ZTE Corporation

2019 Sustainability Report

To Enable Connectivity and Trust Everywhere

CONTENTS

About this report

The sustainability report is issued annually by ZTE Corporation. It adheres to the principles of "Materiality, Quantitativeness, Balance, and Consistency", and discloses the principles, major progress, achievements and future plans of ZTE Corporation and its subsidiaries in terms of environmental, social and governance performance, with a time span from January 1, 2019 to December 31, 2019.

Since 2009, ZTE has annually released sustainability reports/corporate social responsibility reports for 12 consecutive years.

——Preparation basis

This report is prepared in accordance with the Appendix 27 *Environmental, Social and Governance Reporting Guide* (ESG Guide) in the *Main Board Listing Rules* issued by Hong Kong Stock Exchange. It also takes reference to the Global Reporting Initiative (GRI) Standards, the UN Global Compact, and ISO26000: Guidance on Social Responsibility.

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

——Scope and boundaries of this report

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 used in this report

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 2019.

——Data source and reliability statement

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

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

——Confirmation and approval

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

——Access and response to this report

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

A Message from the President

The year of 2019 was the first year of 5G commercialization. Adhering to the business strategy for stable and healthy development, ZTE has moved through its recovery phase and entered the growth phase as a 5G pioneer as scheduled. During this year, by focusing on main business and strengthening execution, the Company has achieved stable performance growth and been ranked among the world-leading 5G vendors. Regarding the efforts in global markets, ZTE always stays committed to creating value for the society through constant innovation. As for technological development, the Company has been investing substantially in R&D, striving for higher-level cybersecurity, and maintaining its leadership in 5G product innovation and their implementation in vertical industries.

As a high-tech company, ZTE always takes the initiative in making exploration for business sustainability. Facing up to the 5G era, we are committed to the improvement of core competitiveness. Over the years, we have taken the leadership in 5G standards, 5G products, and 5G markets, and have further strengthened our core competitiveness in the 5G RAN, CN, and TN fields. Furthermore, we have attained remarkable achievements in core self-developed products such as the self-developed chipsets, OS, and database.

The deployment and commercialization of 5G are accelerating in the global market. 5G is supposed to serve vertical industries and becomes the information infrastructure that facilitates the digital transformation of national economy. In response to customers' requirements, ZTE proposed the innovative 5G network operation principle of "Addition, Subtraction, Multiplication, and Division", thereby making networks simpler and smarter, ensuring the stable operation and coexistence of differentiated industry scenarios, and boosting flexible 5G innovation in the society through in-depth integration of 5G technologies and vertical industries. With such a principle, ZTE is committed to benefiting the society and advancing sustainable development by optimizing the business model of each industry.

As simplicity prevails, ZTE has simplified internal management through digital transformation and cloud platforms to better satisfy the ever-changing economic environment in the world. In addition, the Company, in pursuit of high-quality growth, has been strengthening execution and improving the quality of its operations. As making wise choices is crucial for building a time-honored brand, we shall put long-term value ahead of short-term benefits. To this end, the Company has taken multiple long-range measures:

- Propose the focus strategy and refrain from our don'ts. We have been focusing on our

main business and making intensive use of social resources.

- Further consolidate the Company's three cornerstones, namely talent, compliance, and internal control. For talent cultivation, we have optimized the talent cultivation mechanism, created a benign, inclusive, and personalized environment for them, and provided interdisciplinary talent in this 5G era with appropriate platforms to advance their growth and promotion. By taking compliance as a strategic cornerstone of the Company, we have incorporated compliance requirements into our daily work to ensure healthy and stable business operations. In addition to continuously optimizing the internal control system, ZTE also has established a complete operating mechanism and end-to-end processes for internal control. To eliminate risks and ensure the Company's healthy operation, ZTE has attached greater importance to the capability building in internal control, strengthened accountability for violations against the Company's internal control requirements, and further optimized the corporate governance model.

As a world-leading telecommunications solution provider, ZTE is committed to realizing the Internet of Everything (IoE), reducing both communication costs and social functioning costs, and enhancing mutual trust between people. “To Enable Connectivity and Trust Everywhere" reflects not only our vision but also our commitment to sustainable development.

Xu Ziyang

President and Executive Director of ZTE Corporation

A Message from the COO

February 7, 2020 marks the 35th anniversary of the founding of ZTE. Maintaining a steady momentum of development, ZTE aspires to become a time-honored enterprise that is trustworthy for all stakeholders. High moral standards that come into being during both internal and external development lay a solid foundation for the Company's sustainable development.

In 2019, ZTE continuously strengthened its three cornerstones, namely talent, compliance, and internal control. Through internal cultivation and external recruitment, we have built a high-quality talent team to greatly improve productivity through the industrial application of key technologies and clear responsibility division. In the Company, we have strengthened our top-level design and systemic construction, insisted on compliance in business operations, and enhanced our internal governance. We have set up a specialized compliance team to support the Company's global business, and have completed the Business Continuity Management (BCM) certification to prevent systemic risks and ensure business sustainability.

As for business, ZTE always persists in substantial investments in R&D, and has achieved numerous achievements, including the large-scale commercial use of 5G core chipsets, official application of our self-developed distributed database in the core business systems of major banks, strategic partnership with multiple industry leaders in 5G, and the empowerment of vertical industries through 5G innovations. To date, the Company has consolidated its core competitiveness in Standard-Essential Patents (SEPs), key technologies, and product solutions. We firmly believe that 5G will drive development and transformation across industries, and bring people a happier life.

ZTE has been attaching great importance to creating value for stakeholders. Upholding the principle of building a win-win ecosystem, the Company constantly strives for compliant, win-win, and strategic partnership and is committed to building a Corporate Social Responsibility (CSR) value chain. Remaining honest and transparent to customers, we have been making unremitting efforts to address their needs, create them value, and ensure their information security for customers with advanced technologies and mechanisms. To communicate with external parties transparently, we have set up three cybersecurity labs in China, Belgium, and Italy respectively. As a determined supporter of eco-friendly production, ZTE has incorporated environmental protection requirements into end-to-end production processes to reduce the impact of the business operations and production on the environment. Moreover, through AI power conservation and other advanced technologies, we help other industries to reduce carbon emissions and facilitate

their green development accordingly. The Company keeps demonstrating good faith to global communities through the Care for Veterans, the HTA Medical Program, and multiple public charity programs home and abroad. In the wake of the outbreak of COVID-19, we rose to challenges quickly despite difficulties. In addition to ensuring smooth network services together with operators during the disaster, the Company also has proactively coordinated medical supplies around the world to safeguard frontline medical staff. We hope that our efforts make us not only a world-leading high-tech MNC, but also an excellent "global citizen" who dares to tackle challenges.

In face of the opportunities and challenges of the 5G era, ZTE will continue to manage with uncertainties and forge ahead in a down-to-earth manner. Let's join hands to create more value for the society and bring people a more sustainable and joyful lifestyle.

