awareness of fire safety in diverse forms.

In 2022, ZTE's Fire Safety Committee organized six pre-festival safety inspections. All units have carried out fire inspections on a daily, weekly, monthly, or quarterly basis at all levels and in all areas, and continuously promoted the rectification of relevant fire safety problems.

(3) Enhancing Management of Health and Safety Risks

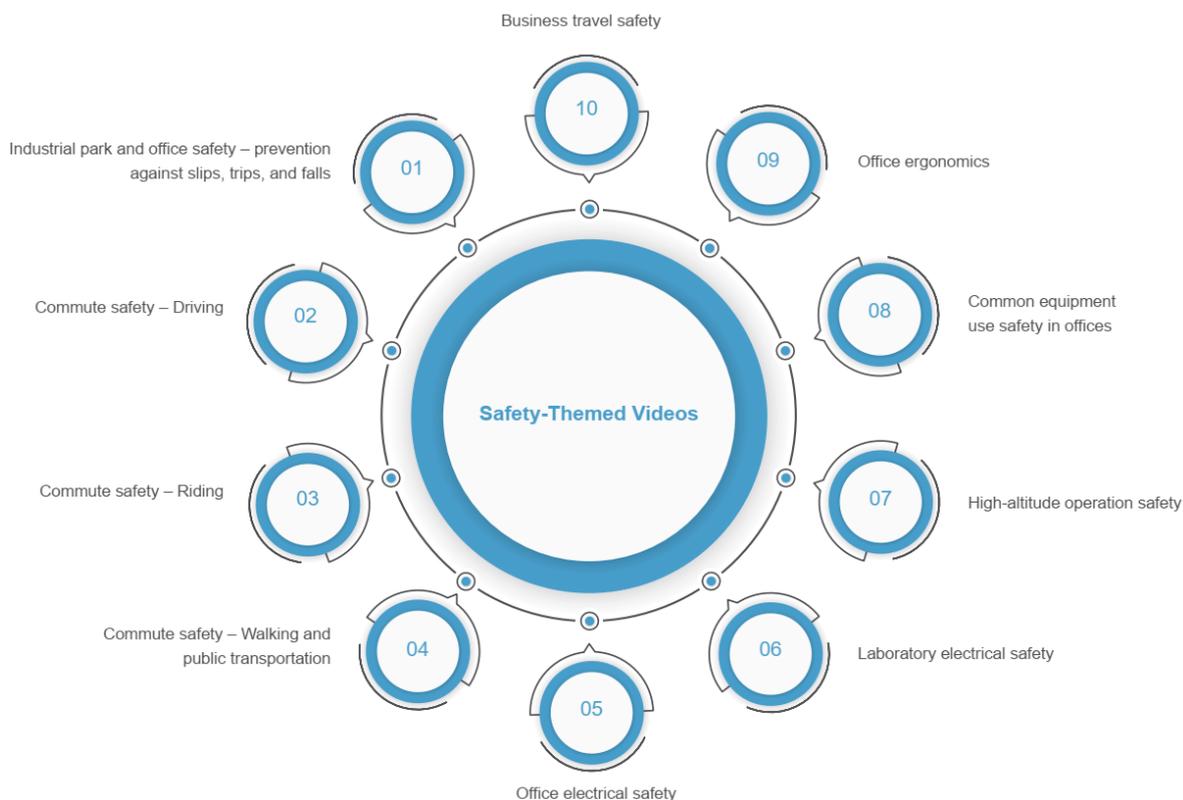
In 2022, ZTE further improved emergency response management and updated its emergency response plans and overseas emergency response mechanism.

In terms of risk management, ZTE adopted standardized, systematic, and digital means, such as an industrial park maturity evaluation, health and safety risk map, and equipment risk map, to comprehensively manage risks in various industrial parks. To verify the suitability, adequacy, and effectiveness of the current laws, regulations, policies, and systems about occupational health and safety, ZTE has built and used the health and safety maturity model for industrial parks. Based on this model, the company evaluated the health and safety management levels of 19 industrial parks, including the manufacturing bases and research institutes in China, and identified the defects in health and safety management. Also, we have released the *ZTE Health and Safety Risk Map* and *ZTE Equipment Medium- and High-Risk Map*, to continuously improve health and safety management. Going forward, ZTE will continuously conduct comprehensive analysis of and update the risk maps based on the identified hazard sources on a quarterly basis, and quickly identify the major risk points, and the related locations, brief information, and responsible persons through the maps.

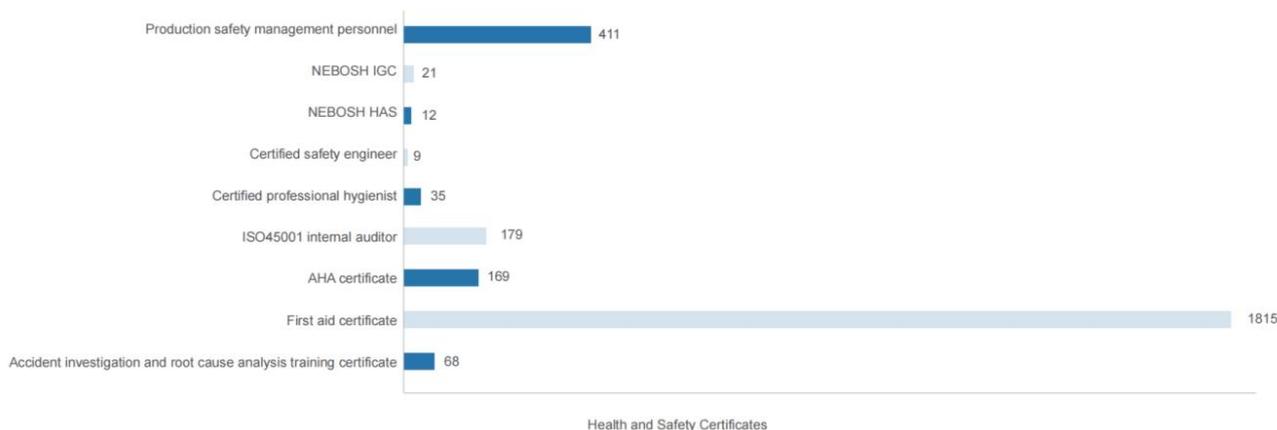
In terms of emergency response drills, ZTE continued to organize comprehensive and special drills targeting key sites and business scenarios. In 2022, the company held 352 comprehensive emergency drills and 226 special drills in Shenzhen, Nanjing, Shanghai, Changsha and Xi'an, and special drills involved various scenarios such as natural disasters, terrorism and explosion prevention, collective emergencies, food poisoning, elevator accidents, traffic accidents, hazardous chemical leaks, accidents in limited space, and power interruptions.

(4) Deepening Health and Safety Awareness of Employees

To further strengthen employees' health and safety awareness, ZTE built a video-based online platform for knowledge sharing. In 2022, to publicize health and safety knowledge among all employees, ZTE carried out 12 themed publicity activities, and released ten videos that covered driving, electricity use, and travel safety, to enhance the awareness among all employees in an easier-to-understand way.



Meanwhile, ZTE has organized qualification certification and special training sessions for health and safety specialists to continuously enhance their professional capabilities.



- In terms of qualification certification, in 2022, 12 more employees obtained the NEBOSH Health and Safety at Work Award (HSA); 27 more employees (35 in total) obtained China's professional hygienist certificate; and two more employees (21 in total) obtained the NEBOSH International General Certificate (IGC). A total of 411 employees completed the retraining for safety production management personnel throughout the year.
- As for first-aider certification, in 2022, 47 more employees (169 in total) received the American Heart Association (AHA) certificate; and 406 more employees (1,815 in total) received the first aid certificate.
- Regarding internal auditor certification, 40 more employees (179 in total) received the ISO 45001 internal auditor certificate.
- For professional capability improvement, 70 employees completed the training session of interlock and lockout/tagout protection for equipment and facility. Furthermore, 36 more employees (68 in total) completed the training session themed "Accident Investigation and Cause Analysis". Ten new courses including multi-media training materials were developed, and 43 teaching materials about field inspection were formulated and promoted. In addition, the company organized the Part-Time Health & Safety Lecturers Competition, in which 33 employees participated and six of them were awarded.
- To provide special training sessions, ZTE invited officials to give lectures and purchased overseas safety training services from professional institutions. With these efforts, the company completed two overseas training sessions on personal safety capability, with 314 participants in total.
- Moreover, ZTE organized two skill assessments on the health and safety management personnel. A total of 495 employees participated in level 1 skill assessment (189 passed), 484 employees in level 2 skill assessment (240 passed), and 12 employees in level 3 skill assessment and above (8 passed).

(5) Creating a Health and Safety Culture

In 2022, ZTE made great efforts to improve the safety management and raise the awareness of self-protection among employees to reduce injuries and fatal accidents.

To foster a health and safety culture, the company has arranged for 23 level-2 units to carry out the Ankang Cup Health and Safety Competition since 2019, with the number of participants increasing and the scope of coverage expanding year by year. In 2022, ZTE's Trade Union and the Health and Safety Committee launched the Ankang Cup competition themed "Checking and Removing Hazards to Promote Safe and Healthy Development". In this competition, a new mechanism was added to select excellent units through the inspections and assessment of their organization activities, and awards were granted to the selected units. The

competition ran from June to the end of November, greatly contributing to the improvement of the company's safety culture.



Also, ZTE has conducted annual health and safety surveys since 2019 to find out employees' perceptions of the company's health and safety work and its effectiveness. In 2022, more than 17,000 responses were received, with an average score of 94.73, indicating 0.57 points higher than that of last year.

[Case] ZTE Launched "Production Safety Month" Together with Engineering Service Partners in China

In June 2022, China launched the Production Safety Month activity themed "Comply with Production Safety Laws and Act as the Primary Responsible Person". In response to this, ZTE's Engineering Service Dept. III and the Engineering Service Quality Management Dept. worked with partners in China and carried out its own Production Safety Month activity. The event aimed to strengthen safety awareness, publicize safety knowledge, and foster a safety culture at workplaces, in which every partner, manager, and relevant personnel can stay alert to work safety and respect the lives of themselves and others, to ultimately ensure safety at work.

On June 10, ZTE's Engineering Service Dept. III, the Engineering Service Quality Management Dept., and engineering service partners jointly held the kickoff meeting for the Production Safety Month activity. The event consisted of four activities, namely, signing the letters of commitment to health and safety, publicity of safety incidents, internal health and safety audits on partners, and selection of role models in production safety.

- Signing the letters of commitment to health and safety: CEOs and more than 10,000 employees of dozens of partners signed the letters of commitment.
- Publicity of safety incidents: We completed seven sessions of case study on incident and emergency response, and branch offices organized special training in production safety for all employees of partners at workplaces.
- Internal health and safety audits on partners: We conducted safety inspections at the workplaces of partners, to help them identify potential risks and make improvements.
- Selection of role models in production safety: Our partners appointed a total of 124 safety administrators for provincial-level projects, and role models were selected through theoretical knowledge tests, case analysis proof submission and oral defense.

Indicator	Unit	2022
Number of employees who died at work during the year	Person	0
Number of participants in the Ankang Cup Health and Safety Competition	Person-time	39,682
Safety drills	Time	578
Coverage of safety training among employees	%	100

For more details about ZTE employees' health and safety performance indicators, please refer to the 2022 Sustainability Performance.

3. Providing Smooth Communication Channels

ZTE always values the voice of employees, strives to build an honest and open communication environment, and responds to employees' demands in a timely manner. To this end, the company has established and constantly improved the channels and mechanisms for communication with employees, so that they can fully express their ideas. In 2022, ZTE focused on improving online communication, and created an iCenter group

consisting of employee representatives and Trade Union members, to enable real-time communication with employees for better understanding of their opinions and demands.

ZTE held one meeting of the Trade Union Member Representative Assembly and 13 Staff Congress meetings online, where 31 important rules and policies concerning employees' rights and interests were reviewed and approved.

Additionally, ZTE has established channels for employee appeal management, including the Trade Union mailbox, zService, rational proposal platform, Share, iCenter official accounts, Trade Union space in iCenter, and staff and member representatives. In 2022, ZTE's Trade Union has conducted closed-loop management of all employees' appeals in accordance with laws and regulations.

In 2022, ZTE launched zService internally. As a "one-stop service platform", zService mainly includes functional modules such as IT fault reporting, administrative service fault reporting, rational proposal, cultural representatives, and frontline and overseas surveys by leaders. Through continuous promotion and optimization of the platform, the platform has become an important communication channel for the company. More than 11,000 suggestions and 15,000 troubleshooting reports were collected in 2022, with a satisfaction rate of 85%.

[Case] ZTE Establishes Dashboards at Workshop, Section, and Department Levels for Smooth Communication

To create a work environment featuring full communication and mutual trust and encourage employees to express disagreements and speak the truth, all seven of the company's main production divisions have formulated annual communication plans, and established communication dashboards at division, department, and section levels, to solve the problems found in communication.

Meanwhile, communication meetings at department, section, and workshop levels are held at least once a month respectively, and publicized among all employees through emails and group meetings. And information about problem communication channels and handling processes was posted in prominent positions, such as the department bulletin boards. In this way, the company aims to listen to employees' voice and know their demands through various channels.

4. Improving Employee Engagement

ZTE carries out the employee engagement survey among all employees on a yearly basis, to listen to employees' voice. On this basis, the company responds to their appeals and expectations through real action, improves their experience, and thus motivating employees to achieve better work results.

Compared with 2021, the company has made notable progress in the employee engagement in 2022. Based on the results of the employee engagement survey in 2021, ZTE identified three key directions for improvement. Specifically, the company has made great efforts from the top down to boost employees' confidence in achieving the strategic goals, enhance ability to attract outstanding talent, and listen to employees' opinions and make corresponding improvements. Therefore, positive results were seen in the 2022 survey.

5. Protecting Female Employees' Rights and Interests

ZTE advocates a diverse, fair, and inclusive culture. In particular, the company pays close attention to female employees' rights and interests. Specifically, ZTE proactively implements the *Special Protection Regulations for Female and Juvenile Workers*. And ZTE's Women Workers' Committee carries out various activities to provide support for female employees' physical and mental health and address their demands.

In 2022, the Women Workers' Committee organized several special training lectures and activities for female employees, including the celebration of International Women's Day, support for economically disadvantaged female employees, and free cervical and breast cancer screening. In addition, the company has actively demonstrated the talents of female employees, created a creative and competitive work culture, and publicized the success stories of female role models. And female employees are highly motivated to devote themselves to their work.

Also, ZTE's Women Worker's Committee has helped improve the working environment for female employees. Four baby care rooms were built, which brought the total number to 30, and one yoga room was added, which brought the total number to 12. The committee also organized seven fellowship activities, and cultural and sports activities for associations of female employees, such as the Yoga Association and Dancing Association.

ZTE supports women in the tech field, and provides platforms at various levels for the development of women's leadership. And these efforts have paid off.

- In 2021, Ms. Li Ying, ZTE's EVP and CFO, was granted the China Best CFO Leadership Award by the ACCA.
- Ms. Cui Li, ZTE's CDO, was listed in Forbes China's "Women in Tech" in 2021, and named to China's Most Powerful Women in Business Future List by Fortune in 2021 and 2022.
- Since 2021, Ms. Gao Yin, ZTE's senior expert in wireless standards, has served as chair for the RAN3 working group in 3GPP, a major international communications standard setting organization.

Also, ZTE has provided support for the career development of women around the globe through inspiring outputs and publications. In 2022, ZTE worked with The Wall Street Journal and published the article titled *Four Women Leading Innovation in Tech*, which told the stories of four women leading technological innovation at different career stages. Meanwhile, ZTE has posted the topic #WomeninTech on its overseas official media accounts, which yielded more than 1.3 million views in total.



Poster of "Women Leading Innovation in Tech"

In 2022, ZTE was listed among the World's Top Female-Friendly Companies that are jointly released by Forbes and Statista based on its remarkable performance in terms of the employees score, public opinion score, and share of women in leadership positions.

Talent Development and Capability Building

Employee growth plays a vital role in the company's sustainable development. ZTE believes that systematic planning and capacity building can boost the development of employees. With a comprehensive career development system and a capability centers system, ZTE always enables its employees to fulfill career goals and unlock their full potential.

For more details about ZTE's employee training statistics, please refer to the *2022 Sustainability Performance*.

1. Effective Employee Capability Improvement

To promote talent development, ZTE provides employee with three career development paths: managerial, professional, and project management, and a mechanism for the building of a leading talent team, thus ensuring comprehensive channels of capability improvement for employees.

Every year, ZTE conducts surveys on and interviews with employees and management members separately to verify the effectiveness of training from a business perspective. This aims to optimize the company's capability building system and further enhance employees' capabilities, to adapt to the growth of business.

The survey results in 2022 showed that the training's effectiveness had been improved in 2022 compared with 2021. For instance, the recognition of learning resources grew by 1.87 points. In addition, 96% of the employees had a better understanding of the credit-based learning system, and thought highly of specific learning tasks since the courses, exam topics, and related practices well met their needs.

2. Talent Development in Key Fields

ZTE spares no efforts to develop talent in core technologies. The company selects leading young talent in key technical fields, and assigns a mentor for each of them to carry out challenging projects together. Through targeted training and practice, the leading talent has greatly contributed to the company's business development and strategy of technological leadership. In 2022, the company selected 27 employees as leading talent, and 15 employees from the talent pool became level-6 experts or level-4 management members. ZTE has also deepened exchanges with external experts, and organized the Future Communications Technology Forum to strengthen technological capabilities.

In addition, ZTE has established incentive systems with various awards to support the development of key talent. For example, to encourage outstanding young R&D personnel to actively explore new fields and make more achievements in leading technologies, the company sets the ZTE Youth Awards for excellent young R&D employees. A total of 175 employees received the award in 2022. The company has also set the Scientific and Technological Breakthrough Awards for Leading Young Talent in order to motivate leading talent to undertake challenging projects and achieve technological breakthroughs, thus promoting the company's strategy of technological leadership. In 2022, significant technological breakthroughs were made in 46 projects led by young talent, and 12 of these projects received the awards.

Indicator of Awarded Employees	Winner
Employee with outstanding contribution - Gold Award	11 persons
Employee with outstanding contribution - Silver Award	28 persons
Employee with outstanding contribution - Annual Hard-Working and Innovative Pioneer	136 persons
Employee with outstanding contribution - Outstanding Graduate of the Year	56 persons
Employee with outstanding contribution - Gold and Silver Mentor	31 persons

3. Capability Building of Frontline Employees

ZTE attaches great importance to the development of new employees on the manufacturing frontline. It guarantees systematic employee development through training, practice, and competency assessment.

(1) New Training Model

Over the years, ZTE has built innovative training sites for frontline new employees to improve professional skills. The training sites provide a simulated production environment, corresponding mentors, and sufficient equipment, tools, and cases, so that every employee can carry out adequate practices and improve skills. By the end of 2022, ZTE has built more than 20 training lecture rooms and over 30 training sites.

In 2022, ZTE selected key positions that have high technical requirements and a long training cycle, and built new skill training sites for employees to practice and improve their skills and have their skills checked and accepted. The company has set up 38 training sites in 5 manufacturing bases, covering 25 positions. In 2022,

more than 7,000 employees completed their skill training at these sites. The training sessions covered main procedures, including SMT, welding, high-temperature testing, assembly, maintenance, materials management, and packaging, and received high recognition from employees.

(2) Training for Frontline Team Leaders

Shift team leaders are critical in ZTE's manufacturing system as they are directly responsible for the accomplishment of production tasks and the improvement of the shift teams' capabilities and cohesiveness. Therefore, the training for shift team leaders is also a key part of the company's training program.

In 2022, ZTE kept improving the capability model of shift team leaders. Specifically, the company optimized scenario-based training courses centering on professional skills, self-management, on-site management, personnel management, and advanced capabilities, improved the multi-level training system and course resources, introduced more lecturers, and organized training camps for shift team leaders, so as to realize 100% training coverage, enhance capabilities, and strengthen practical skills.

In 2022, the company provided training for approximately 300 shift team leaders.

4. Contributing to the Industry's Talent Development

In addition to the talent cultivation for its own development, ZTE also vigorously promotes industry-university-institute cooperation with customers, operators, and channel partners, to provide talent for the industry.

(1) Training for Customers and Operators

In 2022, ZTE provided the middle and top managers of Chinese telecom operators with high-end training sessions. Centered around the telecom operators' annual priorities, the training sessions were designed on the basis of three core elements—strategic management, business innovation, and organizational leadership, and the training delivery was supported by a resource pool of lecturers consisting of the ZTE's management members and external experts. The training sessions served more than 500 trainees in total, contributing to the digital transformation of these operators.

Committed to computing networks, 5G networks, and 5G-for-business, ZTE organized activities represented by China Mobile Competition and Training on Computing Power and Network Operation and Maintenance, China Mobile Advanced Training on 5G Wireless Network and Core Network, China Telecom "Spark Program" Training, China Unicom "Thousand-Hundred-Ten" 5G Talent Training Program, and 5G Vertical Industry Capability Enhancement Training for China Mobile Guangdong, to facilitate the development of 5G network business and the cultivation of leading technical talent for Chinese telecom operators. In 2022, the company provided 538 training sessions, altogether 2,243 training days, for Chinese telecom operators and enterprise customers, with 8,930 participants and an average satisfaction score of 98.59 points. Additionally, it organized 345 training sessions, altogether 1,776 training days, for international telecom operators and enterprise customers, with 5,175 trainees and an average satisfaction score of 92.32 points.

(2) Training for Channel Partners

To help its partners enhance qualification and service capabilities, ZTE has established a cross-system project team on learning material development and certification optimization, ensuring effective and practical learning materials with easy access for partners. Based on unified standards, the company also enables partners to smoothly adapt to a new learning certification system. In 2022, the company upgraded 31 exams concerning 15 certification products on the third-party examination platform VUE, and saw a year-on-year increase of 179% in the number of partner trainees.

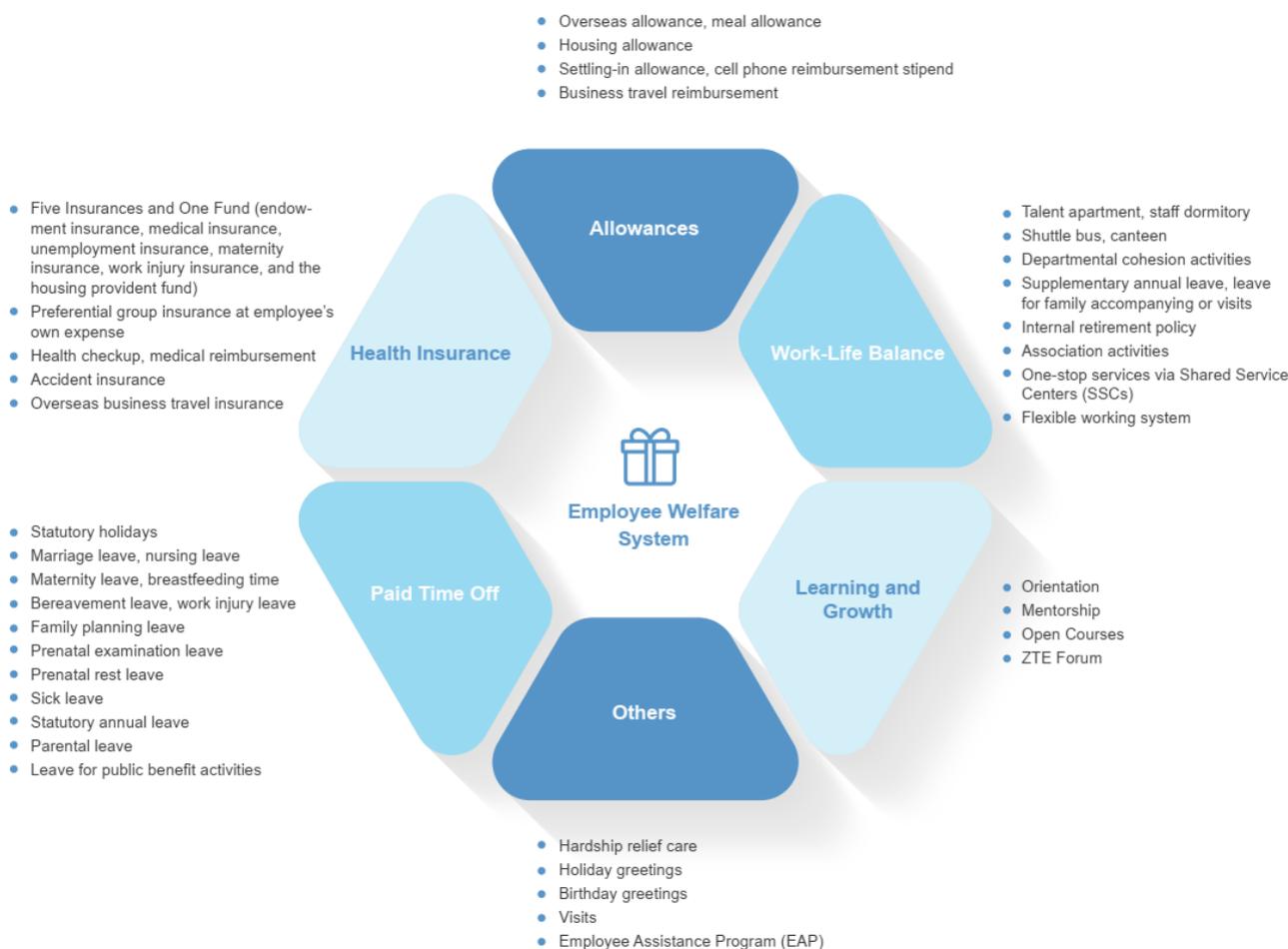
In 2023, ZTE will continue to carry out training programs to adapt to and also help achieve the company's business goals.