Xie Junshi

EVP & COO of ZTE Corporation

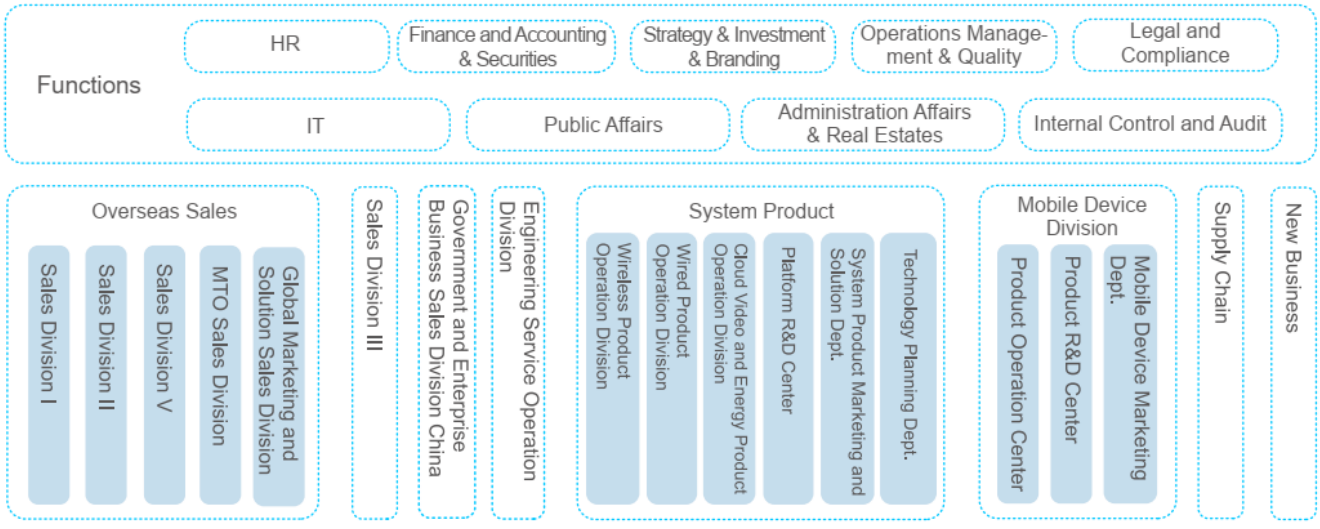
1 About ZTE

ZTE, founded in 1985, is a leading integrated telecommunications equipment manufacturer in the world market and a provider of integrated global telecommunications solutions, with shares listed on the main board of the Shenzhen Stock Exchange and the main board of the Hong Kong Stock Exchange. The Company has provided innovative technology and product solutions to telecommunications service providers and government and corporate clients in numerous countries and regions, making contributions to facilitating communications for users all over the world via multiple means, including voice, data, multi-media ,wireless broadband and cable broadband.

ZTE owns complete end-to-end products and integrated solutions in the telecommunications industry. Through a complete range of “wireless, wireline, cloud computing and terminal” products, we have the flexibility to fulfil differentiated requirements and demands for fast innovation on the part of different customers around the world. ZTE provides comprehensive services to mainstream carriers and government and corporate clients around the world.

ZTE's 2019

Indicators	Unit	2019
Domestic operating revenue	Million CNY	58,217.0
Overseas operating revenue	Million CNY	32,519.6
Net profit attributable to holders of ordinary shares of the listed company	Million CNY	5,147.9
Number of employees	Person	70,066
Total annual public charity expenditures of the ZTE Foundation	Million CNY	11.14

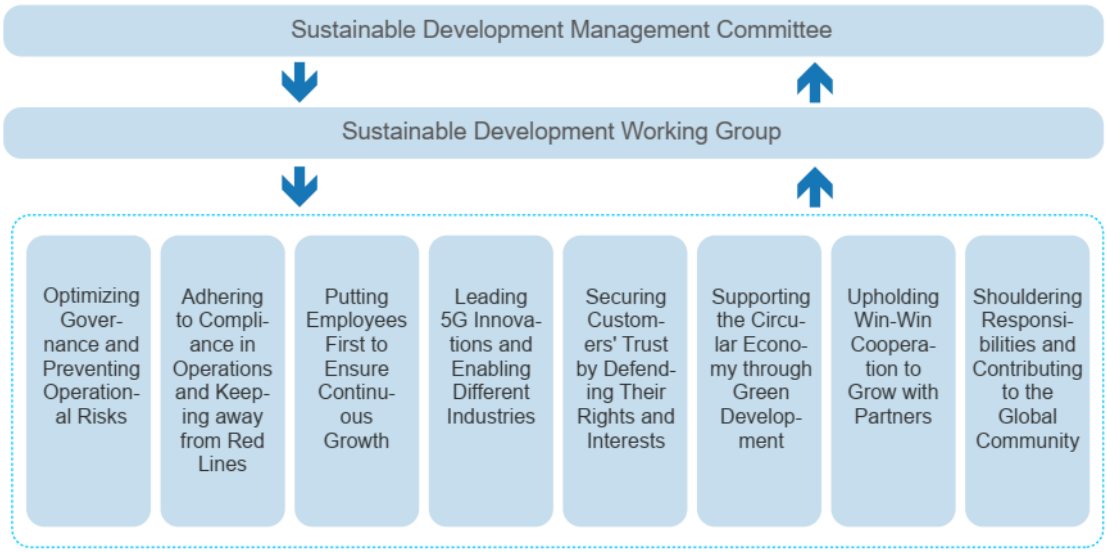


2 Sustainability Strategy and Management

ZTE aims to create better life for people through technology, and contribute to the global sustainable development. The Company has built an organizational structure that facilitates cross-departmental cooperation, to tackle both internal and external challenges, discover opportunities, and create value for stakeholders.

2.1 Sustainability Management Process

ZTE has established a sustainable development organizational structure covering all departments and regions across the world. In vertical structure, the Sustainable Development Management Committee serves as the chief decision-making body; horizontally, personnel from functional department, together with regional market personnel, form a Sustainable Development Working Group to enable cross-level communications and overall planning.



- Sustainable Development Management Committee: The Committee is composed of senior management members of the Company, and serves as the chief decision-making body for sustainable development. It plays a leading role in sustainable development issues related to the environment, society, and governance, and gives progress reports on sustainable development work to the Board of Directors on a regular basis.
- Sustainable Development Working Group: The Human Resources Dept. acts as the coordinator, while the middle management of each business unit (BU) are responsible for communicating with the Sustainable Development Management Committee on issues related to the environment, society, and governance, and provide information needed for decision-making, so as to guide the BU and support the execution of sustainable development strategies and decisions.

As a member of the UN Global Compact, ZTE is dedicated to the global sustainable development. Based on the Company's vision, ZTE strengthens its competitiveness by

regarding talent, compliance and internal control as the foundation for all business activities, and defines five strategic priorities for sustainable development based on 13 UN Sustainable Development Goals (SDGs), changes in politics and commerce at home and abroad, and industrial trends.

- **Leading 5G Innovations and Enabling Different Industries**: Leverage our strengths in R&D innovation and commercialization of basic technology, to enable the digital transformation of industries with new technologies, and to achieve quality development in social economy.
- **Securing Customers' Trust by Defending Their Rights and Interests**: Guarantee customer privacy and data security through high-quality products, and promptly address customer concerns through superior services.
- **Supporting the Circular Economy through Green Development**: Enable the green development of different industries via technology, rationally control resource and energy consumption, optimize waste management to support the circular economy, and continuously reduce the environmental impact of business operations.
- **Upholding Win-Win Cooperation to Grow with Partners**: Establish strategic cooperation with suppliers, guide partners on the value chain towards sustainable development, and continuously enhance our partners' capabilities.
- **Shouldering Responsibilities and Contributing to the Global Community**: Engage in sustainable development in global communities, identify key topics, and contribute to the global community via technology, capital, and volunteer services.

2.2 Stakeholder Engagement

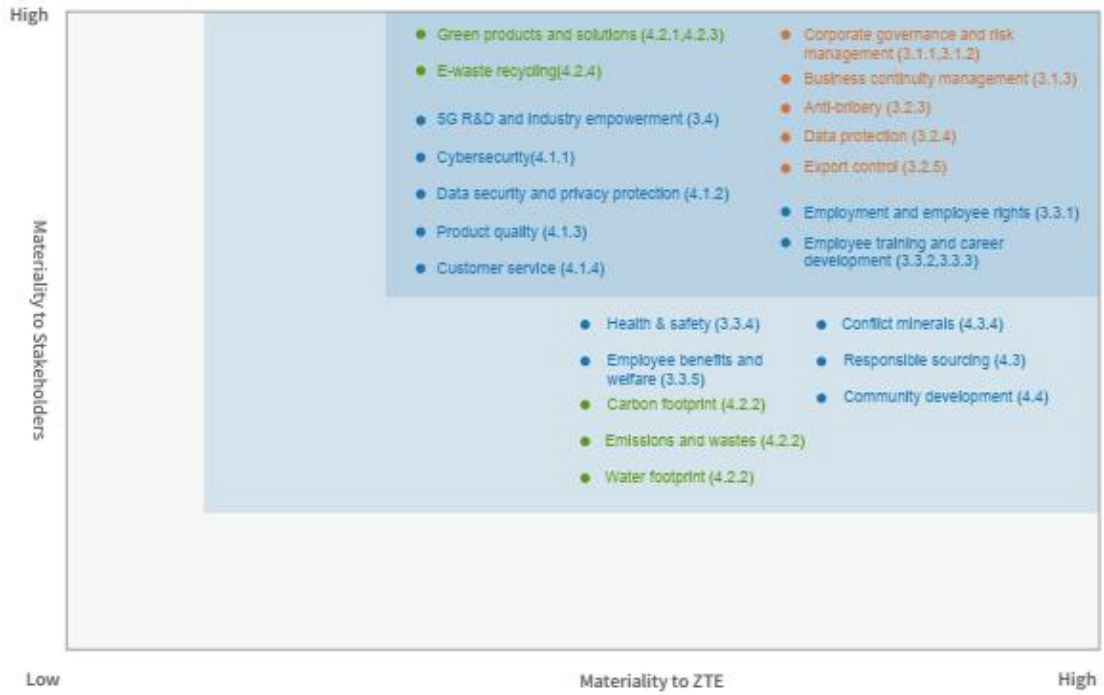
ZTE attends to stakeholders' concerns and needs, and maintains extensive and sincere communication via diverse channels to address their concerns.

Stakeholder Category	Concerns	Communication Methods
Shareholders and investors	■ Business prospects, stock price, and dividends ■ Long-term development plans and financial situation ■ Corporate governance and risk control ■ Investor communication and engagement	■ Regular disclosure of information ■ Shareholder meetings ■ Investor meetings and roadshows ■ Investor hotlines/mailboxes
Regulatory Authority	■ Legal and compliant operation ■ Protection of rights of employees, customers and other stakeholders ■ Stable product performance ■ Economic growth	■ Theme meetings ■ Communication with industrial association and other institutions
Customers	■ Outstanding product performance	■ Pre-sales communication ■ After-sales service

	■ Cybersecurity and privacy protection ■ Green product standards ■ Efficient and timely customer service	■ Regular communication such as customer visits ■ Exhibitions
Employees	■ Comprehensive training schemes ■ Transparent career development paths ■ Work and life balance ■ Stable corporate development ■ Workplace health and safety	■ Online communication platform ■ Employee complaints hotline ■ EAP ■ Employee representative meetings ■ Rational proposals
Suppliers	■ Fare and transparent selection ■ Stable financial situation and payment policy ■ Long-term partnership ■ Fare and transparent procurement	■ Global Partners Day ■ Supplier training ■ Onsite audits and communication ■ Regular visits ■ Visits between senior management ■ CTO Day
Communities	■ Contribution to the continuous development of communities ■ Benefits from ZTE's growth	■ Face-to-face communication ■ Public activities ■ Reporting hotline
Social Organizations Such as Media, NGOs, and Industrial Associations	■ Good relationships ■ Timely sharing of ZTE's experience and practices ■ Transparent communication and sharing ■ Mutual growth	■ Press conferences ■ Regular communication ■ Project corporation ■ *ZTE Communications* ■ *ZTE Technologies*

2.3 Materiality Analysis and 2019 Highlights

ZTE identifies annual material topics through analysis or research of internal and external stakeholders. The Company thoroughly analyzes external stakeholders' concerns via regular communication, industrial associations, customer interaction and audits, and seminars. Based on corporate strategy, ZTE management, members of the sustainability team, and certain employees are invited to participate in interviews and surveys on sustainability material topics. The consolidated analysis result helps pinpoint annual material topics and suggest corresponding measures.



2019 sustainability progress

Optimizing Governance and Preventing Operational Risks	■ Passed the ISO22301 Business Continuity Management certification
Adhering to Compliance in Operations and Keeping away from Red Lines	■ Twenty-two corporate executives, including the Chairman and President, made commitments to compliance in the form of internal meetings, videos, written messages, and internal lectures. The President released a letter to all ZTE employees, shareholders and business associates, to stress that ZTE bears zero tolerance towards all forms of bribery. ■ Created ZTE anti-bribery risk map and formed an anti-bribery policy system with one policy, one manual, ten regulations, and 31 guidelines. ■ Organized five anti-bribery compliance training sessions in both Chinese and English, covering over 64,000 employees. ■ Established a data protection rule system centered on the *Data Protection Compliance Manual*, covering key business scenarios to provide specific guidance. ■ Developed 22 export control training courses in multiple languages, and released online courses specific to key positions. ■ Published the *ZTE White Paper on Selected GDPR Law Enforcement Cases.*
Putting Employees First to Ensure Continuous Growth	■ Expanded recruitment scale and the total workforce reached 70,066 employees. ■ 1,712,954 accumulative training sessions and 5,463,337.24 training hours. ■ Built a health & safety management system covering all business processes and major global branches, and obtained OHSAS 18001 certification in 25 countries.

	■ Launched three-year incentive plan to retain high-potential employees.
Leading 5G Innovations and Enabling Different Industries	■ 74,000+ patent applications and over 34,000 granted worldwide. For nine years in a row ZTE has been on the top five list in terms of the number of PCT applications. ■ With 3,900+ chip patent applications and over 5,000 5G global strategy patent applications, ZTE ranks among top players in the global strategic market of 5G. ■ As stated in the latest report given by the internationally famous patent statistics company IPLytics at the 5G patent and standards seminar held in January 2020, ZTE ranked global top three with 2,561 families of 5G related Standard-Essential Patents (SEP) to ETSI. ■ With over 30 5G+ solutions and more than 60 pilot projects, ZTE built strategic cooperation with over 300 industry customers and 200+ leading solution providers.
Securing Customers' Trust by Defending Their Rights and Interests	■ Cybersecurity labs in Nanjing, Rome, and Brussels were put into use. ■ Issued *ZTE Cyberecurity White Paper*, *ZTE 5G Security Whitepaper, GTI 5G Network Security Consideration White Paper* and other reports to protect data security and cybersecurity. ■ Passed ISO9001:2015, TL9000 R6.0, QC080000:2017, ESD S20.20 and other management system third party certification.
Supporting the Circular Economy through Green Development	■ Self-developed multi-mode 3.0 "soft baseband" chips adopted the 7nm process to achieve 25%+ energy consumption reduction compared to the previous generation. ■ Adopted a low-impact packaging design for 5G AUU products, reducing the packaging volume by 13.2%. Promoted the use of gas-filled bags to replace EPE foam fillings, reducing over 84% of foam fillings. Compared to the volume of EPE fillings used in 2019, 34.54 tons of plastics were conserved. ■ The total greenhouse gas emission in Shenzhen was 212,487.97 tCO2e, where 2,102.6 tCO2e were directly emitted and 210,385.37 tCO2e indirectly emitted.
Upholding Win-Win Cooperation to Grow with Partners	■ Conducted 155 certification reviews of new suppliers and cross-category certification reviews of existing suppliers, and 137 existing-supplier supervision reviews and reviews on new venues or venue changes. ■ Launched "Transparent Procurement" that covered all suppliers. ■ Reviewed all management policies relating to conflict minerals, optimized the risk management system, and audited 211 suppliers.
Shouldering Responsibilities and Contributing to the Global Community	■ CNY 11,144,016.91 in public charity expenditures by ZTE Foundation. ■ ZTE Foundation has been given full marks for two consecutive years by the 2019 Foundation Transparency Index (FTI), and was honored with the Transparency Award. ■ The number of ZTE's volunteers reached 3,004,153 public benefit activities were organized, and ZTE volunteers provided a collective 2,251 hours of volunteer service. ■ Hosted CSR Technological Innovation Competition with Orange and other organizations.