Caring for Employees

ZTE attaches great importance to employees' work-life balance, and strives to guarantee internal satisfaction to improve the stability and enthusiasm of employees.

1. Upgrading Employee Benefits

ZTE has been upgrading its employee welfare system that covers many aspects in life and at work.



ZTE provides strong support for employees in need and their families. For employees' health, the company organizes regular medical checkups, and provide emergency medical care as well as telemedicine services. In addition, financial aid will be offered to employees with serious or chronic illness. As to support in emergency situations and major disasters, the company further raised the limit for purchasing disaster relief supplies in 2022.

In 2022, ZTE's Trade Union allocated CNY 2.2 million to employees and their families who suffered from emergency accidents or major diseases, helping 107 people in total.

Moreover, the company improved its employee welfare system based on comprehensive consideration of employees' wishes. For example, the medical insurance policy has been optimized for the benefits of employees.

2. Optimizing Remuneration

In 2022, ZTE continued to offer incentives based on value contribution. Through precise pay raise, differential incentives, and stock options, employees' enthusiasm was further stimulated, which in return contributed to the company's business growth.

For core employees in key positions and high-potential employees, the company released the second round of the Three-Year Incentive Plan 2022–2024, and optimized related rules, so that employees with excellent performance could receive more rewards.

3. Improving Employee Care

ZTE provides sufficient resources for the plans and activities of various employee associations, to ensure that its employees enjoy a happy and healthy life.

In 2022, ZTE's Trade Union organized 20 company-level recreational and sports activities, including basketball games, Super Cup football game, badminton matches, table tennis competitions, swimming contests, mountain-hiking activities, and ZTE's first e-sports competition. The participants came from all the 23 branches of the Trade Union, and each game witnessed over 200 players on average. Those activities created the craze for sports and health across the company.

The Trade Union also upgraded its work mode through digital transformation, to enhance employees' satisfaction. In 2022, it launched the Trade Union Welfare Mall, a one-stop, customized, and intelligent online shopping mall connecting to external e-commerce platforms. Based on the Welfare Mall, the variety of welfare gifts has been greatly enhanced, guaranteeing the greatest satisfaction of employees with intelligent services.

To enhance employees' sense of achievement and happiness, the Trade Union improved the collective welfare benefits, raising the fixed annual budget for its members from CNY 2,600 per person to CNY 2,700 per person, and the allowances for employees on duty during the Spring Festival.

Igniting Innovation with Solid Foundation for Shared Success in Digital Economy

Field	Objective	Progress
Innovation and Empowerment	<ul style="list-style-type: none"> ■ Focus on innovation of underlying technologies, promote the integration of ZTE's Operating System (OS) with mainstream homemade automotive chips. ■ Reinforce Intellectual Property (IP) management and keep high investment in R&D, to maintain the leading position in technology and patent. ■ Strengthen technological development, industrial promotion, and talent cultivation. 	<ul style="list-style-type: none"> ■ Became the first Chinese manufacturer in the field of automotive OS that had passed the PSE52 test (certified by the IEEE) of the Open Group. ■ Until 2022, filed applications for more than 85,000 patents, with over 43,000 granted. ■ In 2022, focused on fields such as wireless, wired, and terminal technologies, and signed more than 100 cooperation projects, to combine the engineering capability of enterprises with the cutting-edge technology research capability of universities to jointly solve industrial technology problems and cultivate excellent talent.
Customer Rights and Interests	<ul style="list-style-type: none"> ■ Pass the GSMA NESAS2.1 audit. ■ Obtain the security certification of the German Federal Office for Information Security. ■ Obtain the ITSS certification for cloud services, EasyMesh™ R3 certification of the Wi-Fi Alliance for fixed network terminal products, and SaaS security capability certification of the CAICT for RDCloud. ■ Conduct customer satisfaction surveys and carry out targeted improvements to meet customers' demands. 	<ul style="list-style-type: none"> ■ Passed industry-first GSMA NESAS2.1 audit. ■ Became the world's first company that had obtained the security certification from the German Federal Office for Information Security, obtained the level-1 information security certification of CCRC, became a level-2 technical support company for CNNVD, and obtained the level-1 certification for telecom network security service capability (security design and integration) of China Association of Communication Enterprises. ■ Obtained the ITSS certification for cloud services, EasyMesh™ R3 certification for fixed network terminal products, and SaaS security capability certification of the CAICT for RDCloud. ■ Collected customer satisfaction rate and the Service Level Agreement (SLA) fulfillment rate based on the public data in internal systems, with the customer satisfaction rate reaching over 99%.
Green Development	<ul style="list-style-type: none"> ■ Systematically implement the national dual carbon strategy to help achieve carbon peaking by 2030 and carbon neutrality by 2060. ■ Promote the construction of ZTE's Global 5G Intelligent Manufacturing Base in Nanjing. ■ Continuously promote metal and plastic recycling through external cooperation. 	<ul style="list-style-type: none"> ■ Built a joint team of company-level projects led by the Chief Strategy Officer, with more than 250 persons directly involved, to systematically promote ZTE's ten major projects for green development. ■ Obtained the ISO 14604-1:2018 certification for greenhouse gas emission quantification issued by SGS, becoming the first company in China's telecom industry to import and implement this standard; promoted low-carbon operations, and reduced the annual carbon emissions of sold products by more than 14.72% through service sharing in the middle platform, cloud-based

		<p>R&D, and technology-enabled energy-saving as well as carbon reduction in laboratories.</p> <ul style="list-style-type: none"> Continuously enhanced efficiency in ZTE's Global 5G Intelligent Manufacturing Base, reducing lead time by 42%. Conducted in-depth cooperation with over 150 environmental protection organizations in 60 major countries/regions around the world, and recycled a total of 1,418 tons of metals and 61 tons of plastics.
Responsible Procurement	<ul style="list-style-type: none"> Conduct carbon audit on suppliers. Expand the scope of conflict minerals investigation to realize full coverage of suppliers. 	<ul style="list-style-type: none"> Officially initiated carbon audit, and conducted the audit on 109 suppliers. Completed the integrated certification audit (including CSR audit) on 61 new suppliers and 162 existing suppliers, and JAC's standard CSR audit on 9 suppliers. Further expanded the scope of conflict minerals investigation and realized full coverage of suppliers, with altogether 984 suppliers investigated in 2022.
Global Public Welfare	<ul style="list-style-type: none"> Provide care for vulnerable populations and carry out environmental protection. 	<ul style="list-style-type: none"> Carried out altogether 248 public welfare activities in 2022, including care for motherless children, mountain cleaning, and art therapy for autistic children, serving more than 100,000 people in total.

Contributing to the UN Sustainable Development Goals



Empowering Industries Through Innovation and Building the Foundation of Digital Economy

According to GSMA's annual report *The Mobile Economy 2022*, it is estimated that the number of mobile subscribers will rise from 5.3 billion to 5.7 billion, and the coverage of the global population from 67% to 70% in 2025. The Internet of Everything is about to become ubiquitous. In this critical period of digital economy, ZTE sticks to its role of "Driver of Digital Economy", continuously strengthens technological innovation, and supports global digital transformation with innovative ICT products and solutions.

Building Digital Capability

Pursuing stronger core competence with ceaseless independent innovation, ZTE continuously increases investment in chipset, algorithm, architecture, database, and operating system, and builds a high-quality ecosystem of industry-university-institute collaboration, laying a solid foundation for empowering various verticals.

1. Continuous Innovation of Underlying Technologies

In terms of chipset, ZTE focuses on the design of communication chipsets. We have developed a mature design platform, and realized mass production of advanced chipsets. In IP development, ZTE has commercialized its self-developed 56G SerDes, which is also the first one in China, narrowing the gap with the international level in the field of high-speed SerDes. In addition, with the self-developed commercial RISC-V CPU core of A55 level, ZTE has laid a foundation for independent development of high-performance CPU cores, contributing to the development of China's RISC-V ecosystem. As for industry standards, the company has made breakthroughs in D2D technology after years of research and practice, and participated in the drafting of China's own chiplet standard, promoting the development of chiplet technology and corresponding standards for commercial use in China.

Regarding optoelectronics, ZTE's ultra-high-speed Modulator-Demodulator (MODEM) integrating Thin Film Lithium Niobate (TFLN) and Silicon Photonics (SiPh) has been technically validated, enabling coherent 800 Gbps optical transmission. In addition, the company has completed technical development of tunable semiconductor lasers with narrow linewidth, and will apply these lasers to optical devices in 2023. With a solid foundation in technologies, ZTE also has participated in drafting the *Reliability Test Method for Non-Gas-Tight Optoelectronic Devices Used in Telecommunications* of China Communications Standards Association (CCSA), and passed the oral defense organized by the Ministry of Industry and Information Technology.

As for OS, ZTE's microkernel automotive OS has been integrated with mainstream homemade automotive chips, such as SemiDrive X9U, Black Sesame A1000, and Horizon J5, and passed the adaption to main functions of the AUTOSAR Adaptive Platform on those chips. The homemade software and hardware ecosystem centered on ZTE's Microkernel OS has taken shape. This OS has passed the PSE52 test (certified by the IEEE) of the Open Group, making ZTE the first Chinese company passing the certification.

Concerning airborne OS, ZTE has developed an error monitoring and diagnosis module for complex avionics systems, and obtained the highest safety approval of the Civil Aviation Administration of China (CAAC). This module has been adopted on major airplanes in China.

As to server OS, with the hypervisor supporting hardware acceleration, ZTE's cloud platform architecture is evolving towards the DPU-centric cloud architecture. The company has optimized its containerd, with a memory usage of 700K/container, saving 79% of memory than open source containerd.

2. Fostering an Open Source Culture of Collaborative Innovation

Open source software is gradually changing the global software development landscape. As a leading telecommunications equipment manufacturer, ZTE attaches great importance to open source work, takes energetic roles in open source activities, and fits the open source culture into its corporate culture. Through open source contributions, ZTE has grasped and deeply influenced technology development trends, enhanced its own technological strengths, and helps create an ecosystem, thus leading the development of the industry.

"Embrace open source with compliance in mind, and contribute to communities with great value". This is the essence of ZTE's open source culture. As an initiator and contributor, ZTE actively participates in the construction of open source communities in China and abroad, continuously strengthens related cooperation, and keeps sharing projects as well as code in these communities. The company has introduced open source culture in many aspects, advocating the spirit of innovation, openness, and vitality. As for open source software, ZTE sticks to corresponding compliance, and encourages R&D contributions. By actively sponsoring open source activities, the company guarantees continuous development for open source communities.

[Case] First Open Source Hackathon Successfully Held to Promote Open Source Innovation

The Open Source Hackathon 2022 was a company-level competition organized by the Open Source Team of the company's Standardization Strategy Committee, Open Source Community of Practice (CoP), and R&D institutes, aiming to promote open source culture. The competition was held on a practical basis, as its topic was to develop a trustworthy open source SBOM tool, which could later be used in the company's toolchain development.

The competition lasted more than one month. Eventually, 7 outstanding teams were selected from over 20 teams, winning the Grand Prize, First Prize, Second Prize, and Third Prize. Finally, the Open Source Hackathon aroused the enthusiasm of developers for open source, and demonstrated their strength as well as the power of teamwork.

ZTE is an active participant and important contributor to major open source foundations in China and abroad. As a founding member with top-level membership of LF Networking and LF AI & Data, ZTE holds seats on the Board of Directors and Technical Advisory Council (TAC) of both foundations. ZTE is also a gold member of the Open Infrastructure Foundation (formerly the OpenStack Foundation) with six Project Team Leaders (PTLs). ZTE ranks sixth in the world with a total of over 5,000 Commits in the Train version of OpenStack, and fourth in the world with 450,000 lines of code in the Ussuri version.

As one of the first Chinese companies to join the Ceph community, ZTE's contributions to the Kraken, Luminous, and Mimic versions rank among the world's top three and the first in China. At LF AI & Data, ZTE has incubated Adlik, a world-leading open source toolkit for accelerating deep learning inference which is recognized by authoritative institutions.

Open Source Foundation Where ZTE Holds Membership	Membership Level	Enrollment Time
Open Infrastructure Foundation (OpenInfra or OIF)	Gold	2013
LF Networking (LFN)	Platinum	2015
Cloud Native Computing Foundation (CNCF)	Gold	2017

Data Plane Development Kit (DPDK)	Gold	2017
LF Artificial Intelligence & Data Foundation (LF AI & Data)	Premier	2018
Ceph Foundation (Ceph)	Premier	2018
RISC-V International (RISC-V)	Premier	2020

3. Building Industry-Leading Labs

ZTE's State Key Laboratory of Mobile Network and Mobile Multimedia Technology is the only enterprise-built state key lab in China that focuses on both mobile communications and multimedia technologies. In 2022, the lab continued to carry out fundamental research on mobile access network, mobile core network, mobile multimedia and terminals, IC chips, and AI, and made technological innovations with systematic and original research results, offering strong support to the high-speed development of China's ICT industry.

To further empower industries with 5G, the company has established three labs with continuous improvement, namely, the 5G Global Innovation Center, ZTE Digital Nebula Alliance (ZDNA) Center, and CloudLab. Based on these labs, ZTE validates industry solutions and develops employee skills, to ensure sustained development of leading industry solutions.

- ZTE's 5G Global Innovation Center provides a unique environment for innovation with sufficient software and hardware, and integrates terminals, networks, cloud, and platforms to achieve data awareness and promote industry applications. Based on modular components, ultimate network, precise cloud and network solutions, and empowerment platforms, the center enables ZTE to facilitate digital transformation together with its partners. Thanks to the 5G Global Innovation Center, ZTE is exploring nearly a hundred innovative 5G application scenarios with over a hundred partners in multiple fields, and has carried out more than 60 demonstration projects worldwide based on these application scenarios, gaining precious experience for the innovation in 5G business models.
- The ZDNA Center hosts the software and hardware platforms for ZTE's Digital Nebula solutions, and serves as a bridge for external collaborations. Based on the software and hardware platforms, the ZDNA Center continues to test, validate, and demonstrate the ZTE Digital Nebula platform with Independent Software Vendors (ISVs). In 2022, the center has completed joint innovation and testing of 24 solutions in manufacturing, energy, electricity, mining, and other fields, and these solutions have been successfully applied to practical project implementation.
- ZTE's CloudLab focuses on quantum trusted cloud, network innovation cloud, urban rail cloud, network information security cloud, and other cloud-related solutions, and supports presales demonstration, onsite software validation, and joint testing with third parties for cloud-related projects. The lab ensures the feasibility of cloud-related solutions and the development of required functions. It also enables mutual certification with industry partners to support the validation and delivery of project solutions. So far, the CloudLab has validated over 40 cloud-related solutions, supporting the solution delivery of many major projects.

4. Steadily Promoting Industry-University-Institute Cooperation

ZTE attaches importance to scientific research cooperation with universities and research institutions to promote innovation. In 2022, focusing on wireless, wired, and terminal technologies for 5G applications and network pre-research, the company signed more than 100 cooperation projects to integrate its engineering capabilities with universities' cutting-edge technology research capabilities, aiming to jointly solve technology problems and cultivate outstanding talent. At present, 11 joint labs have been established, and strategic agreements have

been signed with prestigious universities in China to carry out in-depth cooperation in technology pre-research, industry promotion, and talent cultivation.



Technical Seminar Held by ZTE

ZTE strives to build a platform for industry-university-institute cooperation, and improve the corresponding ecosystem. Through academic magazines such as ZTE Technology Journal, ZTE has attracted more than 100 Chinese and foreign experts and scholars as the think tank for corporate development. Based on the industry-university-institute cooperation forum, the industrial and academic resources are integrated to create greater value. By means of the postdoctoral workstation, and the collaboration with governments, enterprises, and universities, ZTE continuously introduces and develops scientific and technological talent, and promotes deeper industry-university-institute partnerships.

Strengthening Intellectual Property Management

1. Optimizing Patent Portfolios and Licensing

ZTE keeps improving the life-cycle management of its patent portfolio from a long-term perspective, to promote systematic IP management and continuously enhance the quality and value of its patents.

In terms of non-standard essential patents, ZTE's patent asset team and its Technical Patent Committee work together to optimize the patent portfolios. Based on its R&D projects, ZTE organizes brainstorming activities to stimulate the creativity of engineers and improve the patent portfolios. In addition, the company embeds optimization points into the lifecycle management of patent portfolios, and conducts refined classification and analysis of its patent reserves to enhance patent operation and create high-quality patent portfolios.

As for Standard Essential Patents (SEPs), ZTE manages the portfolios with scientific and systematic classification, and prepares for patent licensing, litigation, and trading, thus greatly reducing the time to put a patent into operation.

To ensure overall quality of its SEPs, ZTE continues to organize exchanges with international standardization organizations and participate in standardization conferences, transiting from a follower to an active competitor and protecting technologies by patents. The company also tracks the global SEP data, and cooperates with professional companies in analyzing the data to better understand the requirements for SEPs.

In addition to conferences held by international standardization organizations, ZTE is also invited to various activities on IP management to share its experience, such as the annual conferences of the Intellectual Property Business Congress (IPBC), and the interviews of the Institute of Asset Management (IAM).

Since its foundation, ZTE has maintained high investments in R&D to ensure the leadership in technology and patent reserves. According to the *Challenges and Prospects for China's Telecommunications Industry and Intellectual Property Market* issued by Jones Lang LaSalle (JLL), ZTE ranks in the first tier of global patent portfolios, which demonstrates recognition of ZTE's contribution to 5G technology research and standards formulation. So far, the value of ZTE's patented technologies has exceeded CNY 45 billion.

To promote industry development, ZTE actively cooperates with related parties in patent licensing. The company has granted patent licenses to a number of top terminal manufacturers overseas that account for about 35% of global cell phone shipments. Its patent value and patent licensing model are highly recognized in the industry.

2. Intensifying IP Risk Management

With a systematic mechanism for IP risk management, and extensive experience in this field, ZTE is able to handle related disputes effectively and carry out early IP risk management in line with business development needs through risk identification, assessment, control, and response, thus protecting commercial value of its products.

With high respect for IP rights, ZTE follows the industry rules, advocates the legal use of IPs, and actively fulfills the Fair, Reasonable, and Non-Discriminatory (FRAND) terms for patent licensing. By signing patent licensing or cross-licensing agreements with mainstream patent holders of key technologies, ZTE gains the permit to legally use others' IPs.

Indicator	By 2020	By 2021	By 2022
Patent applications	80,000+	84,000+	85,000+
Patents granted	32,000	42,000	43,000
Terminal patent applications	11,600+	12,300+	12,900+
First batch of 3GPP 5G SEPs declared to ETSI	3,300+	4,100+	4,800+

ZTE has received external recognition for its rigorous and forward-looking patent management. Until 2022, ZTE has won the most China Patent Awards in the telecommunications industry, with 10 gold, two silver, and 38 excellence awards. During the 9th Guangdong Patent Award selection, ZTE received one gold award, one silver award, and one excellence award. With these, the company has gained a total of 23 patent awards, including eight gold, four silver, and 11 excellence awards.

Building the Digital Ecosystem for Industries

[Case] ZTE Passed CAICT's First Trusted Digital Service Evaluation

Smart operation is key to digital transformation. With a focus on that, China Academy of Information and Communications Technology (CAICT) has released a series of standards for smart operation, and carried out its first evaluation on smart operation platform building capabilities, covering the capabilities for digital scenarios, digital governance, PaaS, digital service operation, and trusted compatible ecosystem. With the Smart Operation Center based on Digital Nebula, ZTE has passed CAICT's trusted digital service evaluation, becoming one of the first companies in the industry that passed the evaluation.

1. Transportation

In 2022, with a focus on urban rail, high-speed rail, and port, ZTE provided ICT infrastructure and basic platform services based on 5G, cloud computing, and big data for users and partners in the transportation industry, providing strong support for automated production and digital transformation of the transportation industry.

In the urban rail industry, ZTE provided a series of special solutions for SND customization, disaster tolerance, and cloud edge collaboration for the cloud platform of Qingdao Metro Line 6 to meet its requirements of performance, timeliness, and safety. In collaboration with China Mobile Guangzhou, the company created a new benchmark for 5G+ smart metro on Guangzhou Metro Line 18, the fastest metro line in China, and the project was selected into GSMA's *5G in Verticals in China 2022*.



In the railway industry, ZTE and China Mobile have jointly built the first high-reliability 5G private network for a marshaling yard in China at Jiangcun Marshaling Yard of China Railway Guangzhou Group, which enhances digital operation efficiency of the railway system through in-depth integration of 5G and railway operation. The project won a second prize in the enterprise group at the 2022 World 5G Convention and a first prize in the intelligent transportation group at the 5th "Bloom Cup" 5G Application Competition.

In the port industry, ZTE facilitated the digital transformation of Nanjing Port in May 2022 with its top-level consulting and design for digital transformation. In Tianjin, ZTE implemented the practice of automation with 5G technology at Tianjin Port by developing a commercial solution for 5G-powered automation of quay cranes that integrates standard 5G network and innovative applications. The solution enables regular and large-scale commercialization of 5G intelligent container trucks, 5G quay crane remote control, 5G intelligent tallying, and integrated management of container operations, thus improving efficiency and reducing cost. It was recognized as one of the Top 10 5G Application Cases by *Communications World* and at the 4th World 5G Convention, and it won a first prize at the 5G Innovative Application Competition for the Manufacturing Industry. In Yunnan, ZTE has built the smart Tianpeng Port with the Digital Nebula, realizing integrated management of personnel, vehicles, goods, and alarm systems, and solving prominent problems in port management such as unsystematic management, poor customs services, and decentralized information system.



Commercial 5G Automation at Tianjin Port

[Case] ZTE Contributes to a More Connected and Intelligent Automotive Industry

With key technologies and core competence in the telecommunications industry, ZTE is committed to becoming a provider of underlying technologies of digital vehicles, and a partner in the production of China-made high-performance vehicles, aiming to provide automakers with connected, intelligent software and hardware products as well as services.

In 2022, the company developed key technologies of automotive electronics, and ensured high reliability and performance. With innovation advantage in key technical fields, ZTE has gradually built quality control standards, performance appraisal methods, and specification definition process for the automotive field. In addition, ZTE has applied its existing technologies, made capability breakthroughs, and developed industry solutions consisting of the automotive operating system, chipsets, and digital solutions.

- In terms of automotive operating system, with the continuous construction of the ecosystem and the constant improvement of self-driving technologies, ZTE is gradually building a "China-made chip + China-made software" solution with higher functional safety for mass production through a "three-step" strategy and joint exploration with partners. According to an exclusive report of Gaogong Intelligent Automobile Research Institute in 2022, ZTE's automotive operating system ranked No. 1 in terms of potential growth power calculated with multidimensional weights, such as delivery of factory-installed products/targeted market share, R&D capability and funds, and industrial chain resources. At the same time, the company's product solutions have won several gold awards.
 - As for chips, ZTE's first self-developed 5G + C-V2X technology is used in automotive communication modules to support connected vehicles. It has been adopted by three major Chinese car factories, namely, FAW, SAIC, and GAC, leading the trend of China-made 5G chips in the industry.
 - Concerning digital solutions, with rich experience in digital transformation, ZTE has formed a mature theoretical system of digital transformation through practice in different industries, and its digital solutions are well recognized
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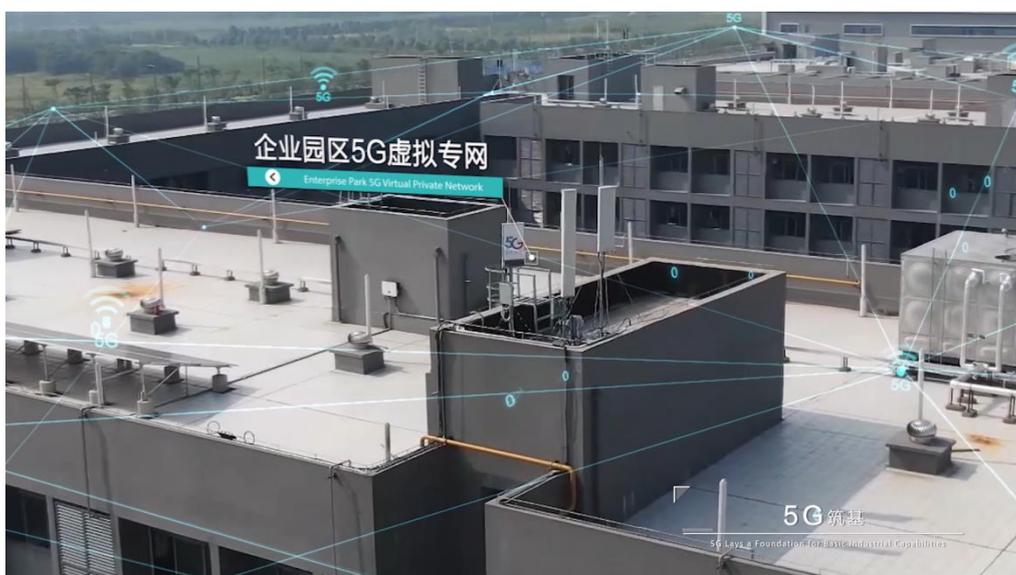
by many car manufacturers. Currently, the company is facilitating the digital transformation of OEMs such as Chery Automobile, to help them build a new office environment with efficient collaboration and high-level security.