2.4 External Recognition and Membership

Corporate Governance

- BCM Certified (ISO22301)
- Ranked third place among state-owned enterprises in the 2018 Top 50 ICT Companies By CSR Governance Level and was named a China ICT CSR Value Innovation Company—Company With Greatest Progress at the 7th China Electronics and Information Technology Industry CSR Annual Summit;
- Honored with the Corporate Sustainable Compliant Management Excellence Award at the Global Corporate Sustainable Competitiveness Summit.

Technical Pioneer

- Won one gold award and one silver award at the 21st China Patent Awards;
- ZTE's Intelligent Operations & Maintenance Technologies honored with the 2019 BBWF Best Network Intelligence Award;
- 2nd Tier Supporting Organization of China National Vulnerability Database of Information Security (CNNVD)
- ZTE's Optical Access Technology Awarded Second Prize at the 2018 National Science and Technology Progress Awards;
- ZTE's Eco-Friendly Laboratory certified by the China National Accreditation Service for Conformity Assessment and DILAC.

Sustainable Development

Member of the United Nations Global Compact

ZTE H Shares Included into the FTSE4Good Index Series

ZTE added into Hang Seng Corporate Sustainability Index

ZTE honored with the 2019 Excellence in Practice Award by the Association for Talent Development(ATD)

ZTE (USA) as a member of the Responsible Business Alliance (RBA)

Member of Global Enabling Sustainability Initiative (GeSI)

Silver Medal of Ecovadis CSR Rating

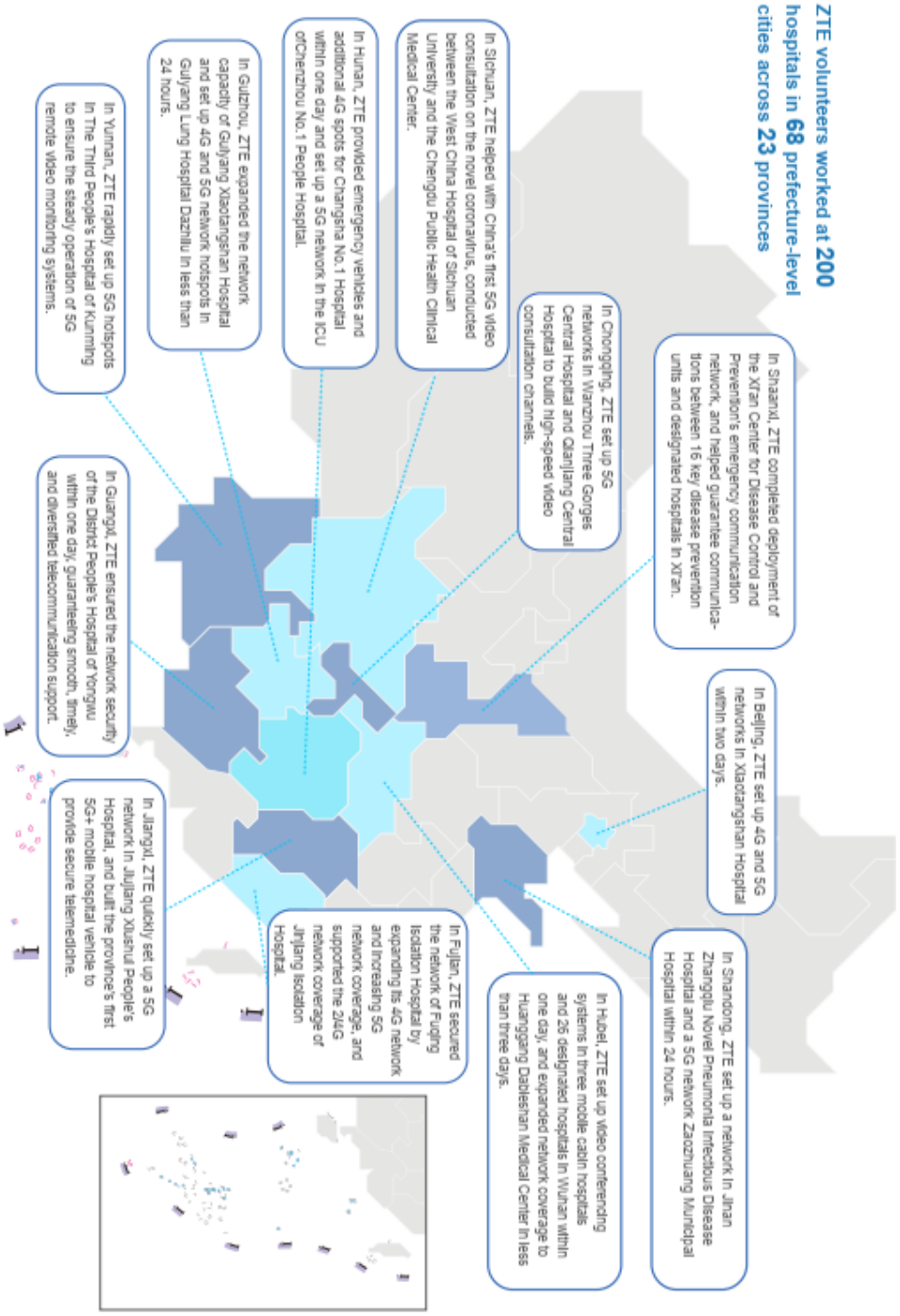
Member unit of CSR-CESA

Standing Committee member of CSR-CACE

- ZTE Foundation was given full marks For two consecutive years by the Foundation Transparency Index (FTI) and was honored with the Transparency Award;
- ZTE was granted the 2019 Targeted Poverty Alleviation Award at the China Social Responsibility and Public Welfare Summit;
- ZTE New Communication Co., Ltd. was certified by the SA8000 Management System.

Special Report: Never Yield to COVID-19

Since December 2019, the continuous, sudden, and expansive outbreak of COVID-19 has exerted a huge impact on the public livelihood. As a leading company guaranteeing the security of the telecommunications and information technology industries, ZTE has remained vigilant and fully committed to building and securing networks at outbreak control sites and designated hospitals. Taking advantage of our global networks, we have purchased medical supplies to provide practical safeguards for front-line medical workers and police.



ZTE attaches great importance to the health of medical workers, and has promptly donated over 100,000 medical masks to Hubei front-line hospitals under the coordination of its Global Business Network, 32 tons of medicinal alcohol to designated hospitals in Wuhan and Shenzhen, 5,000 COVID-19 detection kits and PCR detectors to Hubei front-line hospitals, and 502 ZTE phones to 12 mobile cabin hospitals, to provide significant support and protection for these crucial medical workers.

For partners, we have provided special support in training, policies, engineering services and commendations to ensure adequate learning resources and enhance their business resilience. We have also offered remote engineering support to ensure the stable operation of equipment and grow together with partners participating in the fight against the epidemic.

For employees, the ZTE Health and Safety Committee initiated the COVID-19 Emergency Work Team on January 21st, 2020 to fully support our global operations, and released *Prevention and Control Measures against COVID-19, Health and Safety Guidance for Oversea Offices on Sudden Cases During Prevention and Control of COVID-19*, and *Emergency Requirements on COVID-19 Prevention and Control*, in addition to the existing emergency plan. Based on requirements from the headquarter and local culture and condition, global ZTE offices adopted a series of specific measures such as alert warning, timely prevention and strengthened control, to comprehensively support our supply chains, communications support, field services, and product R&D, and utilized digital management measures to build the strongest "fortress" for employees' health and safety.

3 Foundation for Corporate Development

In 2019, we made continuous efforts in the field of compliance through improved corporate governance and strengthened internal control. We completed the certification of the Business Continuity Management (BCM) System and strove to become a more trustworthy company. For our business, with a focus on strategies, we increased our investments in technology, transmission, and chip development on the mainstream business channels of 5G, and actively participated in global 5G commercialization to create a better society through technology. To support team building, ZTE continuously pooled resources to build high-quality and highly-satisfied employee teams and lay a stronger foundation for high-quality corporate development.

5,000 above 5G Patent Applications	BCM Certification Completed & Obtained	70,066 Total Number of Employees

3.1 Optimizing Governance and Preventing Operational Risks

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

3.1.1 Standardized Corporate Governance

ZTE appoints its directors in strict compliance with the criteria and procedures set out its *Articles of Association*, ensuring that the directors are appointed in an open, fair, just, independent and diversified manner. There are nine Directors, including three Independent Non-executive Directors and two female Directors. Four specialized committees have been established by the Board of Directors, namely the Nomination Committee, Audit Committee, Remuneration and Evaluation Committee and Export Compliance Management Committee. The majority of members and the respective conveners of these committees

are Independent Non-executive Directors, who provide scientific and professional opinions in support of the Board of Directors' decision-making.

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

3.1.2 Internal Control and Risk Management

In accordance with provisions of the Company Law, the Securities Law, Corporate Governance Standards for Listed Companies, Basic Rules for Corporate Internal Control and Supplementary Guidelines for Corporate Internal Control and other pertinent laws, regulations and regulatory documents, the Company has established an all-encompassing and multi-level structure for internal control development comprising mainly the Board of Directors, the Audit Committee, the Internal Control Committee, the internal control and audit department and the internal control teams of various business units of the Company. The Internal Control Committee is a corporate-level internal control administration, and its subsidiaries include the secretarial group and an internal control development group. The Internal Control Committee is responsible for the soundness and effectiveness of the Company's internal control and exercises the functions of decision making, planning, supervision and instruction in respect of the Company's internal control.

The Company has established a risk management and internal control systems featuring primarily a "three-tier protection" as follows: the first line of protection involves the business units and functional departments as the main units responsible for implementation of risk management and internal control. The second line of protection involves the Internal Control Committee. It is responsible for decision-making, planning, supervision, direction and enforcement in relation to risk management and internal control. The third line of protection is formed by the Audit Committee and the internal audit organization as the supervisory unit for risk management and internal control responsible for internal audit.

3.1.3 Business Continuity Management

Business Continuity Management (BCM) is an integrated management system which helps companies identify potential crises and their effects and formulate business continuity plans accordingly. The general objective of BCM is to enhance a company's risk prevention

capability in order to effectively cope with unplanned business failures and reduce adverse impacts.

To better cope with the major risks and impacts brought by the uncertainties of the external environment to corporate operations, and to continuously enhance our BCM capabilities, we have established a BCM system and BCM Committee in accordance with the ISO 22301 Standard, advancing the implementation of BCM throughout ZTE. The BCM Committee is headed by the Chief Operating Officer (COO), and covers main business segments as well as supporting segments, and serves as the highest BCM decision-making organ. The BCM Committee also hosts a subsidiary BCM Office which ensures the continuous and effective operations of the BCM system through regular meetings, management reviews, and event management.

In 2019, the Company built its BCM document management system and a professional team as planned, and completed the associated risk evaluation, business impact analysis, business continuity plan, and drill release as required. At the end of 2019, the Company obtained the certification of BCM System (ISO22301).

In 2020, ZTE will further advance and improve the development of the BCM system, strengthen business integration and event management, and safeguard steady corporate operations by continuously enhancing our risk response and business restoration capabilities.

3.2 Adhering to Compliance in Operations and Keeping away from Red Lines

Compliance is one of the three cornerstones of ZTE's corporate strategy. Maintaining compliance is a necessity for, the premise of, and the bottom line to the Company's operations.

3.2.1 Compliance Management System

ZTE is committed to establishing a rational compliance system to implement compliance projects, so that all staff members from top to bottom dare not, would not and cannot violate.

Ideology: Compliance is defined as a set of value choices based on business sustainability. ZTE maintains business operations by keeping away from any red lines, and pursues maximal commercial efficiency and optimized operating costs on the premise of safe operations to better protect the interests of our stakeholders.

Methodology: Compliance rules are implemented in business activities through the dual cycles of business and management. In terms of business, the goals of establishing the compliance system are identified by analyzing the eight elements of executive commitment, compliance management, compliance resources, risk evaluation, policy guidance, process controls, training and communication, and supervision and auditing. Regarding management, the PDCA (plan-do-check-action) cycle model has been introduced into compliance work, and a dual cycle of business and management has been adopted.

Implementation: Corporate resources at all levels are mobilized through the establishment and interaction of the standards system, the implementation system, the supervision system, and the assurance system to ensure practical implementation and execution.

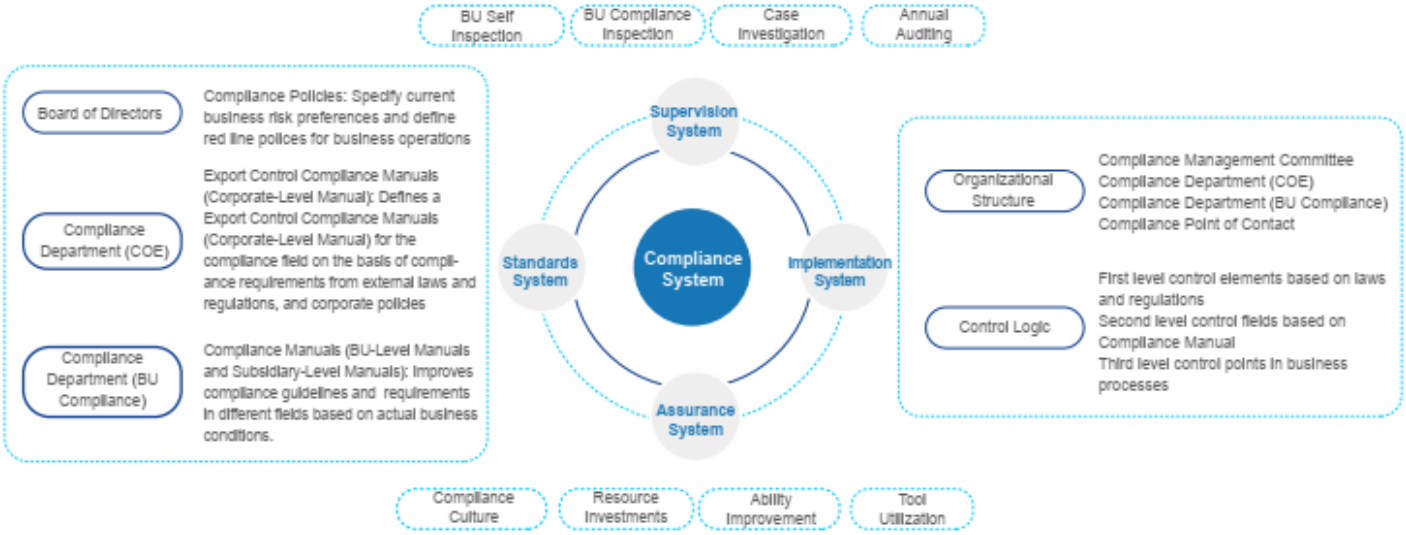


Figure: ZTE Corporation's Compliance System

- **Standards system**: A three-level compliance system incorporating policies, manuals, and guidelines has transformed the Company's operational risk preferences and legal

compliance requirements into internal compliance management practices, ensuring the strength, effectiveness, and practicality of the rules at all levels.