In 2022, ZTE has carried out strategic cooperation with FAW, SAIC, and Chang'an Automobile in operating systems, chipsets, T-Box and modules, and digital transformation.

2. Manufacturing

The manufacturing sector is the foundation of national economy, as well as a key field to be digitalized by 5G and other new technologies.

In electronic manufacturing, based on continuous practice, ZTE has built the Global 5G Intelligent Manufacturing Base in Nanjing to keep incubating mature and replicable products and solutions, and help users avoid detours and reduce trial-and-error cost. The pilot project was honored the WSIS Champion Award, listed among the Top Ten Scientific and Technological Progress of World Intelligent Manufacturing in 2022, selected to GSMA's *5G in Verticals in China 2022* and success cases of the first China Central State Owned Companies Digital Transformation Summit, and recognized as a 5G fully connected factory in Jiangsu province.



ZTE's Global 5G Intelligent Manufacturing Base in Nanjing

In new energy, ZTE has cooperated with JA Solar in its Qujing Manufacturing Base, developing customized 5G networks and deploying UPF in the park to confine production data to the park, and ensure high bandwidth, low latency, and high reliability for silicon chip production. Based on the production pace and special environment of workshops, 5G-enabled naturally navigated AGVs are used for silicon transportation and the recycling of empty barrels at the Qujing Manufacturing Base, and synergized with MES in production. Running 24/7, the AGVs take up more than 98% of the material transportation and recycling of empty barrels, contributing to the building of an efficient, pragmatic, and intelligent logistics system.

Regarding cement production, ZTE developed 5G safety helmets and built the EHS system together with CR Cement to protect the health and safety of frontline production workers. These 5G safety products can also be applied in fields like metallurgy, equipment manufacturing, construction, and fire protection.

As for wine production, ZTE helped Kweichow Moutai Group develop the machine learning system to digitalize the traditional wine-making process, and further expanded the cooperation into hyperspectral material tracing and asset management.

Concerning chemical engineering, with a focus on work safety, ZTE assisted Wonfull in large-scale personnel location management, and the integration of vertical platforms for more integrated data application.

As to the industrial Internet platforms with Digital Nebula at the core, ZTE's Uni-Plant was selected to the Cross-Industry and Cross-Domain Industrial Internet Platforms of Jiangsu province. In addition, based on the platform in the Binjiang, Nanjing, ZTE explored new models for regional industrial Internet platforms in collaboration with telecom operators.

Covering 5G, Internet of Things, artificial intelligence, big data, and other new-generation information technologies, ZTE's industrial solutions aim to upgrade the production process with data, and realize intelligent production, green manufacturing, digital management, thus comprehensively promoting the digital transformation of industrial enterprises.

3. Electric Power

Electricity is the driving force of social and economic development. In the future, with the wide use of renewable energy types, such as wind, solar, and battery storage, intelligent power grids will further evolve towards clean and environment-friendly power generation, safe and efficient power transmission and transformation, flexible and reliable power distribution, diverse and interactive power consumption, and smart energy as well as the energy Internet. In this process, digital technologies will play an essential role.

Based on its 5G precise cloud and network solutions and the Digital Nebula, ZTE built the fundamental capabilities for new power systems and formulated comprehensive solutions for smart grid and smart power generation, promoting the fulfillment of the dual-carbon goals for the power industry.

In 2022, ZTE continued to promote the mass commercialization of 5G+ digital power grid of China Southern Power Grid, and built a pilot zone together with China Southern Power Grid and China Mobile. Based on that, 54 electric power application scenarios, including 24 key scenarios, were comprehensively verified, covering the processes of power generation, transmission, transformation, distribution, and use. In addition, more than 6,000 5G terminals were launched and used. Based on the results of the pilot zone, ZTE has developed a series of enterprise and industry standards for 5G power applications, and jointly published more than 20 3GPP international standards. The 5G digital grid project of China Southern Power Grid has been widely recognized by the industry with a series of honors, including the Top 10 5G Application Cases of 2022 World 5G Convention, ICT China 2022 Cases - Excellent Innovation Application Award, and the MasterPiece Award of BRICS Solutions for Sustainable Development Goals Awards 2022.

In addition, ZTE collaborated with State Grid Corporation of China (SGCC) on 5G-based power digitization, and worked with more than 10 provincial branches, including State Grid Shandong, State Grid Jiangsu, and State Grid Sichuan, to promote the large-scale application of 5G power. In 2022, ZTE joined hands with State Grid Shandong, China Mobile Shandong, China Unicom Shandong, and China Telecom Shandong to build three major network slices for power production control, information management, and Internet, and took the lead in building the first provincial 5G power demonstration network in China, deploying more than 30 sets of power-specific UPFs in 16 cities of Shandong province, involving more than 70,000 base stations, and connecting over 7,000 power 5G terminals. This is the largest 5G power private network in China, and lays a solid foundation for large-scale 5G application in power grids. Additionally, ZTE also worked extensively with the China Electric

Power Research Institute and Nanrui Group on 5G power standards, network architecture, security certification, terminals and modules, and service testing. Combined with State Grid's power business scenario needs, ZTE launched the R&D of 5G public + specialized customized modules. Moreover, the company has developed the power inspection and maintenance system based on 5G and AR technologies.

In the future, ZTE will continue to innovate and make breakthroughs in 5G technologies, ICT infrastructure, and application scenarios, provide high-quality digital solutions for the power industry around green power generation and clean power grids, and strengthen empowerment on smart and green power for the industry.



4. Mining

Based on its end-to-end 5G products, ZTE launched the 5G private network solution for intelligent mining, featuring full coverage and easy deployment. By integrating AI, industrial Internet, cloud computing, big data, robots, and intelligent equipment with modern coal development technologies, ZTE ensured intelligent operations in every process, such as coal exploration, mining, transmission, ventilation, washing, safety management, and O&M. Up to date, ZTE has implemented more than 150 of such solutions in many provinces, including Shaanxi, Shanxi, Inner Mongolia, Henan, Anhui, and Xinjiang, and enabled remote control of the comprehensive mechanized coal mining equipment, intelligent mining and maintenance, autonomous driving of mining trucks, and video-assisted management. These efforts contributed to the building of 5G-based smart mining with automated operations.

In Shaanxi, ZTE collaborated with Shaanxi Coal and Chemical Industry Group in the building of Phase I smart Xizhuo Coalmine in 2022, enabling integrated intelligent systems and intelligent mining. With that, unattended operations of auxiliary systems were applied, with comprehensive safety supervision. In July 2022, together with China Mobile Yulin and CRRC Zhuzhou, ZTE assisted Shaanxi Shenyan in the building of 5G private network of the Xiwan surface mine, which was China's first on-demand, triple-band, and hybrid 5G private network. The project was listed among the typical mobile IoT application cases in 2022, and honored the ICT China 2022 Cases - Innovation Application Award and the First Prize for Intelligent Mining at the 5th "Bloom Cup" 5G Application Competition.



Unmanned Mining Trucks Synergized with Auxiliary Vehicles in Loading, Transportation, and Unloading at Xiwan Surface Mine

In Shandong province, ZTE deployed the electromechanical management platform for Zaozhuang Mining Group in May 2022, which enabled the PLC control system to collect data on site in real time, and upload the data to Digital Nebula before the data become available to the automated platform for integrated electromechanical transport management. On May 19, ZTE's Digital Nebular passed the end-to-end test regarding the mining affairs at Zaozhuang Mining Group.

In Henan province, ZTE joined hands with the academician team of Hunan University, and deployed the 5G-based Nebula Platform for intelligent coal washing at Henan Pingdingshan Coalmine No. 8 Mine in August 2022. Connected to various business systems of the coal washing facility, the platform has access to all data, leverages AI algorithm and big data analysis to support intelligent decision-making and issuance of reverse control instructions, and enables the flexible and cross-system connection with the coal washery and external platforms.

In Inner Mongolia, ZTE used the new multi-frequency converged networking technology and realized cost-effective 5G network coverage of all key production scenarios in complex coal environment for the first time, which lowered the cost of building 5G networks in mines by over 40%. In March 2022, National Energy Group Coal Coking Co., Ltd. took the lead and completed the inspection and acceptance of intelligent mechanized coal mining at Qipanjing Coalmine in western Inner Mongolia, marking the start of 5G-based intelligent mining at Qipanjing Coalmine.



To crack down on illegal production at coalmines, accelerate the application of Internet-based regulations, and enable Internet-based monitoring to cover all registered coalmines in China, the National Mine Safety Administration (NMSA) promoted the application of e-seals to all coalmines. Based on NMSA's requirements, ZTE developed the coalmine e-seal platform in October 2022. The platform has been validated at Mangyuan Coalmine in Guizhou, and will hopefully soon be promoted in mines across the country.

[Case] ZTE Mobile Terminals Promote Work Safety for Coalmine Operators



ZTE's 5G-based intrinsically safe mobile phones for mining scenarios ensure clear and reliable 5G-based video and voice calls both above and under the ground for mining workers. By realizing highly reliable communication with low latency, the mobile phones can guarantee synergized operation and maintenance, increased work safety, and improved emergency response at coalmines. With access to mine system data and work safety related applications, they promote work safety and scheduling coordination at coalmines, and help mine operators enhance

information security management and operation efficiency.

5. Finance

For the financial industry, ZTE's mature, stable, and commercially leading distributed database products can facilitate the development of the industry's digital intelligence.

In 2022, ZTE unveiled GoldenDB Version 7.0 for mixed transaction load, which evolved from version 1.0 launched in 2014. With breakthroughs in HTAP, cloud native, tools, and syntactic compatibility, the new version supports core real-time trading systems, and meets the demands of banks and operators for processing massive and high-concurrency data on a high-throughput and highly responsive basis in key scenarios, such as billing and China's "Double 11" shopping festival.

As for core database technologies, based on the distributed structure, GoldenDB outperforms traditional databases abroad in terms of performance, capacity, and reliability, and enables the upgrade from 1 million TPS and 100 million card issuance volume to 10 billion TPS thanks to its linear scalability of performance and

capacity. For reliability, GoldenDB has been steadily running in the core business systems of existing networks for nearly four years, with a reliability rate of over 99.9999%.

In terms of commercial practice, GoldenDB is the only China-made product applicable to the core business trading systems of major state-owned banks, joint stock banks, and operators in the market. It has seen extensive application in the financial sector from major state-owned banks, policy banks, and joint stock banks to rural credit cooperatives, urban commercial banks and rural commercial banks, and created typical cases at exchanges, leading brokers and insurance institutions.

In November 2022, Frost & Sullivan joined hands with LeadLeo Research Institute and released the *2021 China Financial-Grade Distributed Database Market Report*, in which GoldenDB topped domestic distributed databases for the financial industry. On the World Telecommunications Day, GoldenDB was recommended by China Electronic News as an "excellent infrastructure solution". At the end of 2022, GoldenDB was honored the "Outstanding Contribution to Information Innovation Award 2022" by IT168 & ITPUB. Meanwhile, the new GoldenDB version 7.0 was rated the "Leading Innovation Award" at the Global Digital Economy Conference 2022 in July, and the "Outstanding Contribution to Technologically Empowering the Digital Transformation of Finance Award 2022" by the Financial Computerizing magazine in December.

In addition, ZTE was also a major compiler of the *Report on Database Supply Chain Safety in the Financial Industry (2022)* released by the Financial Information and Technology Institute (FITI). In addition, under the guidance of China's Ministry of Industry and Information Technology and the People's Bank of China, ZTE has completed the compilation of nine national standards on financial transaction databases, eight white papers on financial industry projects, and seven industrial testing regulations.

6. New Media

In the field of new media, ZTE has provided 5G+XR solutions for the media industry with its 5G and XRExplore products, to promote the convergence of the real and virtual worlds, explore the digital expression of cultures, and create the next generation of communication media. In this way, the company has facilitated the digital transformation of the new media industry and the in-depth integration of culture and media, and made significant progress in the collaboration with major customers, such as CCTV and Xinhua News Agency.

In July 2022, to celebrate the 25th anniversary of Hong Kong's return to the motherland, Xinhua News Agency launched major feature reports, namely, Cultural Treasures in Hong Kong and Stories Behind the Building of Hong Kong Palace Museum. ZTE's XRExplore platform provided technical support for the whole coverage. For the report *Cultural Treasures in Hong Kong*, Xinhua News Agency used the mobile XR platform for the first time to edit and produce contents in live streaming. Based on XRExplore's capabilities for 3D restructuring, space arrangement, and space identification, field reporters were able to use a mobile phone to create a 3D space that converged virtual and real worlds, and realized immersive reporting with vivid 3D cultural relic models in a complex background. During the National Day holiday, the VR Word Cloud that ZTE built together with Xinhua News Agency was successfully launched, with more than one million clicks within one hour after the release.



Live Show Screenshot of Cultural Treasures in Hong Kong

In September 2022, ZTE provided full XR technical support for the large live broadcast programs of the Dragon TV, restoring the origin and development of the Chinese civilization with digital technologies. In addition, the company also created an immersive space converging reality and the virtual world, to present the audience the Chinese history spanning thousands of years through light-weight AR live broadcasting.

7. Metallurgy

In 2022, ZTE developed its business in the digital and intelligent transformation of the metallurgy industry, which helped improve the technical and equipment capabilities of the industry with 5G, cloud computing, big data, and AI technologies.

For example, ZTE worked with China Mobile Liaoning to develop the private 5G network 2.0 solution for Ansteel, laying a solid foundation for the digital and intelligent production of iron and steel at the manufacturing base. The deep application of 5G and AI in a range of metallurgical scenarios guarantees Ansteel's fulfillment of 11 strategic targets, including improving the automation level, optimizing the information system, advancing digital transformation, and exploring intelligent transformation.

At Baowu's Zhanjiang manufacturing base, ZTE teamed up with China Unicom to build China's first independent private 5G network, providing Baowu with deterministic network. With the deterministic network, independent operation and flexible self-management can be enabled, and services can be guaranteed, delivered, and measured. Also, based on innovation of over 10 5G applications, ZTE made 5G-enabled remote control a reality.

ZTE deployed the online automated sorting system based on AI platform and algorithm for Jinchuan in Guangxi, enabling easier image collection and identification of site equipment, and great cost reduction.

8. Large Enterprises

To promote the digital transformation of large enterprises, ZTE provides digital design services based on its own practice. With "enterprise cloud network services + enterprise digital platforms" at the core, ZTE works to empower enterprises with digital compliance management, digital R&D, and digital financial management solutions.

For example, Shenzhen-based CITIC COHC has many business scenarios, including offshore oil, emergency rescue, land aviation, port pilotage, and aviation maintenance. Amid the increasingly complex market landscape, digital transformation is an effective way for the company to improve its competitiveness. Based on the company's business needs and scenarios, ZTE formulated a digital transformation solution for CITIC COHC with the top-level design and implementation methods. Based on the core competence of ZTE's Digital Nebula, the solution closely aligned with the corporate strategy of CITIC COHC, providing future-proof technical deployment for the realization of the company's strategic goals.

In the future, it will be essential for enterprises to reduce cost and enhance efficiency through digital transformation. With ZTE's solutions, enterprises can shorten the process of digital transformation, building competitive advantages through their own practice.

[Case] Innovative Application of 5G Brings Benefits Overseas

In September 2022, ZTE held a press conference in Bangkok together with AIS, the biggest mobile operator in Thailand, officially inaugurating 5G A-Z Joint Innovation Center, the first of its kind in Thailand. With three major modules, namely,

technology research, incubation, and release, the facility is aimed to be a globally leading platform for the validation, innovative application and comprehensive display of 5G technologies. Designed to cover the process from research to application, the innovation center highlights both the research of theories and technologies and the ultimate implementation of solutions, and will work to advance 5G innovation and development in Thailand at network, industry and user levels.

ZTE will cooperate with AIS in multiple aspects with the A-Z Joint Innovation Center at the core. On the network level, the two will jointly build solid and leading digital infrastructures and smart 5G networks in Thailand. On the industrial application level, they will actively explore chances of commercialization in vertical fields like industries and parks, to jointly implement the strategy of Thailand 4.0, and promote Thailand's process of digital transformation.

In December 2022, based on A-Z Digital Nebula and Thailand's local ecosystem, ZTE built the A-Z Intelligent Operating Center (IOC), demonstrating the capabilities of Digital Nebula in ecosystem integration and agile development through application cases. Consisting of video monitoring, access control, and smart meeting systems, the A-Z IOC enables smart security, access and meeting management, and integrates the operation data and management processes, guaranteeing real-time monitoring, visualized management, and collaborative control of personnel, assets, events, and warnings.



Enabling Smart Life

1. Expanding the Connection of Smart Home Terminals

For the terminal business, ZTE continued to improve the "1+2+N" strategic ecosystem, promoting the evolution of hardware, software, services, and ecosystem. To be specific, "1" refers to mobile phones, "2" means personal and smart home terminals, and "N" indicates peripheral products in the ecosystem.

Mobile phones are the core of the ecosystem. ZTE highlights the seamless connection of user experience across multiple terminals. Based on its strong capabilities in perception interaction and cloud computing, ZTE

works to improve consumer experience in line with their daily scenarios and habits. Through the mobile ecosystem, ZTE enables a better life covering various scenarios, such as entertainment, work, and education.

In terms of terminals linked to personal and family data, ZTE shipped over 2 million sets of 5G CPE and MBB products to more than 100 operators globally in 2022, with the shipments of 5G CPE increased by over 100% year-on-year. With these efforts, ZTE brings a digital life across all 5G scenarios to more users worldwide.

2. Promoting Digital Access for All

As for the mobile phone business, ZTE has been promoting the availability of intelligent technologies for all disadvantaged groups by product innovation and the building of digital channels.

To bring convenience to elderly people, ZTE teamed up with China Mobile to tailor the functions of mobile phones, including 5G remote care, video-based customer service, easy health code scanning, voice directed WeChat calls, and anti-harassment and anti-fraud aid. These convenient functions and services have helped the elderly in many aspects, enabling them to enjoy a better life with technologies.

Based on the needs of elderly people, ZTE has developed the video-based customer service function, which enables users to dial "10086" for help without downloading an app, so they can enjoy high-quality services via super easy operations. Using the simplified homepage, users can access the system and enjoy different functions without effort. To help the elderly use WeChat more easily, ZTE further adapted its mobile phone products to the voice function of WeChat, realizing voice messaging and video chatting.

Staying Open and Transparent to Win Customers' Trust

Staying open and transparent, we focus on creating value for customers, make constant innovations, and improve our market position.

Guaranteeing Cybersecurity

Committed to providing secure and reliable products and services for industries and customers, we keep improving processes, capabilities, and infrastructures to constantly guarantee risk management throughout the lifecycle of products and to build secure and reliable networks together with customers all the time.

In 2022, ZTE further increased investments in the construction of the cybersecurity management system and ensured the steady operation of the Commodity Security Committee (CSC). While increasing its presence in authoritative security certifications, ZTE also paid attention to continued internal evaluation and improvement, for example, refining and optimizing the automation of processes and tools, third-party component management, and end-to-end business processes.

1. Continually Enhancing the Governance System to Meet External Security Requirements

As cybersecurity becomes an issue of global concern, security policies implemented by countries around the world have become more stringent. To stay ahead of the ever-evolving security landscape, ZTE has been studying regulations and customer requirements at home and abroad, including laws and regulations that have not yet been implemented, such as the EU's *Cyber Resilience Act*, in order to update and implement the security policy system. In addition, we have been conducting comprehensive reviews on and optimizing our existing policies. For instance, we added the role of cybersecurity in the countersigning process of corporate standards releasing, and added related clauses in supplier security agreements and security requirements for presales product testing to ensure cybersecurity throughout our business activities.

In terms of the security strategy implementation, we analyzed the security control points in five fields, namely system product, engineering service, supply chain, terminal, and subsidiary, converted them into process evaluation models, and conducted multiple process evaluations and special inspections of major risks on the business units in these fields. Meanwhile, we built an online management system for process evaluation, enabling the online management of evaluation lists, evaluation plans, evaluation tasks, evaluation results, and the tracking of problem rectification, and established a data platform to measure the implementation of the security strategy system and problem tracking in a comprehensive manner.

In terms of loophole management throughout the product lifecycle, ZTE identifies the loopholes of all released product versions through multiple channels, such as the Loophole Identification Reward Program, independent evaluation activities, and follow-up of third-party disclosures. In 2022, the company established an end-to-end loophole management process, achieving a milestone in the progress of product loophole management. In particular, the loophole management system can automatically identify the product versions affected by Common Vulnerabilities and Exposures (CVEs), greatly enhancing the efficiency of product loophole identification. Additionally, we have established a Customer Loophole Risk Dashboard to comprehensively track product loopholes and the resolving of customer cyber risks.

[Case] Strengthening Third-Party Component Management

Third-party components are an important part of the company's products. The company implements end-to-end lifecycle management of outsourced components in accordance with the industry standards and best practices.

The company takes the lifecycle management of third-party components and the management of entities related to procured software as special tasks. At present, the company has formulated and issued the *Regulations on the Third-party Component (Purchased Components) Cybersecurity Management* on the end-to-end management in this regard, where the business scenarios involving third-party components in product R&D and supply chain contract delivery flow are analyzed, and the business logic and processes of tracing procured software versions and information are output. The library for entities of procured third-party software is expected to be completed in 2023, connecting the Intelligent Supply Cooperation Platform (ISCP) and Component Square of our supply chain, and thus realizing end-to-end full lifecycle management in terms of the management of third-party components and software versions, loophole management, and response to security incidents.

In terms of cybersecurity design, ZTE keeps abreast of the latest requirements of the global telecom industry, formulates the company-level technical requirements system and operation process of cybersecurity, and builds related processes and mechanisms, including establishing company-level cybersecurity technology stacks, releasing a series of security technology stack standards, continuously updating the technology standards, improving and applying online technologies, and the online visualization and tracking of metrics data. At present, the company has released over 20 technical standards related to cybersecurity technologies, sorted out and established a database containing more than 1,700 online security requirements, and completed the benchmarking of our mainstream products against these requirements.

Furthermore, the company has adopted a more systematic approach to cybersecurity capability enhancement and talent team building. Based on business needs, we focus on key groups and develop personalized training plans based on evaluation and research, implement strict process management, emphasize practical capabilities and effectiveness evaluation, and continuously optimize the closed-loop management. In this way, we have formed a transferable model of capability improvement. On November 9, 2022, ZTE was awarded the Greater China HRoot Awards 2022 with the ZTE Cybersecurity Competency System Construction Practice.

2. Improving Security Evaluation and Contributing to Industry Security

ZTE's security strength receives constant recognition from external parties and lays a solid foundation for customer trust. In building its security evaluation capability system, ZTE focuses on the three dimensions—talent, technology, and process, which cover the company's security evaluation positions, the four aspects of technical evaluation capabilities, the 18 subcategories of technical capabilities, and the evaluation activities on the R&D security management regulations tailored to the Security Development Lifecycle (SDL) model of Microsoft. There are 230 employees of the company holding international security certifications.

In the aspect of personnel capability enhancement, the company deployed a platform dedicated to commercial cybersecurity and attack defense, and another platform dedicated to training and practice, offering more than 100 internal and external training courses covering multiple aspects such as application, network, and system security. Meanwhile, the company set up an inspection mechanism for the certification of security evaluation experts, which comprised written tests, operational tests, and oral defenses. The mechanism was aimed to cultivate and select senior technical experts or coaches in the field, help the R&D personnel organize cybersecurity evaluation in a more standardized and in-depth manner, and improve the overall technical capabilities of security. In addition, the company actively arranged for employees to participate in internal and external cybersecurity competitions, and encouraged employees in security-related positions to acquire cutting-edge knowledge and skills and improve capabilities of defense against cyber-attacks through such competitions. Up to now, the company has successfully held two cybersecurity competitions, receiving active response and participation.

The constant improvement of the security evaluation capabilities enables us to discover and jointly disclose loopholes in the industry, contributing to the industry's security. Using Zsniffer, a self-developed fuzzy testing tool, our second-tier independent evaluation team discovered two high-risk-level security loopholes in the SDK chip drive of the Qualcomm platform under the WLAN protocol, which involved hundreds of Qualcomm chips. Our findings were recognized and appreciated by Qualcomm on its official security bulletin board.

[Case] Third "Wangding Cup" Cybersecurity Competition in 2022

"Wangding Cup" is the largest and most comprehensive national cybersecurity competition in the world. Known as the "Olympics" of cybersecurity, it has been successfully held for two years. In 2022, the third "Wangding Cup" competition was upgraded based on the previous two sessions. With the support of the authorities in multiple areas including the government, industries, universities, research institutes, and users, the competition has become the most prestigious national competition.

In the competition, with professional skills and excellent teamwork, ZTE's three teams stood out from more than 2,800 teams, and successfully advanced to the semifinals. The finals will be held in 2023.

3. Benchmarking Against Security Standards and Actively Obtaining Certifications

ZTE consistently benchmarks itself against industry security standards to obtain external certifications. As we improve our security level, we are earning recognition and trust from external parties through openness and transparency.

In June 2022, with its HPPD-based 5G New Radio (NR) and 5G Core Network (5GC) series products, ZTE was the industry-first vendor to pass the latest "Security Assessment of Vendor Development and Product Lifecycle Processes" of the Network Equipment Security Assurance Scheme (NESAS) 2.1 of the Groupe Speciale Mobile Association (GSMA). This event marked the company as the first mobile network equipment supplier in the world to pass the GSMA NESAS 2.1 certification.

In January 2023, ZTE's 5G NR gNodeB received the "Network Equipment Security Assurance Scheme - Cybersecurity Certification Scheme - German Implementation" (NESAS CCS-GI) certification, becoming the world's first 5G equipment vendor to receive the certification from the German Federal Office for Information Security. The certification fully demonstrated that its cybersecurity governance and 5G NR products meet the strict security standards of Germany. Also, ZTE contributed to the development of NESAS CCS-GI certification with its practical experience.

The company also obtained the Information Security Risk Assessment Level 1 Certification issued by CCRC and the Communications Network Security Service Capability (Security Design and Integration) Level 1 Certification issued by China Association of Communication Enterprises. Meanwhile, the company's cloud services passed the ITSS certification of China Electronics Standardization Association, its fixed network terminal products the EasyMesh™ R3 certification of the Wi-Fi Alliance (WFA), and its R&D cloud the SaaS Security Capability certification of CAICT.

4. Fulfilling CSR and Creating Value for External Parties

ZTE is a vulnerability information sharing partner and a technical support unit of the CNNVD, a network equipment group member of the CNVD, and a cybersecurity emergency service supporting unit of the National Computer Network Emergency Response Technical Team/Coordination Center of China (CNCERT/CC).

In January 2022, we received a letter of appreciation from the Guangdong sub-center of the Computer Emergency Response Team (CERT) for our strong support in the field of cybersecurity for the sub-center.

In February 2022, we received a medal from the CNVD for outstanding contribution to vulnerability disposal in 2021.

In August 2022, we received a letter of appreciation from Jiangsu CERT sub-center for the participation and supporting of the Cybersecurity Lab of the Wireless Product Quality Dept. and the Software Security Group (SSG) of the Digital Energy R&D Institute in the "Net Security 2022" special activities of the Jiangsu CERT sub-center. In the special activities, we won the first place in the two regional activities of the second vulnerability identification session in June and completed the supporting work outstandingly.

Controlling Hazardous Substances in Products

ZTE has been committed to research and communication about the detection and management of hazardous substances with international organizations such as the International Telecommunication Union (ITU) and International Electrotechnical Commission (IEC), standards working groups of China, and industry associations. Also, ZTE has been working with suppliers to promote the gradual reduction, elimination, and substitution of hazardous substances in raw materials and manufacturing processes, and constantly updating its hazardous substance control standards to establish a green supply chain, meet the environmental protection laws and regulations of relevant countries and regions, and achieve sustainable development.

ZTE has made active contributions to the reduction of hazardous substances in electrical and electronic products. In recent years, we have actively participated in the drafting and comparison of the IEC62321-12 standard of the International Electrotechnical Commission for determining certain substances in electronic products. In addition, we have participated in the drafting and revision of seven standards of the GB/T39560 series standards for the testing methods of hazardous substances in electrical and electronic products and two industry standards for the management of hazardous substances, namely the *Guide of Risk Assessment for Hazardous Substances in Electrical and Electronic Products* and *Guide to the Management and Implementation Evaluation of Hazardous Substances in Electrical and Electronic Products*, providing guidance to electrical and electronic enterprises on the management of hazardous substances. Furthermore, we have offered suggestions to policy-makers on the conformity assessment of the restricted use of hazardous substances in electrical and electronic products and the requirements for the labeling of hazardous substances in electrical and electronic products in China, promoting the development of hazardous substance management at both industry and national levels.

1. Improving the Hazardous Substance Management System

In 2022, in response to the changes in external policies and regulations, ZTE analyzed compliance risks in environmental protection promptly, and completed the revision and update of six corporate standards based on the requirements of the QC 080000 specification, ensuring that our hazardous substance management system was in line with related laws and regulations and our internal response measures were effectively implemented.

Compliance Risk and Challenge	Response
Requirements of the EU Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS) 3.0 Directive: The EU proposed to incorporate	Completed the method development and risk assessment of the MCCPs and the TBBP-A

Medium Chain Chlorinated Paraffins (MCCPs) and Tetrabromobisphenol A (TBBP-A) into RoHS control	
RoHS exemption update: The EU issued the final evaluation report of exemption clause of Pack 22 of RoHS Directive	Closely tracked the exemption update, promptly interpreted the changes and updated related materials accordingly
Requirements of Regulation (EC) No 850/2004 on Persistent Organic Pollutants (POPs): The list of controlled substances include short-chain chlorinated paraffins (SCCPs) and perfluorooctanoic acid (PFOA).	Updated the requirements for the HSF-S environmental protection attribute, issued an announcement letter about the POPs, and added a marking module about the POPs in the IT system
SCIP database declaration: the Substances of Concern In articles as such or in complex objects (Products) SCIP database declaration of products sold in the EU according to the requirements of the EU Waste Framework Directive (WFD)	Uploaded more than 200 files effectively based on related delivery plans as of December 2022, and released the <i>Regulations on Submitting SCIP Dossiers for ZTE Products</i>
Requirements of Toxic Substances Control Act (TSCA) and Toxics in Packaging Clearinghouse (TPCH): TSCA requires the control of five Persistent, Bioaccumulative and Toxic (PBT) chemicals, and ortho-phthalates and per- and polyfluoroalkyl substances (PFAS) were added as regulated chemicals in TPCH	Incorporated the new regulatory requirements into the <i>Requirements for Banned and Restricted Hazardous Substances</i> , and informed the supply chain of such requirements

[Case] Active Response to the EU Regulation on POPs and RoHS 3.0 Directive

In response to the impact of the EU regulation on POPs and the upcoming RoHS 3.0 on the telecommunications industry, the company has developed testing methods for SCCPs and the MCCPs included in RoHS 3.0. We purchased GC-NCI MS testing equipment, redesigned and renovated our lab, so that we can test SCCPs and MCCPs. And our SCCPs and MCCPs testing methods comply with related national standards, namely the *Determination of Short Chain Chlorinated Paraffins in Electrical and Electronic Products — Gas Chromatography-Mass Spectrometry* and *Determination of Medium Chain Chlorinated Paraffins in Electrical and Electronic Products — Gas Chromatography-Mass Spectrometry*, and have been recognized by China National Accreditation Service for Conformity Assessment (CNAS).

2. Enhancing Capabilities of Supply Chain Environmental Management

ZTE improved the environmental protection management capability of the supply chain through project operation, and formed a special environmental protection audit mechanism of "risk identification > risk confirmation > risk reduction > risk elimination" to carry out environmental protection risk assessment on all suppliers. In 2022, the company planned to conduct special on-site inspections by stages on the high-risk suppliers identified, and has completed the special audit and counseling on about 20% of suppliers with high risks in environmental protection. The company tracked the nonconformities found in the inspections through IT systems, conducted cause analysis, formulated rectification measures, and promoted closed-loop management

to ensure that the suppliers improve their own management systems and better assist ZTE in hazardous substances management.

- **Self-assessment and self-inspection of environmental protection:** ZTE required suppliers to make self-assessment and self-inspection in five dimensions, namely system building, incoming material inspection, production process, design development and change, and materials and supplier management. Besides, ZTE carried out conformity confirmation and offered guidance to suppliers.
- **Incoming material inspection:** The company continuously increased its capability to conduct environmental protection inspection of each park and strengthened the interception of suppliers' materials with environmental problems, thereby sending a clear signal on our emphasis on environmental protection to suppliers and promoting the improvement of suppliers' environmental management capabilities.
- **Training and support:** The company also kept enhancing the professional capabilities of suppliers through top-level meetings with suppliers and special supplier training related to environmental protection. In 2022 we delivered training for 460 suppliers.



Reinforcing the Prevention of Quality Problems

In 2022, the company continued to focus on customer satisfaction and evolved from effective management to efficient management. With an emphasis on the preciseness in top-level design, smoothness in system operations, and ultimate resolution of issues, the company highlighted the improvement of our capabilities to prevent quality problems in key processes. With the systematic methods based on regulations, processes, standards, and digitization, we reduced costs and increased quality and efficiency, promoting the company's high-quality growth and facilitating the continuous improvement of customer satisfaction.

1. Strengthening the Quality Management System

In 2022, the company received the certification audits of various management systems, including ISO 9001, TL 9000, QC 080000, ESD, ISO 45001, ISO 14001, and ISO 22301. The certified locations included its Shenzhen-based headquarters, and main R&D centers and manufacturing bases in Changsha, Nanjing, Wuhan, Shanghai, Chongqing, Xi'an, Heyuan, and other places, and the certifications covered the company's main product categories. At the same time, the company invited external audit institutions to evaluate the maturity of our

internal quality management systems (such as TL9000 and ISO9001), and to continuously enhance our self-improvement capabilities.

In terms of product quality control processes, the company improved the *ITR Management Problem Solving Escalation Process*, elaborated the responsibilities and obligations of relevant roles in the process, optimized the requirements for the roles and responsibilities of countersigning personnel, reviewers, and approvers, and added the suspension process based on the actual business situation. Meanwhile, based on the *Execution Requirements of Quality Problem Closed Loop for Aerospace Product* and the company's quality backtracking method, the company issued the *Regulations on the Dual Closed-Loop Management of Quality Problems* to provide guidance on the handling and closed-loop management of quality problems.

2. Empowering Key Roles

Committed to "focusing on customer satisfaction, driving internal and external circulations", the company strengthened its "internal circulation" to improve the capabilities of preventing quality problems in key processes, and improved the performance of the personnel in quality-related positions through dual circulations. As a result, the overall quality awareness and culture were promoted significantly, the influence of quality was emphasized, and systematic quality capability building started to delivery results.

Well aware that process quality determines the quality level of products and services, and that the problems in the standardization and effectiveness of process management will ultimately influence the quality performance of products and services delivered to customers, the company has adopted multiple measures to improve the quality level and customer satisfaction.

- **Professional capability improvement:** The company organized regular professional capability exchanges and training sessions. By means of workshops for auditors about effectiveness audit, workshops for quality managers, and sharing sessions about best quality management practices and experience, it further improved the professional capabilities of core quality management personnel whose responsibilities are related to audit effectiveness, dual closed-loop management of problems, process prevention, and data analysis.
- **Quality knowledge management:** The company developed high-quality and excellent courses and best quality management practices, and encouraged management members and frontline employees of all R&D centers to actively share and exchange experience in this regard, so as to promote the improvement of the company's overall quality management level.
- **Focus on improving the effectiveness of internal audits:** The company took multiple measures, such as training auditors for effectiveness audit, increasing management's involvement and attention, focusing on key activities in key processes, strengthening audit process management and audit team management, implementing strict audits, and summarizing audit issues systematically, to promote internal audits for key issue identification in business processes, make sure that our field performance and the voice of customers are reflected, and achieve consistency in our performance in internal and field tests. In addition, by strengthening closed-loop management of internal process issues, we improved process quality and promoted the enhancement of quality prevention capabilities.
- **Foster the quality culture of "Do It Right the First Time" among all employees:** In 2022, ZTE organized the quality month activity with the theme of "Do It Right the First Time" to shift the focus of our quality management to prevention, and to advocate prevention beforehand rather than correction afterwards. The culture of "Do It Right the First Time" will also prompt all employees to improve their own capabilities and quality of work, thus contributing to the achievement of the company's strategic goals in the expansion phase.

[Case] Quality Month Activities with the Theme of "Do It Right the First Time"

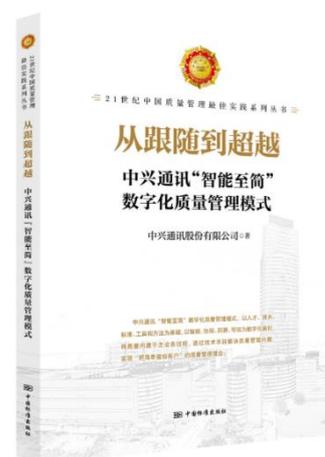
The quality month activities in 2022 were carried out in multiple forms including "discussions", "learning", "vlogs" and "competitions".

- **"Discussions" about quality:** 22 excellent employees were invited to share their experience about "how to do it right the first time". Their videos were shown on the company's internal platform, as well as the public platforms of China Association for Quality and Shenzhen Association for Quality, which greatly improved ZTE's quality brand.
- **"Learning" about quality:** All employees watched the documentary *Power of Quality*, read the book *Quality Is Free*, and had subsequent discussions in this regard based on their specific responsibilities. In the quality week of September, quality knowledge publicity activities and quality knowledge quiz show were organized in five places of the company. At the same time, the company invited external experts to ZTE Forum to give lectures such as *Quality Management, Zero Defect Concept, System, and Culture*, and *Aerospace Model Software Quality Management*.
- **"Vlogs" about quality:** A series of vlogs titled "Hello, Quality Personnel" enabled all employees to learn more about quality-related positions with the highlight on core quality positions, promoting the sense of honor among quality personnel. A total of nine vlogs were released.
- **"Competitions" about quality:** The company organized quality knowledge competitions for the first time in 2022. All quality units held quality debate contests, quality skill contests, quality knowledge contests, and other activities to promote the publicity of quality knowledge and skill improvements of business personnel.

■ Summarizing best practices for the improvement of quality management in more companies

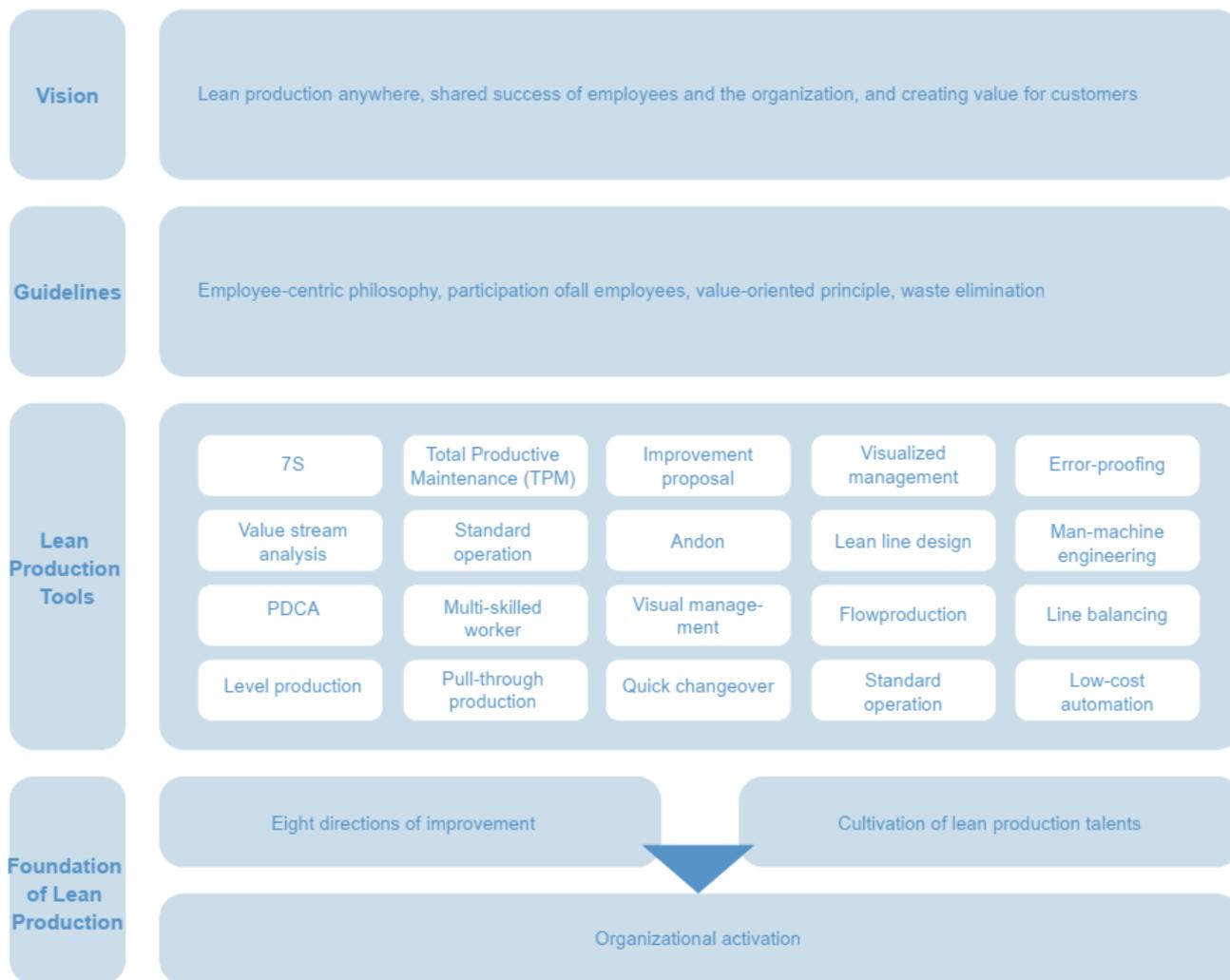
[Case] *From Following to Surpassing - ZTE's Digital, Intelligent, and Simplified Quality Management System*

In early 2022, under the overall planning of the State Administration for Market Regulation and the organization of the Standards Press of China, ZTE participated in the preparation of a series of books on quality management best practices in China in the 21st century. We systematically summarized and refined the company's development experience and best practices in corporate culture, branding, innovation, quality management, digital management, and green responsibility since our establishment nearly four decades ago, which have been encapsulated in the published book titled *From Following to Surpassing - ZTE's Digital, Intelligent, and Simplified Quality Management System*. It is our hope that the book will provide references for the quality management and digital transformation of our upstream and downstream partners in the whole industry, driving high-quality development of more Chinese enterprises and contributing to our society.



3. Deepening Lean Production

ZTE has been making unremitting efforts in lean production since 2010. At present, the company has built the ZTE Production System (ZPS), a complete system of lean production management and theory, developed and established the architecture of the Lean Production Tool Kit, including theory classes, lean production tools, and lean production dictionaries. A professional organization dedicated to lean production promotion has been established, lean production promotion teams been set up in business departments, and lean production promotion personnel been assigned to workshops. These measures not only cover both the five production bases and the non-production areas of the company, but are promoted among our suppliers.



ZTE Production System (ZPS) of the Management and Theory of Lean Production

In 2022, with the theme of "Letting the Value Flow", the company promoted four major modules, which include improvement project, organizational activation, system building, and external extension. In addition, the company launched 132 improvement projects, and the average improvement rate of such indicators as Quality, Cost, Delivery, and Efficiency (QCDE) reached 36.8%, and 530 standardized measures were formulated in multiple forms such as IT systems, processes, and standards. Organizational activation was promoted from four aspects: cultivation of lean production talent, the improvement of all employees, evaluation and motivation, and on-site coaching, focusing on certifying and giving full play to lean production engineers, certifying teams, offering on-site coaching, and obtaining the Global Bench Marking (GBM) certificate. In this year, we improved and output 10,699 effective proposals, and coached and empowered our suppliers on lean production.

Responding to Customer Demands Rapidly

Serving with dedication and being committed to our customers, we remain true to our original aspiration and create value for customers.

In terms of digital and intelligent transformation services, to ensure customer cybersecurity and improve customer satisfaction, ZTE has built one base (digital and intelligent IT base for cloud delivery), and two centers (the iSupport mobile operation center for unified collaboration and the ITR mobile operation center for unified scheduling). The company's expert team of remote support could stay online around the clock through the digital and intelligent IT base for cloud delivery, providing customers with secure and reliable cloud experience. iSupport enables customers, partners, and ZTE's support experts to collaborate on network maintenance through mobile terminals. In this way, all operations can be performed on mobile terminals. The ITR operation center transforms the passive support of "post-event measuring and analysis" into the active prevention of "real-time dispatch and command", enabling tracking, monitoring, and scheduling throughout the process from the reporting to the resolution of network problems.

The company attaches importance to developing innovative models. It has been promoting the mechanism of the management of maintenance service delivery through the Network Operation Center (NOC), and launched the NOC dashboard. Over 99% of alarm Action Points (APs) and work orders are closed on schedule. At the same time, in terms of the risk roadmap of maintenance service delivery, we conducted end-to-end monitoring and risk assessment, so as to make targeted improvements in addressing top-level risks. In 2022, we cleared high risks at all representative offices. In addition, the company focuses on digital construction to make network maintenance more convenient. All maintenance operation entries are integrated in one portal and the on-site service capabilities of iSupport in terms of Storage and Service Products (SSPs) are strengthened in order to support rapid business growth.

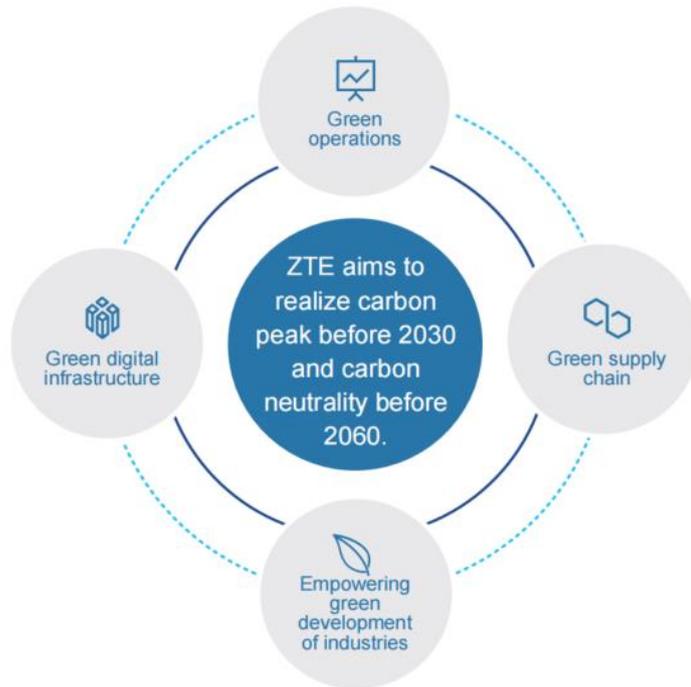
In the aspects of customer review and complaints tracking, the company tracks the whole process till the closure of complaints in strict accordance with the *Customer Request Management - Complaint Handling Procedure* and related regulations. Moreover, the company formulated the *Customer Request Management - Callback Procedure Process* and other regulations to standardize the methods of customer review, confirmation of the second review of customers, and the closed-loop management of customer review, with the aim to collect customer opinions, make targeted improvements on problem tracking, and meet customer demands in all aspects.

In terms of customer satisfaction, the company collected the statistics on customer satisfaction rates at home and abroad and the Service Level Agreement (SLA) completion rate based on the shared data of internal business systems. Specifically, the customer satisfaction rate reached over 99%. Meanwhile, the company employed a third-party consulting agency to conduct customer satisfaction surveys to identify problems and shortcomings accurately, and then made internal analysis and improvements by means of project-based operation, so as to promote continuous improvement in customer satisfaction.

For more details about customer complaints, please refer to the *2022 Sustainability Performance*.

Promoting Green Development to Tackle Climate Change

ZTE thoroughly practices the philosophy of green development and fully participates in global decarbonization. It paves a green path to digital economy by promoting green operations, supply chain, and digital infrastructure, and empowering green industries. It continues to reinforce energy conservation and emission reduction in business operations, supports operators in building end-to-end green and low-carbon networks, and proactively empowers vertical industries in this regard, thereby promoting the green development of all industries and making green and low-carbon efforts towards a future of sustainable development.



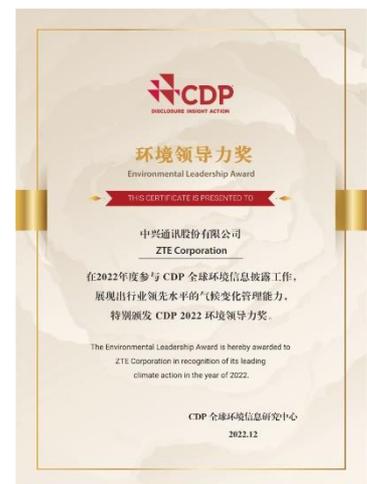
Green Operations

In terms of green operations, as an active practitioner of green development, ZTE promotes comprehensive environmental management in its daily operations and production to reduce the consumption of and impact on natural resources, striving for a low-carbon and green future for the company's sustainable development.