- **Implementation system**: Using online IT tools for digitalization, key compliance control points have been embedded in the business processes. The BU compliance teams are integrated through project-based operations across administrative regions to complete end-to-end process development, and ensure that there are no points of breakage, leakage, or blockage in the rule implementation system.
- **Supervision system**: ZTE has established three lines of defense featuring BU self-inspection, BU compliance inspection, and investigation and annual auditing. These are all centered on the Business Unit and the Compliance Department (COE & BU) and the Compliance Audit Dept. All departments are led by the Compliance Management Committee in performing their duties in order to execute their roles, advance the spiral development and dynamic adjustment of the overall compliance system, and report to the Board of Directors as a whole.
- **Assurance system**: The effective operation of the compliance system is assured by the development of compliance culture, investment in compliance resources, and the continuous enhancement of compliance capacity.

3.2.2 Whistleblower Protection

As compliance whistleblowing is an integral part of the compliance system, ZTE encourages and welcomes whistleblowing of suspected violations of corporate compliance policies from individuals and units. As specified in the *Regulations on Compliance Reporting*, all employees, customers, and partners can file a whistleblower complaint through the following channels, either using their real name or anonymously:

- Whistleblowing Email Address: (complianceaudit@zte.com.cn)
- Whistleblowing Hotline: (400-830-8330 / +86 0755 26771706)
- Supervision and Whistleblowing Platform on ZTE's Official Website: <https://www.zte.com.cn/china/whistleblowing/report>
- Whistleblowing Platform of the Corporate Legal & Compliance Management System (currently only accessible to employees)

ZTE has formulated and implemented well-defined and detailed compliance whistleblowing management mechanisms composed of whistleblowing confidentiality and protection, anti-retaliation policies, and whistleblower reward policies and practices. Maintaining the strict confidentiality of whistleblowing information is the top priority of our whistleblowing work. Whistleblowing information will be received and followed up by full-time personnel. Whistleblower information, whistleblowing complaints, and other whistleblowing information will be kept confidential and encrypted during investigation. Access to these encrypted files will be authorized on the principle of a minimum “need to know” basis, and a conflict-of-interest evaluation will be conducted before any authorization is granted. Leakage of whistleblower information will be treated as a severe violation, and may be subject to dismissal under the most severe circumstances. The whistleblower may apply for a whistleblowing reward based on the effective leads provided, and the maximum whistleblowing reward is CNY 2 million.

The Company holds a zero-tolerance attitude towards retaliation in any form. The whistleblower and their family members are all protected within the scope of retaliation

prevention. Threatening, insulting, and defaming the whistleblower, obstructing or suppressing the whistleblower's promotion, job assignments, or assessments, rejecting or delaying the approval of the whistleblower's rational applications are all regarded as retaliation against the whistleblower. Any retaliation is deemed as severe violation to the compliance policies, and will be subject to severe punishment up to and including dismissal.

3.2.3 Anti-Bribery Compliance

ZTE has always been committed to high standards of ethics and integrity in its global business activities, to strictly abiding by applicable anti-corruption and anti-bribery laws and regulations, and eliminating corruption and bribery in any form.

ZTE has established a complete Anti-Bribery Management System (ABMS) in accordance with the ISO 37001 Anti-Bribery Management Systems Standard, and this system consists of eight elements. Through a constant cycle of implementation, review, and improvement, ZTE intends to continuously improve the effectiveness of its ABMS.

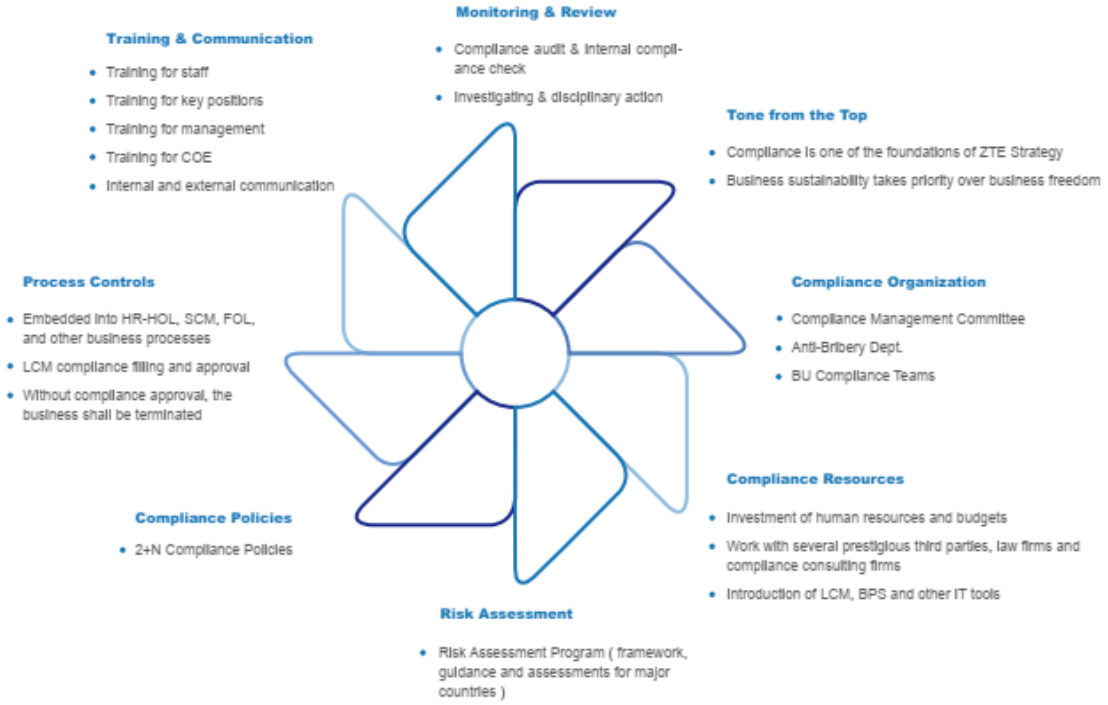


Figure: Overview of the Anti-Bribery Management System

—Setting the Tone From the Top

In 2019, 22 corporate executives, including the Chairman and President, made commitments to compliance in the form of internal meetings, videos, written messages, and internal forums. ZTE's compliance culture has been more effectively spread through comprehensive staff supervision, the development of an internal whistleblowing culture, and multi-dimensional external cooperation. In June 2019, the President released a letter

to all ZTE employees, shareholders and business associates to introduce the latest *ZTE Anti-Bribery Compliance Policy* and *ZTE Anti-Bribery Compliance Manual,* and to reiterate ZTE's zero-tolerance attitude towards all forms of bribery.

Furthermore, ZTE has actively participated in anti-corruption and anti-bribery summits in China and overseas, and has joined the Honesty and Anti-Corruption Association. ZTE organizes compliance seminars with universities, customers, business associates, and third parties, and shares its compliance management experience.

- **Transparency International Ranking**: In July of 2016, ZTE ranked 8th on Transparency International's survey of large multinational companies in emerging markets, making it the only Chinese company to rank among the top 25 members named in the report. The anti-corruption compliance program's score (88%) was far higher than the enterprise's average score (48%) as reported by this research study.
- **China Enterprise Anti-Fraud Alliance**: ZTE implements anti-fraud actions and systems through innovative and cooperative measures by jointly building transparent and honest business environments.
- **Trust and Integrity Enterprise Alliance** [1] : ZTE jointly promotes a business philosophy of honesty, self-discipline, and legal compliance, and creates a business environment of good-faith operations and trustworthy procurement.

—Systematic Compliance Organization & Comprehensive Risk Assessment

The ZTE Compliance Management Committee is the highest anti-bribery governing body in ZTE. The Anti-Bribery Dept. (ABD) directly reports to the Chief Legal Officer and is responsible for maintaining the AMBS. The ABD and BU compliance teams regularly conduct risk assessment in relevant regions or areas every year. This continuously refreshes ZTE's compliance risk database, provides timely and accurate adjustment of compliance management strategies and measures based on actual business changes and risk changes, and resolutely implements risk-oriented compliance management principles.