1. Systematically Responding to Climate Change

(1) Improving Organization Support

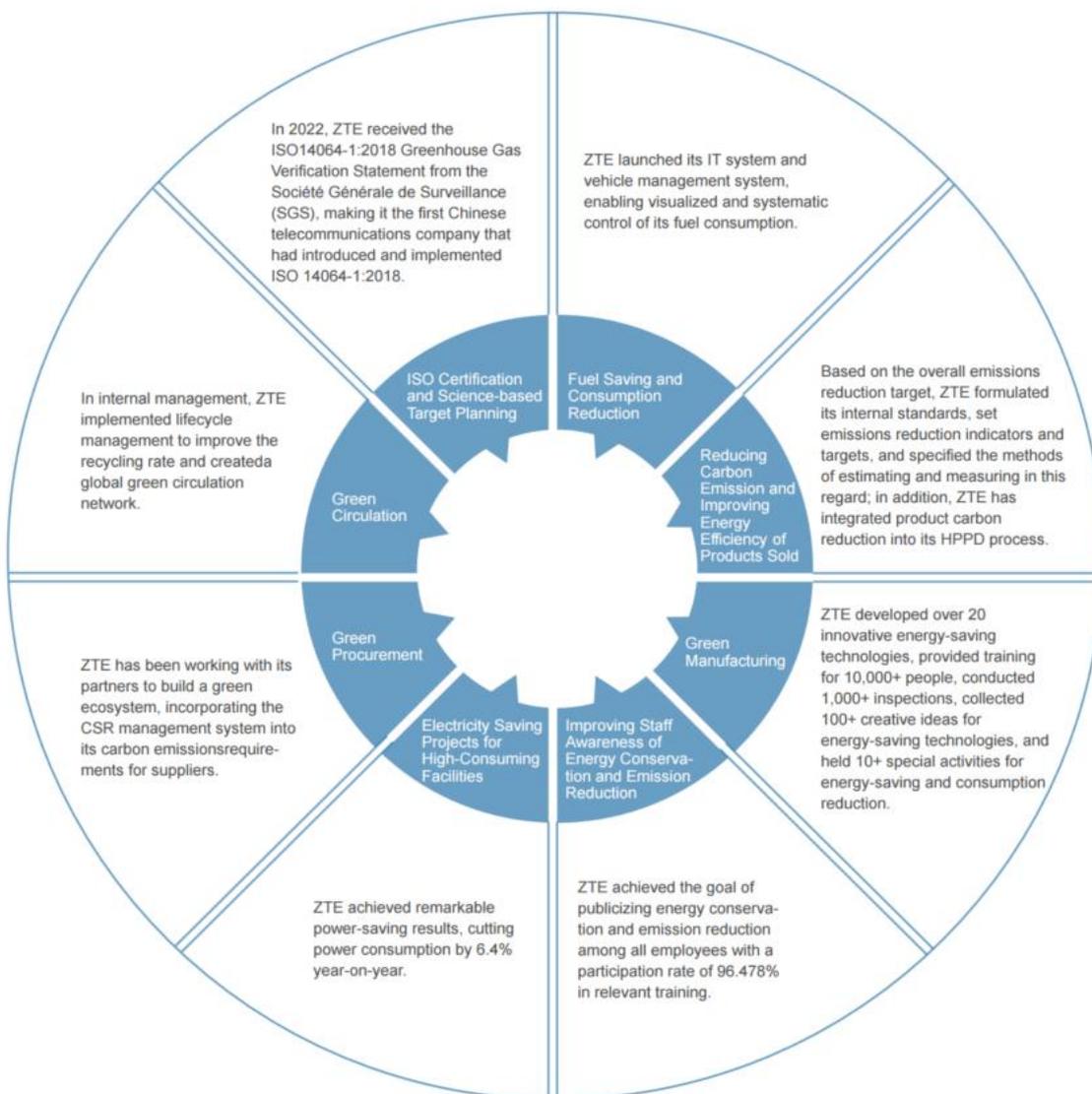
The latest developments in science-based targets, carbon trading, and carbon tariffs indicate stricter requirements for carbon emissions reduction worldwide, and it has become a global consensus and trend to reduce carbon emissions. As a global leader in telecommunications and information technology, ZTE has developed from scratch a sound architecture for and the organization capabilities of carbon peak and neutrality, and built a corporate-level carbon reduction joint team led by the Chief Strategy Officer (CSO). The team, under the Enterprise Development Dept., consists of core sub-teams and supporting teams. It has more than 250 direct members from the carbon reduction teams in multiple fields, including R&D, product, marketing, supply



chain, administration, operations management, and human resources. The team has become the major organization support for the company's energy conservation and carbon reduction efforts.

(2) Systematically Advancing Emissions Reduction

In early 2022, ZTE specified the annual targets and specified responsible departments after comprehensive strategic decoding in multiple dimensions including "strategy as a leading role", "culture first", "energy-saving and electricity-saving projects", "energy management platform", "closed-loop management", and "creating the image of a green and low-carbon tech company".



ZTE Corporation advocates "practicing all-around low-carbon operation with technology changes as the main focus" and has achieved many results in technology-driven carbon reduction, making green and low-carbon efforts towards a future of sustainable development.

- **Green office:** With the self-developed convergence workstation, cloud video conference, and cloud office, and by encouraging teleconferencing through the cloud, we have reduced carbon emissions from commutes and business trips by about 36,300 tons per year.
- **Green R&D:** Through technology-driven energy conservation and emission reduction initiatives such as the sharing of resources through middle platforms, cloud-based R&D, remote power-saving control of

laboratories, and intelligent energy-saving equipment, we achieved a 7.27% annual reduction of carbon emissions, and over 14.72% carbon emissions reduction in terms of sold products.

- **Green manufacturing:** Through the creation of such models as the Intelligent Manufacturing Powered by 5G and dark factory, we focus on the new models of emissions reduction in the high consumption links of production processes. In 2022, we achieved a 9.3% reduction in the carbon emissions from the production of single products.
- **Green delivery:** With the digital and intelligent foundation of the supply chain, we encouraged innovations in delivery models. By promoting automation for higher efficiency, scenario-based management, and diversified services, we achieved both the transition of delivery from offline to online and efficient green delivery.
- **Green recycling:** We leverage digital transformation to build a carbon emissions model, improve our capabilities in the three R's (Reduce, Reuse, Recycle), and to promote full lifecycle material management, which not only effectively guarantees logistics security but improves business operational efficiency. In 2022, we cut 5,812 tons of emissions, and achieved a recycling rate of 90%.

For more details about ZTE's energy consumption and greenhouse gas emissions, please refer to the *2022 Sustainability Performance*.

2. Energy Management

In strict accordance with national and regional energy laws, regulations, and policies, ZTE analyzes its energy consumption ratios and conducts energy conservation inspections regularly, draws up specialized energy conservation and emission reduction plans based on business layout, and implements cost reduction and efficiency improvement measures in an orderly manner. In the meantime, we systematically advance the carbon peak and neutrality plan, and reduce carbon emissions in production, assembly, transportation, and sales by upgrading and replacing old equipment, thus promoting the achievement of our carbon peak and neutrality goals.

In 2022, ZTE conducted in-depth management of power consumption and formed an energy-saving technology roadmap that covers the metering, reading, control, and appraisal of power consumption. In everyday operations, the company adjusted the temperature of the central air conditioner as needed, regularly conducted energy conservation inspections, and made energy conservation improvements to Air Handling Units (AHUs) and the fresh air system, thereby improving the efficiency of power consumption. We also used an electronic dashboard to visualize power consumption data and control power consumption in a timely manner, thus forming a motivation-triggered and coordinated electricity-saving cycle and effectively improving energy control.

3. Waste Management

In strict accordance with the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes*, the *Directory of National Hazardous Wastes*, and other laws and regulations, ZTE formulated the *ZTE Waste Sorting and Disposal Criteria* and other regulations, specified the types of wastes, and set up ledgers for waste control.

- **General wastes:** General wastes from operations include scrap paper, waste plastic, wood refuse, scrap metal, and other garbage. We make it a priority to reduce the generation of wastes during production and recycle or reuse the wastes to minimize resource consumption. For non-recyclable wastes, we sort them in accordance with regulations, put them at a centralized storage site, and entrust the processing to specialized agencies.
- **Hazardous wastes:** Hazardous wastes from production include solvents and solutions, batteries, and circuit boards, and hazardous wastes from office include ink cartridges and toner cartridges. We package the

hazardous wastes properly, affix hazardous waste labels, make and manage the records, and entrust qualified agencies with the processing and recycling of hazardous wastes.

Indicator of Wastes	Unit	2022
Annual total general wastes	Ton	3,862.85
Annual total hazardous wastes	Ton	637.99
Density of hazardous wastes	Ton/CNY 1 million revenue	0.0052
Density of general wastes	Ton/CNY 1 million revenue	0.0314

4. Exhaust Gas Emission Management

In accordance with the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China*, the *ISO 14001: 2015 Environmental Management Systems—Requirements with Guidance for Use*, the *Emission Standard for Air Pollution of Guangdong Province*, and other regulations and policies on exhaust gas emissions, the company has formulated the *Regulation on the Control of Air Pollution* and improved its exhaust gas management system.

The primary source of company's exhaust gas emissions is its daily operations, including exhaust gases produced in canteens, by generators, and by shuttle buses. Another source is the production processes, such as exhaust gases from reflow soldering/wave soldering, volatilization of chemicals, packaging materials, and vehicles.

ZTE regularly analyzes the distribution of its exhaust gas emissions, and improves the existing exhaust gas management system in light of the emissions situation at different links of business activities:

- Generators are checked regularly in accordance with related regulations and repaired in a timely manner once anomalies occur;
- For vehicles, the company conducts annual inspections to ensure that exhaust gas emissions meet national standards;
- For production equipment and materials, ZTE rigorously enforces the operating procedures and maintenance regulations. Exhaust gases are collected through specified pipeline facilities and discharged after treatment by the exhaust gas treatment tower, to ensure that exhaust gas emissions meet relevant laws and regulations;
- As to other exhaust gases, burning garbage is forbidden in any part of the company. If the activities of relevant parties in the company's production area may cause atmospheric pollution, the relevant departments shall notify the relevant parties to take appropriate measures for prevention and treatment.

In addition, ZTE has established routine prevention measures and pre-plans for potential air polluting activities.

Indicator of Exhaust Gas Emissions	Unit	2022
NOx	Ton	2.60
SOx	Ton	0.10
PM	Ton	0.19

5. Water Resources Management

In strict accordance with the *Water Pollution Prevention and Control Law of the People's Republic of China* and other relevant national and local laws and regulations, ZTE formulated the *Regulations on the Control of Water Pollution*. Wastewater emitted by the company is mainly generated from office areas. It meets the standards of related laws and regulations and is discharged into the city sewage accordingly.

In daily operations, ZTE controls water intake and discharge strictly for effective water resource management:

- For projects for new construction, expansion, and renovation, the company makes detailed assessment on the potential influence of waste water discharge to water bodies and soil after project completion and proposes preventive measures before project execution;
- In the design of new products and processes, priority is given to products and processes with less water pollution. We adopt cleaner production techniques with higher material utilization efficiency and less pollutant discharge, to reduce the generation of water pollutants;
- Waste chemicals and wastewater are stored in designated areas;
- Cooling water for central air conditioning is recycled.

In 2022, all water used in the company was taken from the waterworks, and there was no difficulty in water intake.

Indicator of Water Consumption	Unit	2022
Water consumption in total	Ton	5,427,347.32
Density of water consumption	Ton/CNY 1 million revenue	44.1411

Green Supply Chain Ecosystem

ZTE has been committed to keeping abreast of the research on environmental protection standards of international standards organizations such as the International Telecommunication Union (ITU), national organizations such as the Task Group on the Standards of Pollution Prevention and Control under the Ministry of Industry and Information Technology (MIIT) and the National Technical Committee for Standardization of the System Environment of Electrical and Electronic Products, and industrial associations such as the IPC. ZTE practices sustainable development throughout its supply chain, including raw material introduction, product production, product delivery, and product recycling, disposal, and reuse. Taking both internal and external factors into consideration, we collaborate with partners to promote green procurement, manufacturing, logistics, and circulation. In this way, we accelerate our green transformation and build a green supply chain based on green operations, contributing to the implementation of the company's carbon emissions reduction goals.

1. Green Procurement

ZTE has incorporated green and low-carbon requirements into the *ZTE Supplier Code of Conduct* and into key supplier management processes such as on-site inspections, training, and counseling, promoting the green, low-carbon, and sustainable development of suppliers.

In 2022, the company issued *A Letter Regarding Requirements for ZTE Suppliers to Start Dual-Carbon Strategy Planning*, developed a carbon reduction checklist for global suppliers, and implemented carbon reduction reviews on 109 suppliers. In addition, the company developed the book *Supplier Carbon Verification*, provided offline training in carbon reduction for more than 110 representatives from over 80 suppliers, and organized online training in product carbon footprint assessment through LCA for more than 350 representatives from over 170 suppliers.

Additionally, in 2022, 65 of ZTE's strategic suppliers participated in the Carbon Disclosure Project (CDP) evaluation and received ratings, of which 36 were rated B– or above, accounting for 55% of the participants.

2. Green Manufacturing and Green Factory

ZTE is vigorously promoting the building of intelligent factories in many places, and exploring ways to digitalize traditional factories and to meet the requirements of smart factories for low-carbon and eco-friendly development. With multiple measures including reasonable planning and deployment of resources and the use of energy-efficient equipment, we significantly improved production efficiency, lowered energy consumption and

greenhouse gas emissions, and stepped up our practices of promoting green manufacturing in smart factories. In 2022, ZTE cut its power consumption for production by more than 7.13% year on year, saving power by over 23.22 million kWh.

In addition, ZTE Global 5G Intelligent Manufacturing Base in Nanjing demonstrates "Intelligent Manufacturing Powered by 5G". Focusing on energy conservation through both management and technologies, we leverage the Smart Data Platform (SDP) technology to automatically generate a production power management dashboard for higher power management efficiency. Through an analysis of our energy consumption in the whole production process, we made targeted improvements on the technical processes of board production, such as Surface Mount Technology (SMT), reflow soldering, and wave soldering. The innovative improvements we made include reflow ovens that automatically shift to the sleep mode, the revamp of chillers, and insulation technology. At the same time, we optimized product test solutions and the automatic power-off technology of the test equipment, enabling automatic temperature adjustment and accurate temperature control.

[Case] Green and Smart Factory: ZTE Global 5G Intelligent Manufacturing Base

Measure	Effect
<ul style="list-style-type: none"> ■ In lighting, we developed an intelligent lighting control system, which provided lighting adjustment according to needs, gradually building a fully automated dark factory. ■ In production, we developed the technology that enables the automatic adjustment of the parameters of SMT reflow ovens during detected resting periods. ■ In product testing, we developed the testing solutions for the self-heating and high-temperature of products and for green and intelligent cloud, which features. As a result, our energy consumption per product has been reduced by more than 20%. 	<ul style="list-style-type: none"> ■ Per capita output is improved by 113%, lead time shortened by 42%, and product time to market shortened by 17%. ■ The factory could produce five sets of base station equipment per minute, contributing to more than 60% of the 5G base station equipment shipped by ZTE to customers around the world.

The use of 5G, robots, AI, digital twin, and big data has turned the workshops in the ZTE Global 5G Intelligent Manufacturing Base into 5G "dark factories". We monitor and manage the whole production process at the backstage through the industrial internet platform, and make reasonable plans of energy management based on the data analysis platform, cutting costs and improving efficiency in the workshops.

3. Green Storage and Logistics

In 2022, through multimodal transportation control and digital interaction of industry chains, ZTE selected optimal transportation routes and modes, improved the loading rate, and reduced the proportion of air transportation, promoting green logistics, and building a trail route of green logistics. In 2022, we optimized intelligent loading, with the loading rate increased to 72.3%; we promoted emissions reduction initiatives through the optimization of freight methods, with the rate of sea-to-air transfer in the primary freight of system products reduced by 65%; and the overall air freight ratio is reduced by 61%.

ZTE uses information technologies to cut resources consumption in warehousing. The company has built two intelligent sorting centers for raw materials and global 5G finished products in Binjiang, Nanjing, enabling the intelligent operation of the whole process from the inbound of raw materials to the outbound delivery of finished products. In this way, carbon emissions are cut by over 100,000 tons per year. In addition, we have been promoting paperless management for the inbound and outbound operations in our finished product warehouses worldwide, which can save more than 2.24 million sheets of A4 paper per year.

Moreover, ZTE has organized multiple seminars with leading green logistics companies such as JD, SF, and Lenovo, assisting the company's logistics partners in developing programs and initiatives of carbon reduction in green logistics, including but not limited to carbon emission measurement, new technologies of green logistics, and the application of green transportation tools.

4. Green Circulation

For products that need to be recycled, ZTE takes into consideration the actual state of the materials, the reusability of the materials, the cost of return, customs requirements, and local handling regulations, and makes optimal material handling plans after the evaluation of multiple parties. Based on the evaluation results and strict positive testing and inspection processes, the materials are reused accordingly.

In terms of green circulation, we reduced waste generation at the source through resource reconfiguration, thus significantly increasing the reuse rate of returned materials. In addition, we have built a global green circulation network consisting of over 150 environmental protection service providers, and recycled 1,418 tons of metal and 61 tons of plastic throughout the year.

In 2022, "ZTE Innovative Green Supply Chain" was awarded the "Top 30 Enterprises of Supply Chain Digitalization and Carbon Neutral Solutions in 2022" jointly by the Logistics Supply Chain Service Assurance Alliance and the organizing committee of the Forum Supply Chain Modernization in Chinese Style.



Green Product Innovation

By integrating the concept of sustainable development into product lifecycle management, ZTE builds green infrastructure, innovates in low-carbon products and solutions, and applies eco-friendly product packaging and transportation, helping enterprises reduce costs and increase efficiency to cope with climate change.

1. Green Infrastructure

While digital infrastructure promotes rapid social development, its power consumption and carbon emissions have raised more concerns. ZTE continuously builds green data infrastructure, and establishes and optimizes green and low-carbon technology systems, develops and applies energy-saving and low-carbon technologies to business processes. These practices significantly improve the Power Usage Effectiveness (PUE) of data facilities, fully tap the carbon reduction potential, and coordinate digital and green development.

Based on its in-house chipsets, ZTE promote the deployment of green infrastructure to enable green sites, green data centers, and low-carbon energy for energy-hungry products and solutions.

- **Green sites:** The traditional equipment room–based macro sites have gradually evolved into cabinet-based sites, which will develop into pole sites in the future as the integration is further enhanced, thereby slashing carbon emissions. Small steps made on each product and base station will ultimately lead to giant leaps, creating great value.
- **Green data centers:** Green energy-saving technologies are fully integrated to improve PUE from three aspects—flexible energy use, extreme cooling, and intelligent management, lowering PUE to no greater than 1.2 in some areas. With prefabricated data center solutions, the construction period is shortened by 40%. Through on-demand capacity expansion, the initial investment is reduced by 30%.
- **Low-carbon energy:** ZTE's intelligent photovoltaic system provides green power for sites, equipment rooms, and data centers, realizing photovoltaic applications in all scenarios. With innovative functions such as the hybrid use of intelligent lithium batteries and legacy batteries, intelligent peak shaving, as well as the split control and remote management of power, we have enabled precise and intelligent power supply, and further improved PUE.

At the same time, ZTE actively promotes energy digitization, including AI-based energy cloud, green power generation, and intelligent energy storage, to speed up carbon neutrality.

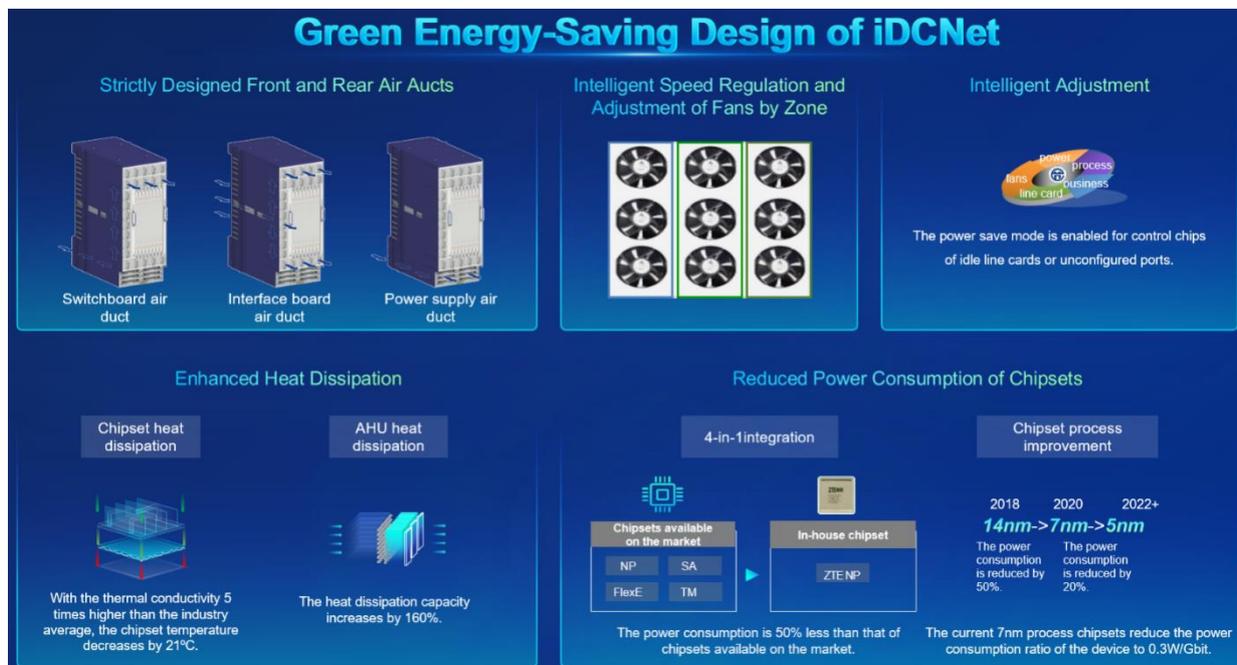
Green Energy-Saving Design of iDCNet

- **Strictly designed front and rear air ducts:** Switchboard air ducts, interface board air ducts, and power supply air ducts.
 - **Intelligent speed regulation and adjustment of fans by zone:** The power save mode is enabled for control chips of idle line cards or unconfigured ports.
 - **Enhanced heat dissipation:**
 - (1) Chipset heat dissipation: With the thermal conductivity 5 times higher than the industry average, the chipset temperature decreases by 21°C.
 - (2) AHU heat dissipation: The heat dissipation capacity increases by 160%.
-

■ **Reduced power consumption of chipsets:**

(1) 4-in-1 integration: The power consumption is 50% less than that of chipsets available on the market.

(2) Chipset process improvement: The current 7nm process chipsets reduce the power consumption ratio of the device to 0.3W/Gbit.



iDCNet Diagram

2. Low-Carbon Product Design and R&D

ZTE has established many R&D laboratories located all over the country. A challenge confronting the laboratories is the high power consumption in the manufacturing of boards and devices for 4G and 5G base stations. In response, we substituted manual operation with remote automation to develop energy-saving functions at base stations. Since the deployment of energy-saving functions this year, ZTE has saved more than 1.5 million kWh of electricity, which is equivalent to saving 468 tons of coal or planting 133,712 trees.

To optimize product testing processes, ZTE has applied fresh air systems to reduce power consumption in ambient cooling at high-temperature areas. During seasonal transitions, the indoor-outdoor temperature difference is used to cool the aging environment inside the glass room, saving the power consumed by air conditioners.

- **Energy conservation via tested products:** In the aging process, constant power is changed to dynamically adjusted power, realizing alternating stress on power and temperature simultaneously. In this way, power consumption is lowered while the environmental stress screening effect of aging tests is enhanced.
- **Energy conservation via aging test equipment:** With the junction temperature of the main chipsets and low-power components maintained, the fan rotation speed and the ambient temperature of aging test cabinets are optimized to reduce their power consumption.

- Energy conservation via changeover control: Background tooling software is used for accuracy control, to realize timely power-off when the test is finished or an aging fault occurs, and to reduce invalid power consumption caused by changeover delays.

3. Low-Carbon Product Packaging

In terms of product packaging, in 2022, ZTE revised and updated its *Technical Specifications of Packaging Materials* in accordance with the latest version of *GB/T 18445 Packaging Recycling Marking*. Meanwhile, the company optimized the packaging design, adopted more efficient buffer materials, and reduced the sizes and weights of packaging materials.

Green Packaging Project	Measure	Effectiveness
Optimization of the surface treatment process for printed boxes of PON products in China	For printed boxes with simple patterns, the commonly used lamination process was replaced by the water-based varnish process, which protects the printed surface in a lower-cost and more eco-friendly way.	The annual packaging cost can be lowered by CNY 800,000, and the annual plastic consumption can be reduced by 14 tons.
Replacement of plywood pallets with PVC pallets	Plywood pallets were substituted by PVC pallets for products such as AAUs, RRUs, and servers, saving wood consumption.	4,200 tons of plywood and 18,900 tons of logs can be saved every year. In 2023, PVC pallets will be used at a larger scale and more pallets will be recycled for reuse.
Application of non-disassembly and recycled packaging solutions for incoming enclosure materials.	For the trial, non-disassembly and recycled packaging was applied to the incoming enclosure materials for AAUs and RRUs, reducing the material consumption caused by disposable packaging.	Throughout 2022, the non-disassembly solution saved a total of 250 tons of paper, 46.9 tons of plastic materials, and 2015.8 tons of logs. The recycled packaging solution has gone through the pilot run, and will be widely applied in the future.

Indicator Related to Product Packaging	Unit	2022
Total package weight	Ton	52,253.99
Packaging material intensity	Ton per CNY 1 million of revenue	0.4250
Total consumption in system product purchase ¹	Ton	47,731.64
Plastic	Ton	1,369.97
Paper	Ton	20,533.87
Metal	Ton	1383.47
Others	Ton	24,444.33
Total consumption in terminal product purchase	Ton	4,522.35
Plastic	Ton	544.05
Paper	Ton	3,345.51
Others	Ton	632.79

4. Carbon Reduction Management for Key Products

In 2022, ZTE formulated and released the *Product LCA Carbon Footprint Assessment Specifications* to strengthen product lifecycle management and standardize the product carbon footprint assessment through LCA. We actively conduct LCA to evaluate the Global Warming Potential (GWP) of our products throughout their lifecycle from raw material extraction, manufacturing, distribution, use, to end-of-life. In 2023, ZTE plans to

¹ The data include the packaging weight of all products except mobile phones and materials purchased from suppliers.

establish a database for the carbon footprint of products, to shoulder the company's CSR in terms of carbon reduction while responding more quickly and accurately to customers' requirements for product carbon footprint assessment through LCA.

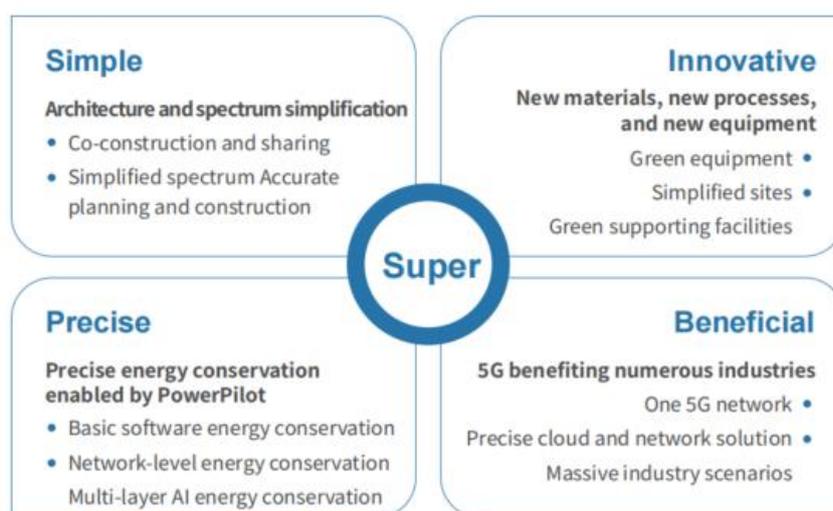
In 2022, ZTE continued to take a series of energy-saving and carbon-reduction actions. Focusing on the use phase of products, we effectively cut carbon emissions through carrier shutdown, equipment deep sleep, channel shutdown, and symbol shutdown functions for traffic products and site photovoltaic applications and simplified site solutions for energy-intensive products. In addition, our actions covered the entire lifecycle of terminal products, which included increasing the packaging capacity, substituting paper manuals with electronic ones, reducing the use of plastic packaging, using Post-Consumer Recycled (PCR) plastics, and adopting non-spraying processes, to further reduce the carbon emissions of products.

Empowering the Green Development of Industries

ZTE is active in taking energy-saving and emission-reduction actions, and has made a positive impact on partners in the electronic information industry. By virtue of our advanced ICT, we work with partners with common goals to drive the entire industrial chain toward the goals of carbon peaking and carbon neutrality and contribute to a sustainable future.

1. Facilitating Energy Saving for Telecom Operators

The impact of the ICT industry on global greenhouse gas emissions should not be underestimated, for example, the energy consumption and carbon emissions of operators account for a large proportion. To help telecom operators around the world achieve sustainable development, ZTE has developed a "super simple, innovative, precise, and beneficial" energy-saving framework. From multiple aspects, such as infrastructure, hardware, software, and service applications, the framework provides a reference for the formulation of carbon reduction plans for low-carbon, green, and high-quality development.



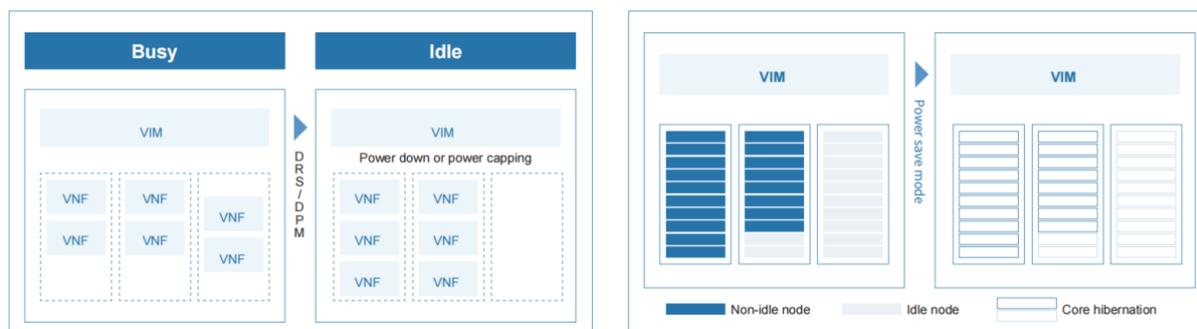
2. Promoting the Green Development of Industries

ZTE has worked with more than 500 vertical partners to carry out extensive innovation practices in multiple fields, such as industrial control, Internet of Vehicles (IoV), smart finance, smart agriculture, smart power supply, sports and entertainment, smart security, and smart medicine. We keep exploring for technologies for energy

conservation, emissions reduction, and operational efficiency improvement, to accelerate the digital transformation of numerous industries.

[Case] ZTE and China Mobile Jiangsu Jointly Promoted the Application of Chipset Energy-Saving Technology Solutions in Industrial Parks

In the second half of 2021, ZTE and China Mobile Jiangsu reached an agreement on a project for the commercial use of dedicated clouds in Nanjing, Jiangsu province, to further promote the digital transformation of the industrial park networks. In early 2022, through the CFN Innovative Test Infrastructure (CFITI) project of China Mobile, ZTE applied the dedicated cloud in Nanjing, Xi'an, and other places, in an attempt to apply the chipset energy-saving technology solutions in industrial parks based on the computing demand.



2022 Energy-Saving Solution for the Industrial Park Data Center Based on China Mobile Jiangsu's CFITI Project

After year-long solution innovation and technology pilots, ZTE has made remarkable achievements in energy conservation and network operations, which is manifested in its steady optimization in terms of resource consumption, energy conservation and emissions reduction, and computing resource utilization rate.

- Higher efficiency in energy saving: Based on ZTE's 50,000-core existing cloud desktop, with unified scheduling and energy-saving technologies, 400,000 kWh of electricity can be saved per year based on 4 hours of power saving per night. With the energy-saving measure taken on 50,000 servers, power consumption is reduced by 10%, equaling a decrease of 20,000,000 kWh throughout the year.
- Higher efficiency in operations: R&D cloud, big data, and hardware simulation provide a total of 120,000 cores of computing resources. Through cross-cloud resource scheduling, the annual 20% increment of R&D cloud demands is satisfied, achieving the desired effect with a higher resource utilization rate rather than a resource increase. In addition, connection with the China Mobile's resource pool effectively satisfies the temporary computing resource demands and guarantees unified external services.

3. Contributing to the Formulation of Low-Carbon Standards

Based on its industry practices, ZTE actively collaborates with domestic and international research institutions and industry associations to compile, revise, and convey relevant product standards, thereby promoting the common development of industry partners in the green and low-carbon field. At the same time, through participation in the formulation of these standards, we develop our internal evaluation methods in line with industry standards and enhance our expertise in internal standardization. In 2022, ZTE mainly engaged in the following standards-related activities.

- The drafting of Shenzhen's *Technical Specifications for Product Carbon Footprint Assessment: Mobile Phone*, which has been officially released.
- The drafting and revision of *Electric and Electronic Product Carbon Footprint Assessment Part 4: Mobile Communication Handset*, a group standard for carbon accounting, and *Data Center Carbon Emission*

Control Specifications and *Data Center Carbon Label Assessment Specifications*, group standards for data center carbon footprint.

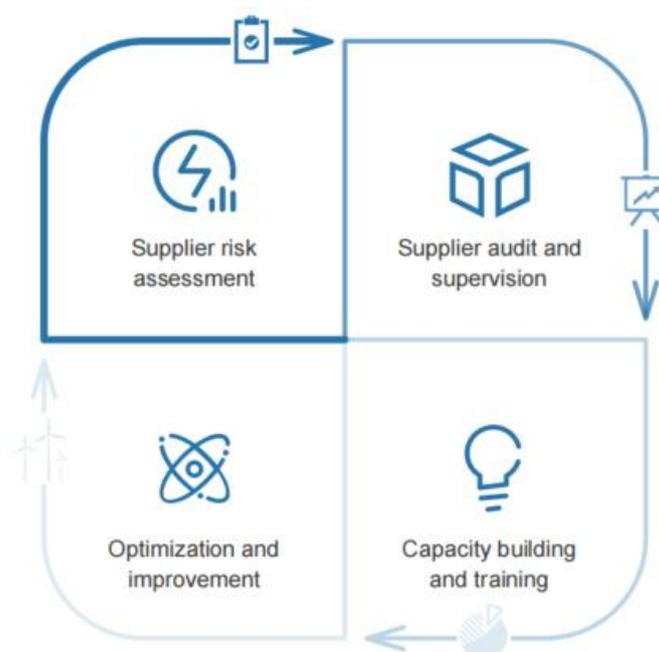
- The communication on product carbon footprint assessment through LCA with operators, and the drafting of the *White Paper on Synergetic Carbon Reduction in the Value Chain and Supply Chain of Information and Communication Enterprises*.

Upholding Win-Win Cooperation to Grow with Partners

ZTE is committed to improving supplier CSR management to guarantee responsible sourcing. By means of supplier CSR certification, risk assessment, on-site inspection, and training, we urge suppliers to establish and effectively implement the CSR management system, to grow together with our suppliers.

Improving Supplier CSR Management

ZTE is willing to work with partners for win-win and continuous progress. Supplier CSR management is one of the channels for the continuous sharing of our values. At present, ZTE has established a closed-loop process from supplier risk assessment, supplier audit and supervision, capability building and training, to optimization and improvement.



Supplier Information	Unit	2022
Number of suppliers		
Production suppliers	/	3,192
Engineering service suppliers	/	2,425
New subcontractors/suppliers	/	211
Number of production suppliers by subcategory		
Board and component suppliers	/	927
Auxiliary product suppliers	/	2,265
Finished product assembly and production bases (owned by ZTE)	/	5

1. Improving Supplier Risk Assessment

ZTE has formulated the *Supplier CSR Code of Conduct*, which stipulates the code of conduct that suppliers shall abide by from multiple aspects including integrity and law compliance, human rights, labor standards, health and safety, environmental protection (including product environmental protection and greenhouse gas reduction), prohibited commercial activities, and responsibility considered in the purchase of mineral products. To ensure that suppliers accurately understand and implement the relevant requirements, ZTE conducts special training for suppliers every year. In 2022, we organized special CSR training for 82 suppliers, covering all

content of the *Supplier CSR Code of Conduct*. In addition, we take various measures, including document reviews and on-site audits, to check the suppliers' implementation.

Based on this code of conduct, the company has established a risk assessment system covering new and existing suppliers. This system includes two parts: supplier CSR self-assessment and supplier CSR risk assessment.

- The supplier CSR self-assessment aims to strengthen suppliers' attention to their social and environmental responsibilities and obtain information related to their CSR management system and practices. Suppliers are required to provide complete CSR details or facts by filling in the *Supplier CSR Self-Evaluation Form*, while providing the improvement plan and improvement evidence for the nonconformity in the self-assessment.
- The supplier CSR risk assessment aims to evaluate the potential CSR risks of suppliers based on their characteristics, and identify suppliers with high/medium/low CSR risks based on the assessment results.

According to the CSR risk level of suppliers, ZTE will take targeted measures to eliminate risks and ensure continuous improvement.

In 2022, the company added requirements for business continuity management and the dual-carbon strategy to the supplier CSR self-assessment, and added supplier CSR red lines to the *Supplier CSR Code of Conduct*. These are improvements in the supplier CSR risk assessment.

[Case] Supplier CSR Red Lines

The supplier CSR red lines are zero-tolerance requirements for suppliers.

- 1) The use of child labor is strictly prohibited. Suppliers shall not employ or use children for work, nor shall they employ any persons below the minimum legal age for employment.
 - 2) Forced labor is strictly prohibited. Suppliers shall not use forced labor, compulsory labor, prison labor, bonded labor, bondage or human trafficking, physical or verbal abuse, or sexual violence.
 - 3) Exposure of employees, contractors, partners, or other persons who may be affected by the activities of the employees, contractors, and partners to an environment that may cause immediate death, serious personal injuries, or serious health damage is strictly prohibited.
 - 4) The discharge of environmental pollutants that may cause or have caused serious impacts is strictly prohibited to avoid major negative impacts on communities, for example, the discharge of toxic or harmful air and water, the discharge of exhaust gas and waste water without the required treatment, chemical leakage, and the discharge of toxic or harmful substances out of factories.
 - 5) Bribery, corruption, fraud, money laundering, unfair competition, and support of illegal armed forces are strictly prohibited.
 - 6) Other negative events that may cause or have caused serious domestic and international impacts are strictly prohibited.
-

2. Supplier Audit and Supervision

The supplier CSR audit is conducted at the sites of suppliers, to identify their CSR weaknesses and promote the continuous improvement of their CSR performance. The audit mainly includes inspections on the use of child/underage/forced labor, freedom of association, discrimination and punishment, hours of work, salary and compensation, health and safety, environmental management, corporate governance, and the CSR of subordinate suppliers.

ZTE audits suppliers' CSR performance in three forms:

- Integrated audit. In accordance with the CSR sections in the *Structural On-Site Audit Evaluation Form_SDA*,

the Supplier Quality Engineer (SQE), Technical Quality Engineer (TQE), or Supplier Certification Engineer assesses suppliers' CSR performance during the review of new supplier certification, existing supplier cross-category certification, supervision on existing suppliers, and addition and change of sites by existing suppliers. SQE tracks and verifies suppliers' rectification of nonconformities.

- Special audit. The SQE (and suppliers' CSR director could be invited if necessary) conducts the special CSR audit using the *Supplier CSR Audit Report* or *JAC CSR Parameters* for a comprehensive and systematic assessment of the CSR performance of suppliers. The SQE tracks the rectification of nonconformities and verifies their closure.
- External audit. According to the demands of external customers or our judgment on supplier risks, our customers, or any third parties entrusted by the customers or by ZTE, conduct the special CSR audit in accordance with the CSR standards approved by the customers, to gain a comprehensive understanding of the CSR performance of suppliers. Suppliers' CSR director tracks the rectification of nonconformities and verifies their closure.

In 2022, in line with our overall carbon neutrality strategy, we officially initiated our carbon audits on suppliers and completed the audits on 109 suppliers. At the same time, we conducted integrated audits on 61 new suppliers and 162 existing suppliers, and performed CSR special audits on 9 suppliers in accordance with the *JAC CSR Parameters*; and 4 of them are audited by third-party organizations.

To continuously strengthen the professional skills and capabilities of supplier CSR auditors, the company provided special CSR training for more than 120 supplier CSR auditors in 2022.

[Case] Annual Audit on Engineering Service Suppliers

In 2022, the company organized an annual audit on global engineering service suppliers. The annual audit covered four major aspects: basic information (registration documents, bank receipts, authorization letters, etc.), industry certificates, compliance documents (product security, anti-bribery commitment, CSR commitment letter, and CSR self-inspection form), and qualifications. In accordance with the company's requirement, each annual audit shall cover about 30% of suppliers, equaling 500 or so, and all suppliers shall be audited once every three years. In 2022, 433 subcontractors in 84 countries were audited.

3. Capability Building and Training

Supplier audit is not our ultimate goal, but a method for discovering problems, so that we can help suppliers enhance their problem-solving capabilities.

In 2022, based on the company's dual-carbon strategy requirements for suppliers, we developed the book *Supplier Carbon Verification*, provided offline training in dual-carbon strategy for more than 110 representatives from over 80 suppliers, and arranged for more than 350 representatives from over 170 suppliers to take part in the online training in product carbon footprint assessment through LCA. Through these activities, suppliers acquired the necessary knowledge and skills to carry out relevant work in accordance with scientific procedures.

In addition, the company organized training camp sessions for suppliers from May 31 to June 2, 2022, so that suppliers could better understand ZTE's procurement management requirements to bolster the transparency and efficiency of mutual communication and interactions. The courses covered supplier CSR management, information security management, green environmental management, conflict mineral management, anti-bribery compliance management, data protection compliance management, cybersecurity management, dual-carbon strategy and greenhouse gas verification, and transparent procurement management. More than 110 representatives from over 80 suppliers participated in this training camp.

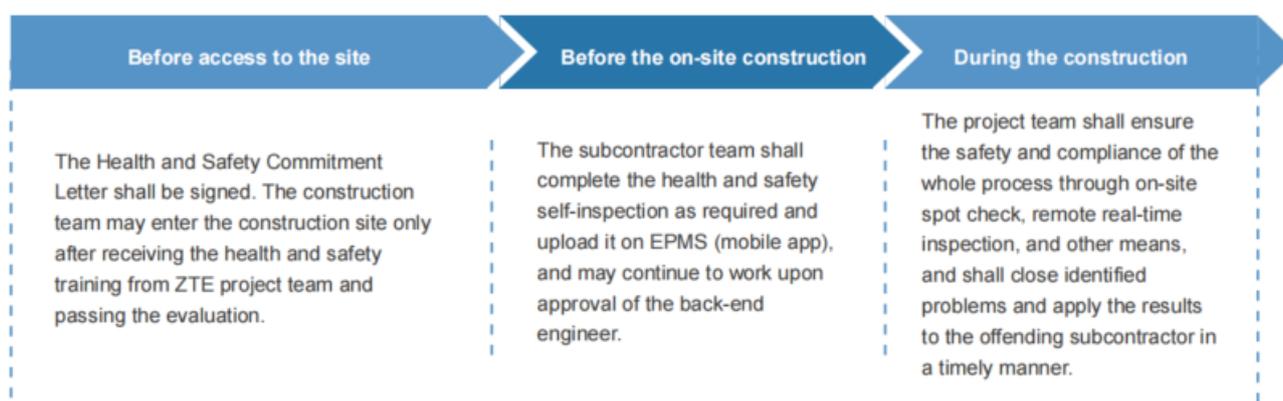
For engineering service suppliers, in 2022, ZTE completed training for 22,775 newly outsourced personnel, 139,814 construction workers, and 3,720 project management persons.

4. Optimization and Improvement

The top five categories of nonconformities found in CSR audits on suppliers are mainly related to fire safety, machinery equipment safety, hazardous chemical safety, greenhouse gas emissions reduction, and working overtime. In 2022, 10 new suppliers failed the CSR audits and therefore did not pass ZTE's certification.

For all nonconformities found during supplier on-site audits, ZTE will assist the suppliers in developing rectification plans, as well as track, verify, and close the nonconformities through the Supply Chain Collaboration website (<https://supply.zte.com.cn>). In addition, ZTE will follow up and report the progress of the rectification of these nonconformities on a monthly basis. For those not closed within three months, points will be deducted from the supplier performance appraisal score until they are finally closed.

The company always regards the safety of suppliers' personnel during engineering construction as a key task, and has established an end-to-end construction management mechanism and an audit-based on-site safety management process.



During the cooperation, ZTE evaluates the safety construction of subcontractors and applies the results every month to ensure that the evaluation is oriented to high performance in health and safety. In addition, the company continues to improve the on-site safety management level through internal and external audits every year.

For more details about ZTE's supplier CSR management, please refer to the 2022 Sustainability Performance.

Refining Responsible Minerals Management

Responsible management of minerals is a common topic throughout the industry. ZTE will never purchase or use any minerals from conflict areas. This is a commitment and principle that we always adhere to.

The company also publishes a **Conflict Minerals Report** each year to provide stakeholders with a comprehensive description of the company's progress in this field.

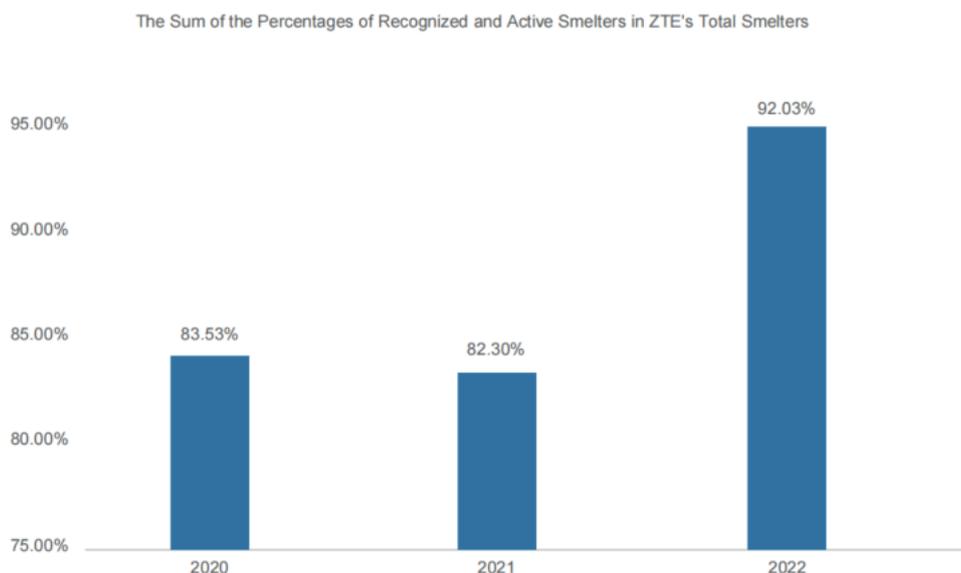
1. Expanding the Scope of Supplier Survey and Audit

In 2022, the company further expanded the scope of the supplier survey and achieved full coverage of suppliers involved in the procurement of conflict minerals. Throughout the year, surveys were conducted on a total of 984

suppliers, which included a questionnaire survey on top-ranking suppliers contributing to 96% of the PO amount (288 suppliers), and a self-assessment of risks by the rest (696 suppliers).

Meanwhile, ZTE conducted 151 audits on all suppliers involving potential risks, including 10 special audits on high-risk suppliers and 141 integrated audits on suppliers at all risk levels.

In terms of conflict mineral sources, the sum of the percentages of recognized and active smelters in ZTE's total smelters is 92.03% in 2022, higher than that of 2021. The sum for recent years is shown in the chart below.



Indicator Related to Conflict Mineral Management	2020	2021	2022
Percentage of products passing third-party certification regarding responsible mineral procurement (e.g. Responsible Minerals Assurance Process (RMAP))	79.71%	76.71%	90.03%
Percentage of products with traceable raw materials	97.11%	71.37%	93.06%

2. Joining the Responsible Critical Mineral Initiative (RCI)

ZTE joined the Responsible Critical Mineral Initiative (RCI; formerly the Responsible Cobalt Initiative) launched by the China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters (CCCMC) in 2022. As a member of the initiative, ZTE better promotes the implementation and international alignment of China's conflict minerals-related standards and regulations.

3. Completing the Audit of the Entire Cobalt Supply Chain

In 2021, ZTE began its cooperation with RCS Global Group, a supply chain auditing and consulting company, for independent due diligence on ZTE's supply chain. In the same year, the company completed the audit on the entire cobalt supply chain, from battery suppliers, cathode material suppliers, to refineries. The audit work focused on ZTE's cobalt supply chain, with the aim of identifying cobalt suppliers and evaluating any potential risks associated with human rights violations in the cobalt supply chain in accordance with the OECD's five-step framework.

After the audit on each supplier, ZTE followed up on the rectification of problems according to the rectification action scheme. After completing the audit as planned in 2021, ZTE continued to work with RCS Global Group in 2022 to conduct due diligence on the upstream of the cobalt supply chain, including primary cobalt refineries and cobalt mines in the Democratic Republic of the Congo. Through the two-year tracing of the cobalt supply chain, ZTE completed the audit on suppliers of the entire cobalt supply chain. As all suppliers were audited in

the same cobalt supply chain, thus the audit results were coherent and convincing and the cobalt supply chain map was completed.

After two years of efforts, ZTE audited and validated a complete cobalt supply chain from battery suppliers to mines. In addition, by means of end-to-end supplier mapping, ZTE also gained an understanding of the standards and overall performance of suppliers at different tiers in their responsible cobalt procurement. Next, ZTE will encourage suppliers to demonstrate their performance improvements in cobalt-related due diligence management, responsible procurement, and responsible production.

Through the supplier training camp sessions, ZTE helped 82 suppliers and 110 partners comprehensively understand responsible minerals, including the concept, background, as well as requirements of relevant international laws and regulations, NGOs, and external rating agencies. At the same time, the training equipped suppliers with the matters they need to cooperate on, including signing the *Declaration of Metal Conflict-Free*, completing the conflict mineral survey questionnaire, and tracing the smelters of 3TG minerals. In this way, suppliers can better assist ZTE in completing relevant work on conflict mineral due diligence and establish their own conflict mineral management system in the future.

Shouldering CSR to Contribute to the Global Community

As a global company, ZTE upholds the philosophy of sustainable development for many years, actively practices CSR, and passes love and responsibility to many countries around the world. Since its founding, ZTE Foundation has launched 157 public benefit programs, involving education, healthcare, and poverty alleviation and covering more than 100,000 beneficiaries. By the end of 2022, ZTE had a total of 8,063 registered employee volunteers, with a total of 19,746.5 voluntary hours. All the good deeds of our employees add up to ZTE's significant contribution to the global community.