[1] Founded in February 2017, the Trust and Integrity Enterprise Alliance was initiated by JD.com and was jointly created with well-known enterprises including Tencent, Baidu, Walmart China, P&G, Lenevo, Midea, MIUI, Meituan Dianping, Vipshop, Li Ning, Yonghui Superstores, Joy Wing Mau, and the Research Center for Criminal Jurisprudence of the Renmin University of China. Its goal is to jointly crack down on corruption, fraud, counterfeiting, and cybersecurity crimes through electronic means, enhancing the members' anti-corruption governance, and form a positive cycle of honesty and integrity among the members.

In 2019, we reviewed the anti-bribery compliance risks of ZTE's business activities across the world, based on risk factors such as corporate business data, corporate strategies, and business environments, and drafted a ZTE Corporation Map of Anti-Bribery Compliance Risks. On the basis of systematic risk assessment, we further updated and issued the *ZTE Anti-Bribery Compliance Policy*, *ZTE Anti-Bribery Compliance Manual* and other related documents, forming a comprehensive anti-bribery policy system with one policy, one manual, ten regulations, and 31 guidance.

Figure: ZTE Compliance Policy System

—Effective Process Control

Based on the results of its assessment, ZTE has set up corresponding management processes, measures, and requirements in its compliance management regulations. In the course of its implementation, compliance approval processes have been set up through the Legal & Compliance Management System (LCM), and these compliance approval processes have been embedded in ZTE's sales, procurement, finance, employment, and investment businesses as well as its IT processes in order to ensure that compliance control is present in all main nodes throughout its business activity processes, enabling effective risk identification and management. Business Partner Screening (BPS) has been introduced to instantly conduct screening on all certification business associates and improve the level of compliance management and control of business associates.

—Ongoing Monitoring, Review, and Improvement

The Compliance Audit Dept. regularly conducts compliance audits according to its annual plans in order to identify defects and deficiencies of the system, and also monitors the completion of rectification measures. Potential violations identified through reporting clues or audit findings are met with follow-up investigations conducted by the Compliance Audit Dept. in accordance with the relevant procedures and requirements. They then give advice on whether to take disciplinary actions based on the findings of the investigation.

In 2019, we continued to supervise the anti-bribery compliance of 15 BUs, and launched investigations into 34 bribery violations. Nine employees were given different degrees of disciplinary action (including criticism within the Company or persuasion and admonishment) due to non-compliance with anti-corruption policy/regulations/process.

—Sufficient Resource Input & Extensive Training and Publicity

Resources have been continuously pooled to strengthen our anti-bribery organizational system. In terms of human resources, our compliance talent team has been strengthened and our organizational structure has been optimized. A penetrative compliance management system has been established, which is led by the Compliance Management Committee, and a three-level structure of COE -> BU -> CPOC (Compliance Point of Contact) was formed to create penetrative compliance management in subsidiaries via BUs and CPOCs without compromising front-line compliance requirements. In IT resources, ZTE has introduced and continuously optimized the LCM, BPS, Legal & Compliance Intelligent Customer Service, Icenter Compliance Intelligent Customer Service, and other IT systems and tools, which greatly improve the scope, efficiency, and level of ZTE compliance management. ZTE also works with several famous law firms, accounting firms, and other consulting institutions in a long term, in order to provide timely and accurate professional services for ZTE's compliance work.

ZTE conducts on-site anti-bribery compliance training on a regular basis and provides other special training to new employees, management members, compliance teams, and other important employees from the sales, finance, procurement, and HR departments, along with external business associates. ZTE also provides employees with regular communications on relevant laws and regulations, case studies, and company policies through multiple channels such as internal email, LCM, iCenter, and intranets, and conducts online training and examinations.

In 2019, we organized five anti-bribery compliance training sessions to all stuff in both Chinese and English, which were concerned with business activity fees, business associates, procurement, business sponsorship, and charitable donations. The ZTE eLearning platform also launched anti-bribery compliance awareness training for all employees, which covered over 64,000 trainees. To strengthen key positions involving corporate executives, sales in China and overseas, engineering services, supply chain and

compliance contact persons of subsidiaries, ZTE held 29 customized training sessions regarding business associate anti-bribery compliance training, customer anti-bribery compliance, procurement anti-bribery compliance, and employment anti-bribery compliance, and released 46 anti-bribery compliance publicity materials. At the same time, all ZTE employees were required to sign the *Anti-Bribery Undertaking Letter*. As of August 29th, 2019, the completion rate was 99.95%.

3.2.4 Fully Advancing Data Protection

In accordance with the *Cybersecurity Law of the People's Republic of China*, the *General Data Protection Regulation* (GDPR) of the European Union, and other applicable data protection laws and regulations of countries and regions across the world, ZTE has established a well-designed compliance system and conducted systematic risk reviews. Investigations and reviews have been organized to cover management, technology, business, processes, products, and personnel, and improvement has been made in terms of agreements, standards, mechanisms, tools, and teams. On the basis of risk level, specialized measures have been formulated to ensure comprehensive compliance. To realize intensive data protection, ZTE has made the GDPR its overall compliance baseline and has adapted the local national supervision requirements of different countries to maximally ensure "universal applicability".

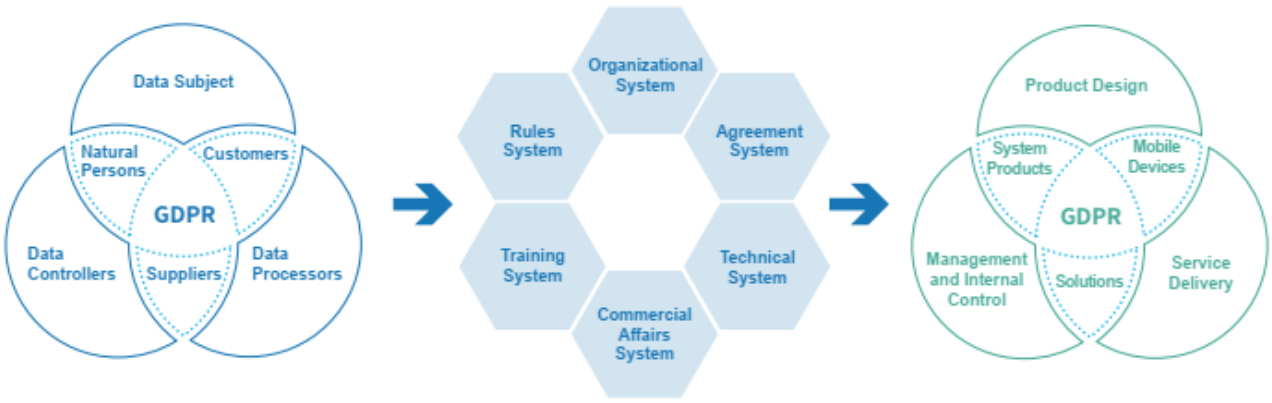


Figure: ZTE GDPR Introduction and Implementation Process

—Data Protection Compliance System

By making efforts in data protection system development in terms of organization, rules, agreements, training, technology and commercial affairs, we have established compliance guidelines and standards covering the key business network to support functional units and employees in all positions to understand data protection principles and implement applicable standards and procedures. We have further signed a *Data Processing Agreement* (DPA) and *Standard Contractual Clauses* (SCC) in conformance to the requirements of the GDPR, and have used the Notification and Letter of Authorization to improve compliance control measures. Requirements such as encryption, anonymization, pseudonymization, dual-factor authentication, permission management, and access

monitoring have been embedded to support technical and security protection in the collection, storage, utilization, transfer, and destruction of personal data.