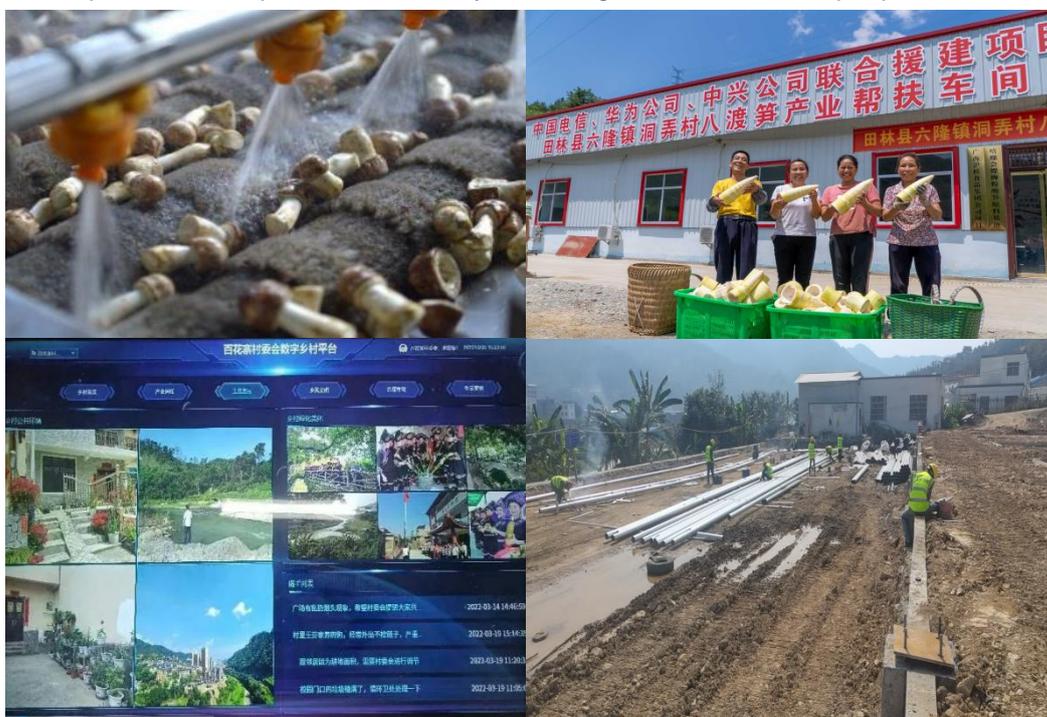
ZTE Foundation adheres to transparency and openness in the disclosure of information on public benefit programs, including financial revenues and expenditures, project updates, donations, and other related information. ZTE Foundation has obtained a full transparency score according to the Foundation Transparency Index for six consecutive years, and is granted the honor of the "Top 10 Public Welfare Organizations" and "Top 10 Creative Projects" of the Moving Shenzhen Care Campaign.

Indicator Related to Public Benefit	Unit	2022
Public benefit programs	/	58
All kinds of public benefit events and activities	/	248
Number of volunteers participating in public benefit activities	Person-time	2,741

For more information on ZTE Foundation, please refer to the 2022 Sustainability Performance.

Promoting Rural Vitalization

In 2022, guided by China's national policies, ZTE actively consolidated its poverty alleviation achievements, and made continuous investments in rural vitalization. We have launched 36 public benefit programs in 23 counties nationwide, including industry assistance, living environment improvement, and assistance by promoting the consumption of products from poor areas, directly benefiting more than 60,000 people.



ZTE Foundation's Program in Tianlin County, Baise City, Guangxi Province

Supporting Educational Development

Education is a long-term undertaking. ZTE Foundation cares for the growth of the next generation and has supported the educational undertaking for many years. We have actively explored "development-oriented student aid", providing students with financial aid, companionship, and personal quality improvement, to help rural students grow with independent thinking, collaboration skills, a strong sense of social responsibility, and great execution capability.

Indicator Related to Educational Development	Unit	2022
Funds provided to the Xinghua Student Aid Program	CNY 10,000	349.44
Number of high school students funded by ZTE Foundation	Person-time	2,530
Number of college students in western China funded by ZTE Foundation	Person	416
Donations to the education support program in Shaanxi	CNY 10,000	10

1. Promoting Educational Equity

ZTE Foundation continuously implements the Xinghua Student Aid Program and the "Xingtianshi" One-to-One Student Support Program, providing financial aid for students in need to help them realize the dream of going to school. In 2022, a total of 1,100 high school students and 260 college students were aided. Among them, 296 students took the college entrance examination, with a college admission rate of up to 89.19%. The "Xingtianshi" One-to-One Student Support Program has come into official operation for more than a year, and opened four classes in Guangxi, Guizhou, and Jiangxi with the donations of 200 employees. In addition, there are more than 150 candidates for employee donors.



Delivery of Scholarships and Material Supplies



Visits to Students

2. Caring for Students' Mental Health

ZTE Foundation has published *Answers to Confusions of Adolescents* after an in-depth analysis of students' common confusions. Specifically, ZTE Foundation summarized 59 typical questions from 3,709 questions of high school students in central and western areas of China, and invited psychologists from the Chinese Academy of Sciences, South China Normal University, and other famous institutions and universities, excellent students from Peking University, Tsinghua University, and other universities, as well as 784 management members and employees of the company to answer these questions. Apart from the ongoing visits to students, ZTE newly launched the "Echo" Program to build a correspondence platform for students and employee volunteers, so that continuous companionship could be provided for the high school students.



Answers to Confusions of Adolescents

3. Cultivating Comprehensive Quality

To satisfy the needs for comprehensive development of high school students in various counties, ZTE Foundation organized activities such as urban exploration, career experiences, science popularization courses, and rural student aid forums. In 2022, the "Dream Chasing" summer camp was successfully held. Thirty-six students from Guizhou, Guangxi, and Qinghai were gathered in Nanjing to participate in 25 activities designed under five major themes. The summer camp greatly helped the students broaden their horizons, go beyond their limits, and set their own goals.



"Dream Chasing" Summer Camp in Nanjing

[Case] Twilight Program for Educational Equity

The Twilight Program launched by ZTE Foundation in 2021 aims to select "small but excellent" public benefit programs in central and western China that have growth potential but fund-raising difficulties, and fund them to support the development of local education and medical services. All six programs funded in the first phase were completed in 2022, and great progress was made in many programs, bringing strong support to the local people.

- In Henan province and Gansu province, we built classrooms, libraries, dormitories, and other facilities in four primary schools in mountainous areas, benefiting up to **517** pupils and teachers.
- In Yuzhong county, Gansu province, we distributed more than **500** hygiene packs to pupils in **10** rural primary schools, supporting village teachers to carry out health classes continuously during the semester.
- In Azahé township, Honghe county, Yunnan province, we organized nearly **50** activities at the local culture hall for left-behind children, helping the local younger generation inherit the unique ballads and dances of the Hani people.
- In Yiliang county, Yunnan province, we built and operated two science and technology parks for rural children, benefiting about **2,000** children directly.

In August 2022, Twilight Program II saw upgrades in all aspects. A total of 138 program applications were received. Through comprehensive reviews in terms of program feasibility, effectiveness, and innovation, it was decided that two-year comprehensive support would be provided for five projects, including music classrooms in mountainous areas, education for youth and women in agricultural and pastoral areas of Qinghai province, and mental health support for left-behind children in rural areas.



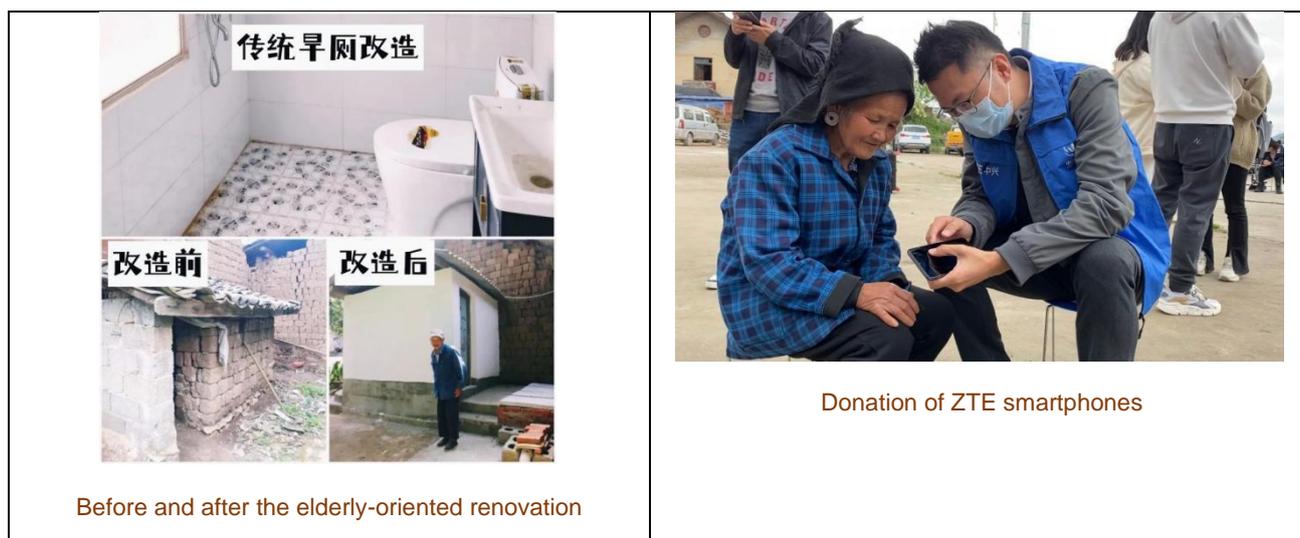
Science Program in Yiliang County Supported by the Twilight Program

Caring for Vulnerable Groups

ZTE has been organizing visits to veterans in Baoshan city, Yunnan province for 17 consecutive years. Not only funds were granted, but also the first elderly-oriented renovation was completed for the veterans' home

environment, making their life more convenient and comfortable. Besides, ZTE employees learned the veterans' patriotism through the visits.

Meanwhile, ZTE Foundation paid attention to the actual demands of empty-nesters, as well as the elderly people in communities and nursing homes, and provided them with targeted assistance. In Guizhou province and Henan province, we donated smartphones to empty-nesters to make their life more convenient. In addition, we donated a total of 15.65 tons of rice to Luding county, Sichuan province as earthquake relief, which was purchased from Hainan province through our assistance program promoting consumption of products from poor areas, supplementing supplies to nursing homes in disaster-stricken areas in a timely manner.



Indicator Related to ZTE's Project of Caring for Veterans	Unit	2022
Accumulated donation amount of the project of caring for veterans in west Yunnan	CNY 10,000	668
Number of veterans covered by the project of caring for veterans in west Yunnan	Person-time	275
Accumulated employee contributions to the project of caring for veterans in west Yunnan	CNY 10,000	327.11
Number of ZTE volunteers in the project of caring for veterans in west Yunnan	Person-time	1,883

[Case] Popularization of Use of Smartphones Among the Elderly

On the Double Ninth Festival, Kunming Broadcasting and Television Company held a series of public service activities in the Zongshuying community, Kunming city, Yunnan province. ZTE collaborated with China Mobile Kunming and a branch of Yunnan Global Communications to provide free community courses, science lectures, and voluntary services for the elderly. In particular, they taught the elderly how to use smartphones and especially the elderly-oriented functions.



Advancing Public Health

ZTE Foundation has effectively linked patient assistance to medical innovation. In 2022, we provided financial aid to 15 child patients and initiated the "Sunshine Baby" Assistance Program for premature babies with retinopathy. Through "ZTE Vcare Space", we provided services for 4,689 families with child patients.

Meanwhile, ZTE Foundation has proactively supported medical innovation. In 2022, our Health Technology Evaluation Program produced 15 medicine reports and supported Shenzhen Children's Hospital in leading 16 medical institutions to release the first *Expert Consensus on Shenzhen Off-Label Drug Use for Children in Shenzhen* under the guidance of the Health Commission of Shenzhen Municipality. This was the expert consensus that covered the largest number of entries in China, including 128 drugs, 145 entries, and 233 off-label drug use items. Each drug use is proofed by evidence-based medicine in detail, covering blood tumors, epilepsy, endocrine, cardiovascular, respiratory, and digestive diseases.



Release of the *Expert Consensus on Off-Label Drug Use for Children in Shenzhen*

Practicing Green Public Welfare

ZTE Foundation has actively responded to the dual-carbon strategy and set up the "ZTE Ecosystem Conservation Fund" in collaboration with China Green Carbon Foundation, with the aim of supporting afforestation, forest management, and other ecosystem conservation programs, promoting green and low-carbon technological innovation as well as living philosophy and other activities for the increase of carbon sink and reduction of carbon emissions. The first program of the Fund is expected to take place in Baihuahe Forest in Xiaoxing'anling, Heilongjiang province, covering a total area of 125 hectares for the planting of 150,000 spruce and red pine trees. So far, more than 7,000 trees have already been planted.

Contributing to the Global Community

As a global enterprise, ZTE regards public benefit undertakings and CSR fulfillment as a key focus of its development strategy, and continuously assists countries and regions across the globe to optimize their telecommunications conditions. By referring to the UN Sustainable Development Goals, we remain active in public benefit activities in education, poverty alleviation, environmental protection, disaster relief through cooperative teaching and resource sharing. In helping people around the world achieve sustainable development, ZTE fully demonstrates its social responsibility as a multinational enterprise.

1. Promoting Global Education Cooperation

Promoting localization has long been an important move in ZTE's strategy for going global. In 2022, ZTE collaborated with a number of universities including the Multimedia University of Malaysia, Polytechnic University of the Philippines, and Prince of Songkla University of Thailand in student aid, and actively organized exchanges and cooperation on talent and technologies, to accelerate localization for win-win results.



ZTE Signs a Strategic Cooperation Agreement with Multimedia University of Malaysia

2. Advancing the Healthy Development of Adolescents

The healthy development of adolescents is a topic that always attracts ZTE's high attention. In Italy, ZTE partnered with local sports clubs, sports foundations, and other business partners to initiate the LTC 2022-2023 Tennis Scholarship Program, which would provide systematic training and physical and mental counseling to the selected young players, to help them enter the professional tennis world, and would support the team RES ROMA VIII in developing young female footballers from poor areas.

3. Building a Harmonious Global Community

- Disaster relief: In April 2022, prices soared in Sri Lanka. In response, ZTE purchased a large amount of food and material supplies and delivered them to the doorstep of local employees and some local people, to satisfy their basic needs.



- Humanitarian assistance: In 2022, a sudden flood in Pakistan caused heavy casualties and property losses. ZTE was deeply concerned about the people affected and provided them with tents and other humanitarian assistance.



- Care for children: Since January 2019, ZTE has offered help to the largest orphanage in Mexico City for four consecutive years. Our employees volunteered in event organization, material donation, and on-site distribution.



A Letter from the Board of Directors

To all stakeholders,

Sustainable development, which is ZTE's long-term goal, provides a solid foundation for the company to advance into the expansion phase. Driven by this goal, we have been publishing the social responsibility/sustainable report for 15 consecutive years since 2009. In this way, we hope to maintain transparent communication with relevant parties and build and continuously consolidate trust among all stakeholders.

The Board of Directors is the supreme decision-making body of the company's sustainable development management. Through regular meetings and daily reports, the Board audits the company's sustainable development strategy and work priorities in response to domestic and international environmental changes. Based on the annual evaluation of the importance of sustainable development topics, the Board updates the company's risks and opportunities in environmental, social, and governance issues each year, to ensure efficient allocation of resources, and review and supervise the sustainable development strategies and progress.

Sustainable development is a comprehensive undertaking involving multiple functions and actions throughout the company. In this regard, ZTE has established the Sustainable Development Management Committee, which is composed of the company's top management, including the Executive Vice Presidents, Chief Operating Officer, and Chief Strategy Officer, and is supported by all functional departments. The committee makes decisions on environmental, social, and governance issues related to sustainable development, prevents relevant risks, and regularly reports the work progress of sustainable development to the Board. 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.

With the increasingly complex global environment and rigorous regulation, the Board receives regular sharing and special training from both internal and external expert teams, to stay informed of cutting-edge information and knowledge in the field of sustainable development. This report has been reviewed and approved by the Board of Directors of the company for public release.

Communication is the first step in building trust. We hope to create value for everyone through active and open communication with all stakeholders.

Independent Assurance Report



Independent Assurance Statement

Introduction:

TÜV Rheinland (Guangdong) Ltd., member of TÜV Rheinland Group, Germany (hereinafter "TÜV", "We") has been entrusted by the management of the ZTE Corporation (ZTE) (hereinafter "ZTE", "the Company") to conduct independent assurance of ZTE Corporation Sustainability Report (hereinafter "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 Report.

The intended users of this assurance statement are stakeholders having relevance to the ZTE's overall Sustainability Performance and impacts of its business activities during 2022 (1 January 2022 – 31 December 2022). TÜV Rheinland is a global service provider of Corporate Social Responsibility (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 not been involved in the preparation of the Report contents.

Assurance Standard:

The Independent Assurance was implemented in accordance with the AA1000 Assurance Standard (AA1000AS v3), covering defined principles of Inclusivity, Materiality, Responsiveness and Impact.

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.
- Reporting with reference to the GRI Standards 2021.
- Evaluation of disclosed information and data in the Report as per the Assurance Standards.
- Type-1, Moderate Assurance Level as per AA1000AS v3.

Limitations:

The assurance was conducted based on a moderate level of assurance under the AA1000AS for engagement. Information and performance data subject to assurance is limited to the content of the Report.



The assurance did not cover financial data, technical descriptions of buildings, equipment and production processes or other information not related to sustainability.

Assurance Methodology:

TÜV has challenged the Report contents and assessed the processes undertaken by ZTE from source to aggregation in disclosure of information and data pertaining to sustainability performance. Our judgment is based on the objective review of reported information as per criteria defined under Assurance Standards, that is, principles of Inclusivity, Materiality, Responsiveness, and Impact.

Analytical methods and the performance of interviews as well as data verification were used as per random sampling, to verify and validate the correctness of reported data and contents in light of contractual agreement and the factual ZTE's corporate sustainability strategy and governance as mentioned in the Report. Our work covered interviews with ZTE's representatives including senior management and relevant employees who collected, summarized and reported the disclosures. The approach deemed to be appropriate for the purpose of assurance of the Report since all data therein could be verified through original proofs and/or verified database entries.

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

Adherence to the AA1000AS v3:

Inclusivity:

ZTE has identified key stakeholders, including investors, regulators, customers, employees, suppliers, communities and social organization, and communicated with them to make analysis of their concerned topics in proper ways (such as meetings, trainings, audits, customer service, report disclosures, and published journals, etc.). The company carried out questionnaire survey in 2022 to employees all over the world about sustainability topics to understand their concerns.

Materiality:

ZTE has conducted materiality assessment on sustainability topics through corporate fundamentals analysis, research of policies and regulations, benchmarking industry best practices, and stakeholder engagement, and then determined important material topics, such as privacy protection and data security, employee health and safety, strategy of carbon management, protection of employee's labor rights, anti-corruption and anti-bribery in business, etc. The report disclosed risk assessment and management approaches related to the above material topics.

Responsiveness:



ZTE has communicated with its external stakeholders about sustainability, via channels such as industrial associations, customer interaction, audits and conferences. The company also communicated with employees in ways of employee trainings, work emails and intranet, and periodicals, etc. The report disclosed sustainability strategy, corporate governance, sustainability goals and significant progresses, and qualitative performance indicators, and so on, to be responsive to the issues concerned by stakeholders.

Impact:

ZTE has clearly defined five key points in sustainability by benchmarking UN Sustainable Development Goals (SDGs) and research of industrial development trends. Functional departments in the company conducted risk assessment on the key points of sustainability (such as climate change, environmental protection, regulatory compliance in operations, business ethics, and supply chain management, etc.), and actively implemented risk management and control measures, to manage potential negative impacts on its business operation and corporate reputation.

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 2022 meets the requirement of ESG Reporting Guidelines in Appendix 27 of the Main Board Rules issued by Hong Kong Exchanges and Clearing Limited (HKEX), and meets the requirements of Type-1, Moderate Assurance Level according to the AA1000AS v3.
- The Report includes statements and claims that can reflect ZTE's sustainability achievements and challenges supported by documentary evidence and internal records.
- The performance data we found in the Report are collected, stored and analyzed in a systematic and professional manner and were plausible.
- TÜV Rheinland shall not bear any liability or responsibility to a third party for perception and decision about ZTE based on this Assurance Statement.



Daniel Pan

Corporate Sustainability Service Technical Manager

TÜV Rheinland (Guangdong) Ltd

20 Feb 2023, Guangzhou, China

Policy List

Category	Laws and Regulations Observed ²	ZTE Corporation Internal Policies
A1. Emissions	<ul style="list-style-type: none"> ■ Environmental Protection Law of the People's Republic of China ■ Law of the People's Republic of China on the Prevention and Control of Environment Pollution by Solid Wastes ■ Law of the People's Republic of China on the Prevention and Control of Water Pollution ■ Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution ■ Directory of National Hazardous Wastes ■ Air Pollution Emission Limits ■ Water Pollution Emission Limits ■ Standard for Pollution on the Storage and Disposal Site for the General Solid Wastes ■ Standard for Pollution Control on Hazardous Waste Storage ■ Regulations of Guangdong Province on Prevention and Control of Environmental Pollution by Solid Waste 	<ul style="list-style-type: none"> ■ Regulation on the Control of Air Pollution ■ Regulation on the Control of Water Pollution ■ Waste Management Process
A2. Use of Resources	<ul style="list-style-type: none"> ■ Law of the People's Republic of China on Conserving Energy 	<ul style="list-style-type: none"> ■ Process for the Management of Energy Conservation and Emission Reduction
A3. The Environment and Natural Resources	<ul style="list-style-type: none"> ■ Law of the People's Republic of China on Conserving Energy ■ Environmental Protection Law of the People's Republic of China ■ Emission Standard for Industrial Enterprises Noise at Boundary 	<ul style="list-style-type: none"> ■ Management Regulations on Noise Prevention and Control
B1. Employment	<ul style="list-style-type: none"> ■ Labor Law of the People's Republic of China ■ Labor Contract Law of the People's Republic of China ■ Law of the People's Republic of China on the Protection of the Rights and Interests of Laborers ■ Social Security Law of the People's Republic of China ■ Special Protection Provisions for Juvenile Workers ■ Provisions of the Decree No. 364 of the State Council of the People's Republic of China on the Prohibition of Using Child Labor 	<ul style="list-style-type: none"> ■ ZTE Human Rights and Labor Rights Policy ■ Campus Recruitment Management Process ■ Special Protection Regulations for Female and Juvenile Workers ■ Regulations on Prenatal Leave ■ Onboarding Management Process for Employees Recruited from Society ■ Compliance guidelines in the field of labor and employment ■ Legal compliance work specification in the field of human resources
B2. Health and Safety	<ul style="list-style-type: none"> ■ Labor Law of the People's Republic of China ■ Labor Contract Law of the People's Republic of China ■ Social Security Law of the People's Republic of China ■ Work Safety Law of the People's Republic of China ■ Law of the People's Republic of China on the Prevention and Control of Occupational Diseases 	<ul style="list-style-type: none"> ■ ZTE Health and Safety Policy ■ Management Regulations on the Organizational Structure and Operating Mechanism of the Health and Safety Committee ■ Management Regulations for the Inspection of Health and Safety and the Check and Governance of Potential Hazards ■ Regulations on Production Safety Management ■ Health and Safety Behavior Requirements and Rewarding and Punishment Regulations ■ Regulations on Hazard Identification and Risk Grading Management and Control ■ Regulations on Occupational Health and Safety Accident Report and Management ■ Regulations on Health and Safety Training Management ■ Emergency Incident Preparation and Response Procedure ■ Acute infectious disease emergency plan ■ Terrorist attack contingency plan ■ Natural disaster emergency plan ■ Announcement on strengthening employee health and safety

²ZTE complies with all applicable regulations and legislation. The chart below only refers to major laws of the Chinese mainland that ZTE complies with,

<p>B3. Development and Training</p>	<ul style="list-style-type: none"> ■ Labor Law of the People's Republic of China ■ Labor Contract Law of the People's Republic of China ■ Social Security Law of the People's Republic of China 	<ul style="list-style-type: none"> ■ Management Process for Employee Position Appointment ■ Selection and Appointment Management Process for Management Members ■ Management Process for the Setting of Management Positions ■ Management Regulations on Employee Compliance Training ■ Performance assessment standards for key technical personnel positions ■ Implementation Measures of Cadre Code Management ■ Competence center construction management specification ■ Management Members Training Process ■ Part-time lecturer management specification
<p>B4. Labor Standards</p>	<ul style="list-style-type: none"> ■ Labor Law of the People's Republic of China ■ Labor Contract Law of the People's Republic of China ■ Law of the People's Republic of China on the Protection of the Rights and Interests of Laborers ■ Social Security Law of the People's Republic of China ■ Special Protection Provisions for Juvenile Workers ■ Provisions of the Decree No. 364 of the State Council of the People's Republic of China on the Prohibition of Using Child Labor 	<ul style="list-style-type: none"> ■ ZTE Human Rights and Labor Rights Policy ■ Special Protection Regulations for Female and Juvenile Workers ■ Regulations on Prenatal Leave ■ Compliance guidelines in the field of labor and employment ■ Legal compliance work specification in the field of human resources
<p>B5. Supply Chain Management</p>	<ul style="list-style-type: none"> ■ Company Law of the People's Republic of China ■ Contract Law of the People's Republic of China 	<ul style="list-style-type: none"> ■ Regulations on the CSR Management of Material Suppliers ■ Management Regulations on Supplier Cybersecurity Certification ■ Regulations on the Management and Evaluation of Green ■ Supplier CSR Agreement ■ Supplier CSR Code of Conduct ■ Supplier Security Agreement ■ Suppliers Supplier Green Product (GP) Declaration ■ Supplier Commitment Letter of Transparent Cooperation and Anti-Bribery Compliance ■ Structural On-Site Audit Evaluation Form _SDA ■ Declaration of Metal Conflict-Free ■ Production material supplier sourcing operation guideline ■ Material environmental data system operating instructions (for suppliers) ■ Structured Site Audit Scoring Sheet_CSRA Module
<p>B6. Product Responsibility</p>	<ul style="list-style-type: none"> ■ Cybersecurity Law of the People's Republic of China ■ Patent Law of the People's Republic of China ■ Intellectual Property Law of the People's Republic of China ■ General Data Protection Regulation ■ Restriction of Hazardous Substances 	<ul style="list-style-type: none"> ■ Regulations on the Management of Green Products ■ Regulations on Conflict Minerals Management ■ Requirements for Banned and Restricted Hazardous Substances ■ Requirements for Eco-Labels ■ Data Subject Right Request Response ■ Personal Data Breach Response Process ■ Customer Request Management Regulations ■ WEEE Recycle Manual

<p>B7. Anti-corruption</p>	<ul style="list-style-type: none"> ■ Criminal Law of the People's Republic of China ■ Law of the People's Republic of China Against Unfair Competition ■ Company Law of the People's Republic of China ■ Contract Law of the People's Republic of China 	<ul style="list-style-type: none"> ■ ZTE Business Code of Conduct ■ Regulations on Anti-Bribery Compliance Management for Business Partner ■ Regulations on Anti-Bribery Compliance Management of Procurement Transactions ■ Gift and Hospitality Compliance Management Process ■ Compliance Management Process Regarding Business Travels Provided to Outside Parties ■ Compliance Management Regulations on Charitable Donations ■ Anti-Bribery Compliance Management Process for Commercial Sponsorship ■ Anti-Bribery Compliance Management Regulation Regarding Employment ■ Regulations on Anti-Bribery Compliance Management for Mergers, Acquisitions and Joint Ventures ■ Management Regulations on Anti-Bribery ■ General Rules for Compliance Audit and Violation Investigation-rev ■ Accountability Management Regulations ■ ZTE Process for Handling Whistleblowing and Conducting Investigations ■ Regulations on Compliance Reporting ■ ZTE Global Compliance Manuals for Export Controls and Economic Sanctions ■ ZTE Anti-Bribery Compliance Manual
<p>B8. Community Investment</p>	<ul style="list-style-type: none"> ■ Charity Law of the People's Republic of China ■ Regulation on the Administration of Foundations 	<ul style="list-style-type: none"> ■ ZTE Foundation Management Regulations ■ Regulations on the Management of Volunteers in ZTE Foundation ■ Regulations on the Implementation of Vulnerable Assistance Project of ZTE Foundation ■ Regulations on the Management of Public Charity Project of ZTE Foundation ■ Voluntary Program Funding Scheme

2022 Sustainability Performance

ESG Index	Unit	Data
A Environment		
A1.1	Type of emissions and respective emission data	
	Nox Calculation formula: Emission factor * vehicle mileage + emission factor * natural gas consumption	Ton(s) 2.60
	Sox Calculation formula: emission factor * fuel consumption (including gasoline, diesel, natural gas)	Ton(s) 0.10
	PM Calculation formula: Emission factor * vehicle miles traveled	Ton(s) 0.19
A1.2	ZTE Global Greenhouse Gas Emissions	
	Direct Emissions [Category 1]	Tons of CO2e 43,082.89
	Indirect Emissions from Imported Energy [Category 2]	Tons of CO2e 476,263.8
	Indirect Emissions from Transportation [Category 3]	Tons of CO2e 431,451.944
	Indirect Emissions from Products Used by An Organization [Category 4]	Tons of CO2e 8,060,073.61
	Indirect Emissions Associated with The Used of Products from The Organization [Category 5]	Tons of CO2e 63,487,217.01
	Indirect Emissions from Other Sources [Category 6]	Tons of CO2e 0
	Total Emissions Quantified	Tons of CO2e 72,498,089.25
	Direct Emissions Intensity [Category 1]	Tons of CO2e/Million of operating revenue 0.3504
	Indirect Emissions Intensity from Imported Energy [Category 2]	Tons of CO2e/Million of operating revenue 3.8735
	Indirect Emissions Intensity from Transportation [Category 3]	Tons of CO2e/Million of operating revenue 3.5090
	Indirect Emissions Intensity from Products Used by An Organization [Category 4]	Tons of CO2e/Million of operating revenue 65.5534
	Indirect Emissions Intensity Associated with The Used of Products from The Organization [Category 5]	Tons of CO2e/Million of operating revenue 516.3477
	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 589.6340
A1.3	Total hazardous wastes	tCO2e 637.99

	Density of hazardous wastes	tCO ₂ e/ Million of operating revenue	0.0052
A1.4	Total non-hazardous wastes	tCO ₂ e	3,862.85
	Density of non-hazardous wastes	tCO ₂ e/ Million of operating revenue	0.0314
A2.1	ZTE Global Energy Consumption		
	Diesel	Liter(s)	2,856,928.65
	Petrol	Liter(s)	4,179,151.37
	Natural gas	10,000 m ³	616.78
	Liquefied Petroleum Gas	Ton(s)	88,250.23
	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	146,154,697.41
	Direct energy density	kWh/ Million of operating revenue	1,188.6903
	Solar power generation	kWh	2,689,124.00
	Outsourced electricity	kWh	826,239,293.47
	Indirect energy consumption of other types	kWh	11,759,231.34
	Total electricity consumption	kWh	837,998,524.81
	Total Indirect Energy Consumption	kWh	6,815.5229
	Indirect energy intensity	kWh/ Million of operating revenue	828,928,417.4
A2.2	Water consumption in total	Ton(s)	5,427,347.32
	Density of water consumption	Ton(s)/ Million of operating revenue	44.1411
A2.5	Total packaging material used for finished products (Mobile products are not included)	Ton(s)	52,253.99
	Density of packaging material	Ton(s)/ Million of operating revenue	0.4250
	Consumption of packaging materials for system product procurement	Ton(s)	47,731.74
	Among which, plastic packaging materials	Ton(s)	1,369.97
	Paper packaging materials	Ton(s)	20,533.87
	Metal packaging materials	Ton(s)	1,383.47
	Other packaging materials	Ton(s)	24,444.33

	Consumption of packaging materials for end product procurement	Ton(s)	4,522.35
	Among which, plastic packaging materials	Ton(s)	544.05
	Paper packaging materials	Ton(s)	3,345.51
	Other packaging materials	Ton(s)	632.79
B Social			
Employment			
B1.1	Workforce by gender, position, age group, and geographical region		
	Total workforce	Person(s)	74,811
	By gender		
	Male	Person(s)	56,875
	Female	Person(s)	17,936
	Percentage of males	%	76.02
	Percentage of females	%	23.98
	By position		
	Customer service personnel	Person(s)	8,214
	Administrative personnel	Person(s)	5,620
	Marketing personnel	Person(s)	8,191
	Production personnel	Person(s)	16,486
	R&D personnel	Person(s)	36,300
	By position		
	Number of female employees in senior management	Person(s)	1
	Number of male employees in senior management	Person(s)	22
	Number of female employees in executive management	Person(s)	103
	Number of male employees in executive management	Person(s)	1,038
	By age group		
	Under 30 years old	Person(s)	29,080
30-50 years old	Person(s)	43,416	
Over 50 years old	Person(s)	2,315	
By degree			
Doctoral degree	Person(s)	512	

	Master's degree	Person(s)	28,839
	Undergraduate degree	Person(s)	26,756
	Other degrees	Person(s)	18,704
By geographical region			
	China (including Hong Kong, Macau, and Taiwan)	Person(s)	67,922
	Asia (excluding China)	Person(s)	4,105
	Africa	Person(s)	742
	Europe	Person(s)	1,275
	North America	Person(s)	326
	South America	Person(s)	408
	Atlantic	Person(s)	33
Diversity Index			
B1.2	Average years of employee employment		
	Male	Year(s)	7.40
	Female	Year(s)	7.69
	Percentage of annual staff turnover rate by gender, position, age group, and geographical region		
	Percentage of annual staff turnover rate	%	14.23
	By geographical region		
	China (including Hong Kong, Macau, and Taiwan)	%	13.61
	Asia (excluding China)	%	23.98
	Africa	%	11.46
	Europe	%	13.91
	North America	%	14.88
	South America	%	10.33
	Atlantic	%	5.71
	By age group		
	Under 30 years old	%	21.35
	30-50 years old	%	8.73
	Over 50 years old	%	13.33
	By gender		

	Male	%	14.03
	Female	%	14.84
Health and Safety			
B2.1	Number of deaths due to work-related injuries		
	2020	Person(s)	3
	2021	Person(s)	2
	2022	Person(s)	0
	Ratio of deaths due to work-related injuries		
	2020	Person(s)	0.02
	2021	Person(s)	0.01
	2022	Person(s)	0
B2.2	Number of workdays lost due to work-related injuries	Day(s)	2,031
	Number of annual employee workplace accidents		80
Development and Training			
B3.1	The person-times and percentage of employees trained by gender and position		
	Total number of trainees	Person-times	2,675,265
	Percentage of trained employees	%	100
	By gender		
	Male	Person-times	2,051,845
	Female	Person-times	623,420
	Percentage of male	%	76.70
	Percentage of female	%	23.30
	By position		
	R&D personnel	%	46.82
	Production personnel	%	25.35
	Administrative personnel	%	7.68
	Marketing and customer service personnel	%	20.15
B3.2	The average training hours completed per employee by gender and position		
	The average training hours completed per employee	hour/person	118.04
	By gender		

	Male	hour/person	120.27
	Female	hour/person	110.69
	By position		
	R&D personnel	hour/person	116.97
	Production personnel	hour/person	118.23
	Administrative personnel	hour/person	76.00
	Marketing and customer service personnel	hour/person	136.30
	New employee training participation	Person-times	7,966
	New employee training period	Period(s)	34
	Classes taught	Hour(s)	906.5
	Online learning platform new courses	Section(s)	6,951
	Online learning platform course total	Section(s)	36,428
Supply Chain Management			
B5.1	Number of suppliers in the production category by region		
	Asia	Suppliers	2,736
	Africa	Suppliers	223
	Europe	Suppliers	149
	North America	Suppliers	36
	South America	Suppliers	46
	Atlantic	Suppliers	2
B5.2	Number of the suppliers where supplier engagement practices are being implemented		
	Number of newly signed Supplier CSR Agreement	%	94.5
	Number of new signings of the Supplier CSR Agreement	Suppliers	546
	New signatories to the Anti-Bribery Pledge		211
	New outsourcer/supplier CSR on-site assessment	Suppliers	61
	New supplier CSR certification reviews	Suppliers	61
	Number of cross-category collaboration certification audits of stock suppliers	Suppliers	70
	Current supplier supervision reviews	Suppliers	92
	Number of suppliers that have participated in CSR training	Suppliers	82

	Number of suppliers deemed noncompliant with CSR review	Suppliers	10
Product Responsibility			
B6.1	Percentage of products recalled due to health and safety concerns	%	0
B6.2	Number of products and service related complaints received		
	Shipping complaints	Times	3
	Service complaints	Times	54
	Engineering complaints	Times	0
	Product complaints	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)	0
	Number of ZTE employees with valid court judgments for embezzlement offences this year	Person(s)	1
B7.3	Anti-corruption training provided to directors and employees		
	Total number of anti-corruption and commercial bribery trainings for directors/executives	Times	2
	Total number of anti-corruption and commercial bribery trainings for general employees	Times	1
Community Investment			
B8.2	Resources contributed to the focus area ^[footnoteRef:4]		
	Contribution of funds	CNY 10,000	2,438.00
	Value of item donations	CNY 10,000	83.45
	Number of volunteers	Persons	8,063
	Volunteer hours	Hours	6,937

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.	P80-84, P110
KPI A1.1	The type of emissions and respective emissions data.	P83, P113
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity.	P113
KPI A1.3	Total hazardous wastes produced (in tons) and, where appropriate, intensity.	P82-83, P114
KPI A1.4	Total non-hazardous wastes produced (in tons) and, where appropriate, intensity.	P82-83, P114
KPI A1.5	Description of measures to mitigate emissions and results achieved.	P80-84
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	P82-83
Aspect A2: Use of resources		
General Disclosures	Policies on the efficient use of resources, including energy, water and other raw materials.	P80-84, P110
KPI A2.1	Direct and indirect energy consumption by type in total.	P114
KPI A2.2	Water consumption in total and intensity.	P83-84, P114
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	P80-86
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	P83-84
KPI A2.5	Total packaging material used for finished goods (in tons) and, if applicable, with reference to per unit produced.	P89, P114-115
Aspect A3: Environment and Natural Resources		
General Disclosures	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	P110
KPI A3.1	Description of the significant impact of activities on the environment and natural resources and the actions taken to manage them.	P80-84
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.	P84-90
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.	P84-90
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.	P39, P45-51, P110
KPI B1.1	Total workforce by gender, position, age group, and geographical region.	P115-116
KPI B1.2	Employee turnover rate by gender, age group, and geographical region.	P116-117
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.	P40-45, P110
KPI B2.1	Number and rate of work-related fatalities.	P45, P117
KPI B2.2	Lost days due to work injury.	P117
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	P40-45
Aspect B3: Development and Training		
General Disclosures	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	P47-49, P111
KPI B3.1	The percentage of employees trained by gender and position.	P117-118
KPI B3.2	The average training hours completed per employee by gender and position.	P118
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.	P39, P111
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	P39
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	P39
Aspect B5: Supply Chain Management		
General Disclosures	Policies on managing environmental and social risks of the supply chain.	P93-98, P111
KPI B5.1	Number of suppliers by geographical region.	P118
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.	P93-98, P118-119
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	P93-98
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	P84, P93-98
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.	P70-79, P111
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	P119
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	P79, P119
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	P57-58
KPI B6.4	Description of quality assurance process and recall procedures.	P73-78
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	P33-36
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.	P29-32, P112
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employee during the reporting period.	P119
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	P36-38
KPI B7.3	Description of anti-corruption training provided to directors and staff.	P28, P119
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.	P112
KPI B8.1	Focus areas of contribution.	P99-106
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	P119

GRI Standards Index

GRI Standard Indicator Contents			Sustainable Development Goals	Where to Find
General Disclosures	2-1	Organizational details		About This Report
	2-2	Entities included in the organization's sustainability reporting		About This Report
	2-3	Reporting period, frequency and contact point		About This Report
	2-4	Restatements of information		/
	2-5	External assurance		/
	2-6	Activities, value chain and other business relationships		About ZTE
	2-7	Employees	SDG-8, SDG-10	Protecting Employees' Rights and Interests
	2-8	Workers who are not employees	SDG-8	Protecting Employees' Rights and Interests
	2-9	Governance structure and composition	SDG-5, SDG-16	Steadily Promoting Corporate Governance
	2-10	Nomination and selection of the highest governance body	SDG-5, SDG-16	Steadily Promoting Corporate Governance
	2-11	Chair of the highest governance body	SDG-16	Steadily Promoting Corporate Governance
	2-12	Role of the highest governance body in overseeing the management of impacts	SDG-16	Sustainability Management Structure; Strengthening Governance and Preventing Emerging Risks
	2-13	Delegation of responsibility for managing impacts		Sustainability Management Structure; Strengthening Governance and Preventing Emerging Risks
	2-14	Role of the highest governance body in sustainability reporting		Sustainability Management Structure
	2-15	Conflicts of interest	SDG-16	Steadily Promoting Corporate Governance
	2-16	Communication of critical concerns	SDG-16	Sustainability Management Structure
	2-17	Collective knowledge of the highest governance body		Sustainability Management Structure
	2-18	Evaluation of the performance of the highest governance body		Steadily Promoting Corporate Governance
	2-19	Remuneration policies		Steadily Promoting Corporate Governance
	2-20	Process to determine remuneration		/
	2-21	Annual total compensation ratio		/
	2-22	Statement on sustainable development strategy		Message from the COO; About ZTE
	2-23	Policy commitments	SDG-16	Adhering to Compliance in Operations for Steady Business Growth
	2-24	Embedding policy commitments		Adhering to Compliance in Operations for Steady Business Growth
	2-25	Processes to remediate negative impacts		Adhering to Compliance in Operations for Steady Business Growth
	2-26	Mechanisms for seeking advice and raising concerns	SDG-16	Adhering to Compliance in Operations for Steady

				Business Growth; Protecting Employees' Rights and Interests; Responding to Customer Demands Rapidly
	2-27	Compliance with laws and regulations		Adhering to Compliance in Operations for Steady Business Growth
	2-28	Membership associations		Honors and Achievements
	2-29	Approach to stakeholder engagement		Stakeholders Engagement
	2-30	Collective bargaining agreements	SDG-8	/
Material Topics	3-1	Process to determine material topics		Materiality Analysis
	3-2	List of material topics		Materiality Analysis
	3-3	Management of material topics		Materiality Analysis
Economic Performance	201-1	Direct economic value generated and distributed	SDG-8, SDG-9	/
	201-2	Financial implications and other risks and opportunities due to climate change	SDG-13	/
	201-3	Defined benefit plan obligations and other retirement plans		Caring for Employees
	201-4	Financial assistance received from government		/
Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	SDG-1, SDG-5, SDG-8	/
	202-2	Proportion of senior management hired from the local community	SDG-8	/
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	SDG-5, SDG-9, SDG-11	Building the Digital Ecosystem for Industries; Supporting Educational Development; Caring for Vulnerable Groups
	203-2	Significant indirect economic impacts	SDG-1, SDG-3, SDG-8	/
Procurement Practices	204-1	Proportion of spending on local suppliers	SDG-8	/
Anti-corruption	205-1	Operations assessed for risks related to corruption	SDG-16	Firmly Curbing Corruption and Bribery
	205-2	Communication and training about anti-corruption policies and procedures	SDG-16	Firmly Curbing Corruption and Bribery
	205-3	Confirmed incidents of corruption and actions taken	SDG-16	Firmly Curbing Corruption and Bribery
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	SDG-16	Strengthening Compliance Operations and Management
Tax	207-1	Approach to tax	SDG-1, SDG-10, SDG-17	Tax Management
	207-2	Tax governance, control, and risk management	SDG-1, SDG-10, SDG-17	Tax Management
	207-3	Stakeholder engagement and management of concerns related to tax	SDG-1, SDG-10, SDG-17	Tax Management
	207-4	Country-by-country reporting	SDG-1, SDG-10, SDG-17	/
Materials	301-1	Materials used by weight or volume	SDG-8, SDG-12	Low carbon packaging of products
	301-2	Recycled input materials used	SDG-8, SDG-12	Green Supply Chain Ecosystem, Green Product Innovation
	301-3	Reclaimed products and their packaging materials	SDG-8, SDG-12	Green Supply Chain Ecosystem, Green Product Innovation
Energy	302-1	Energy consumption within the organization	SDG-7, SDG-8, SDG-12, SDG-13	Green Operations

	302-2	Energy consumption outside of the organization	SDG-7, SDG-8, SDG-12, SDG-13	Green Supply Chain Ecosystem
	302-3	Energy intensity	SDG-7, SDG-8, SDG-12, SDG-13	Green Operations
	302-4	Reduction of energy consumption	SDG-7, SDG-8, SDG-12, SDG-13	Major Progress in 2022
	302-5	Reductions in energy requirements of products and services	SDG-7, SDG-8, SDG-12, SDG-13	Green Operations
Water and Effluents	303-1	Interactions with water as a shared resource	SDG-6, SDG-12	Green Operations
	303-2	Management of water discharge-related impacts	SDG-6	Green Operations
	303-3	Water withdrawal	SDG-6	Green Operations
	303-4	Water discharge	SDG-6	Green Operations
	303-5	Water consumption	SDG-6	Green Operations
Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	SDG-6, SDG-14, SDG-15	Green Operations
	304-2	Significant impacts of activities, products and services on biodiversity	SDG-6, SDG-14, SDG-15	/
	304-3	Habitats protected or restored	SDG-6, SDG-14, SDG-15	/
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	SDG-6, SDG-14, SDG-15	/
Emissions	305-1	Direct (Scope 1) GHG emissions	SDG-3, SDG-12, SDG-13, SDG-14, SDG-15	Green Operations
	305-2	Energy indirect (Scope 2) GHG emissions	SDG-3, SDG-12, SDG-13, SDG-14, SDG-15	Green Operations
	305-3	Other indirect (Scope 3) GHG emissions	SDG-3, SDG-12, SDG-13, SDG-14, SDG-15	Green Operations
	305-4	GHG emissions intensity	SDG-13, SDG-14, SDG-15	Green Operations
	305-5	Reduction of GHG emissions	SDG-13, SDG-14, SDG-15	Green Operations
	305-6	Emissions of ozone-depleting substances (ODS)	SDG-3, SDG-12	/
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	SDG-3, SDG-12, SDG-14, SDG-15	Green Operations
Waste	306-1	Waste generation and significant waste-related impacts	SDG-3, SDG-6, SDG-11, SDG-12	Green Operations
	306-2	Management of significant waste-related impacts	SDG-3, SDG-6, SDG-8, SDG-11, SDG-12	Green Operations
	306-3	Waste generated	SDG-3, SDG-6, SDG-11, SDG-12, SDG-15	Green Operations
	306-4	Waste diverted from disposal	SDG-3, SDG-11, SDG-12	Green Operations
	306-5	Waste directed to disposal	SDG-3, SDG-6, SDG-11, SDG-12, SDG-15	Green Operations
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria		Green Supply Chain Ecosystem
	308-2	Negative environmental impacts in the supply chain and actions taken		Refining Responsible Minerals Management
Employment	401-1	New employee hires and employee turnover	SDG-5, SDG-8, SDG-10	Protecting Employees' Rights and Interests
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	SDG-3, SDG-5, SDG-8	Caring for Employees
	401-3	Parental leave	SDG-5, SDG-8	Caring for Employees
Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	SDG-8	/

Occupational Health and Safety	403-1	Occupational health and safety management system	SDG-8	Protecting Employees' Rights and Interests
	403-2	Hazard identification, risk assessment, and incident investigation	SDG-8	Protecting Employees' Rights and Interests
	403-3	Occupational health services	SDG-8	Protecting Employees' Rights and Interests
	403-4	Worker participation, consultation, and communication on occupational health and safety	SDG-8, SDG-16	Protecting Employees' Rights and Interests
	403-5	Worker training on occupational health and safety	SDG-8	Protecting Employees' Rights and Interests
	403-6	Promotion of worker health	SDG-3	Protecting Employees' Rights and Interests
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	SDG-8	Protecting Employees' Rights and Interests
	403-8	Workers covered by an occupational health and safety management system	SDG-8	Protecting Employees' Rights and Interests
	403-9	Work-related injuries	SDG-3, SDG-8, SDG-16	Protecting Employees' Rights and Interests
	403-10	Work-related ill health	SDG-3, SDG-8, SDG-16	Protecting Employees' Rights and Interests
Training and Education	404-1	Average hours of training per year per employee	SDG-4, SDG-5, SDG-8, SDG-10	Protecting Employees' Rights and Interests
	404-2	Programs for upgrading employee skills and transition assistance programs	SDG-8	Protecting Employees' Rights and Interests
	404-3	Percentage of employees receiving regular performance and career development reviews	SDG-5, SDG-8, SDG-10	Protecting Employees' Rights and Interests
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	SDG-5, SDG-8	Protecting Employees' Rights and Interests; Steadily Promoting Corporate Governance
	405-2	Ratio of basic salary and remuneration of women to men	SDG-5, SDG-8, SDG-10	/
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	SDG-5, SDG-8	Protecting Employees' Rights and Interests
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	SDG-8	/
Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	SDG-5, SDG-8, SDG-16	Improving Supplier CSR Management
Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	SDG-5, SDG-8	Improving Supplier CSR Management
Security Practices	410-1	Security personnel trained in human rights policies or procedures	SDG-16	/
Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	SDG-2	/
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs		/
	413-2	Operations with significant actual and potential negative impacts on local communities	SDG-1, SDG-2	/
Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	SDG-5, SDG-8, SDG-16	Improving Supplier CSR Management
	414-2	Negative social impacts in the supply chain and actions taken	SDG-5, SDG-8, SDG-16	Improving Supplier CSR Management

Public Policy	415-1	Political contributions	SDG-16	/
Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories		Controlling Hazardous Substances in Products
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	SDG-16	Guaranteeing Cybersecurity
Marketing and Labeling	417-1	Requirements for product and service information and labeling	SDG-12	Guaranteeing Cybersecurity
	417-2	Incidents of non-compliance concerning product and service information and labeling	SDG-16	/
	417-3	Incidents of non-compliance concerning marketing communications	SDG-16	/
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	SDG-16	Enhancing Data Security and Privacy Protection

Readers' Feedback Form

Dear Readers:

Thanks for your concern and reading ZTE 2022 Sustainability Report. We will appreciate your suggestions and comments to help us keep moving forward.

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

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

You can contact us through the following email address.

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