In 2019, we established a data protection rule system centered on the *Data Protection Compliance Manual* , covering key business scenarios like the legitimate basis of data processing, cross-border transfers, data breach, and the exercise of data subject rights. It also provides specific scenario guidelines for business lines such as Human Resources (HR) and engineering services.

—Data Protection Compliance Operation Mechanisms

At present, we have set up a personal data breach response mechanism based on rapid multi-party cooperation, which defined our work procedures. And we have developed a supporting information system based on the specialized event reporting system. So that we can track and record the entire emergency response process to meet internal and external potential document retrieval and evidence submission needs. In the meantime, data breach emergency drills have been organized on an irregular basis to strengthen the verifiability of job responsibilities and emergency response mechanisms, fully preventing data breach and handling data breach in an efficient and rational way.

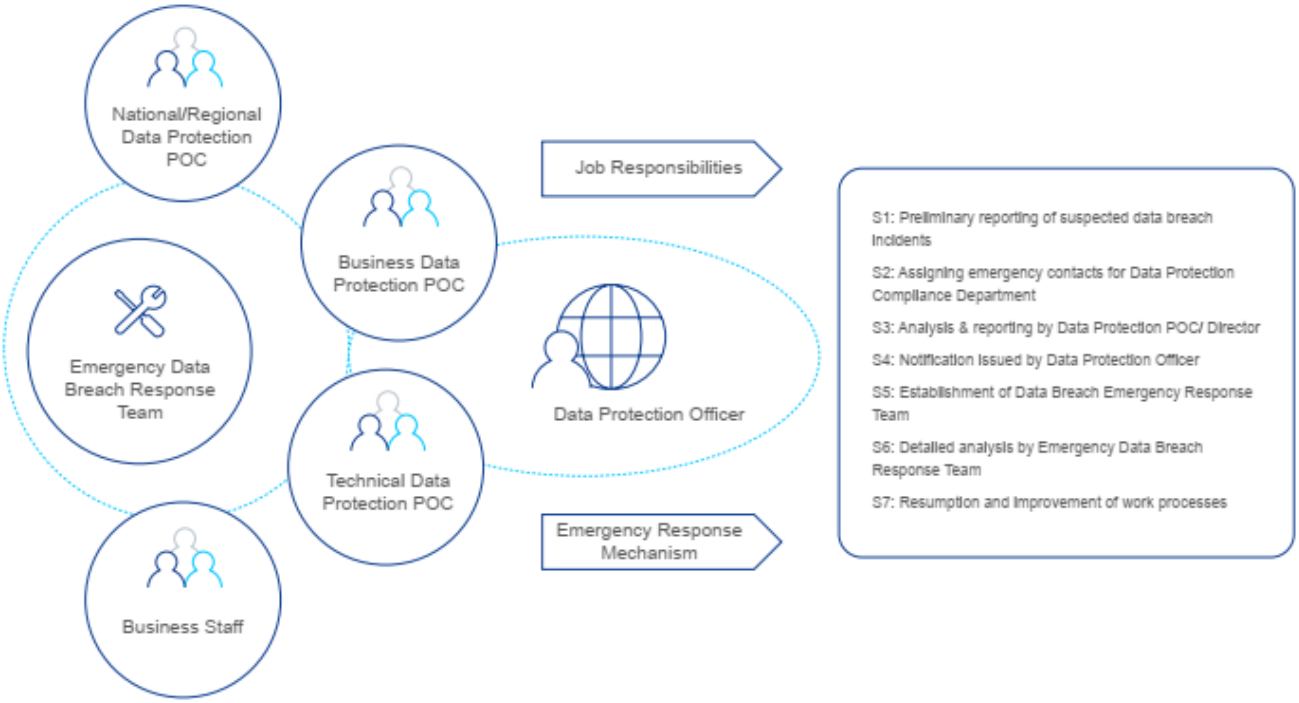


Figure: ZTE Data Breach Emergency Response Procedures

To ensure the implementation of personal data breach policies and measures, we have set up data protection audit mechanisms and violation reporting channels. Through the work of our full-time compliance audit team, self-inspection audits have been incorporated into our internal control assurance system to perform regular audits to promote the normal cycle of cultural development, resource investment, process re-engineering, and capacity

improvement. With no data protection violation incidents occurring throughout the year of 2019, we have effectively safeguarded the personal data security of data subjects.

ZTE has attached great importance to the in-depth combination and synergic progress of compliance and business, and we have focused on corporate practices to promote the common progress of the industry. In terms of scenario-based compliance practices, we have compiled the *ZTE Good Practices of Data Protection Compliance (2019)*. To share and contribute to cutting-edge research results, we have published the *ZTE White Paper on Selected GDPR Law Enforcement Cases* to show our compliance capability and drive industry exchanges.

3.2.5 Export Control Compliance

ZTE fully complies with all applicable laws and regulations on export controls and economic sanctions of the countries/regions where it operates business, including those of China and the U.S., and has established an the *Export Control Compliance Policy* to strictly implement export control requirements for the export, reexport, and transfer(in-country) of commodities, software, and technologies.

ZTE performs strict Restricted Party Screening and detailed due diligence on suppliers, customers, agents, and other business partners. If the parties are restricted, ZTE resolutely refuses to cooperate with them under restricted issues. ZTE strictly follows the controls on products and technologies, prohibits any export, reexport, or transfer(in-country) of controlled items and technologies without applicable license and prohibits the use of products and technologies for restricted purposes.

ZTE developed a compliance control tool based on SAP GTS which will automatically screen business partners and products on transactions such as pre-contracts, delivery orders and finance payment documents. We will also screen our business partners in accordance with the latest restricted party lists from the united states, Europe, Japan and the United Nations etc.

ZTE cooperates with professional institutions to organize and implement comprehensive export compliance training. Our all-employee training focuses on the strengthen of general awareness on export control compliance requirements. Training in different business units emphasizes risk identification and management on export control compliance applicable for each business procedure. Core position training focuses on improvement on the professional capability of export control. Through various and comprehensive level of training, ZTE has been continually improving compliance awareness and differential imparts applicable business compliance requirements to all employees. In addition, considering the Export Control Compliance training needs of local employees outside China, some courses are available in multiple languages.

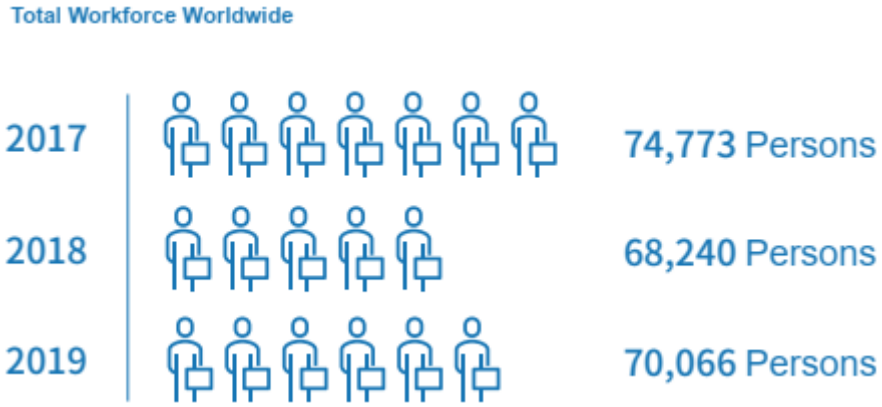
ZTE periodically conducts export control compliance risk evaluations on business procedures, audits and inspects high-risk countries and important business activities, and

carries out its recordkeeping requirements. Based on auditing and inspection procedures, ZTE continually optimizes business procedure and control schemes and punishes any employee who violates ZTE's export control policy.

3.3 Putting Employees First to Ensure Continuous Growth

ZTE's employees are its core resources. To build these resources, we have increased our efforts at talent recruitment and training, and have advanced the training of our most innovative and talented employees. By introducing a comprehensive training and development system and a high-quality incentive and promotion mechanism, we have provided a supportive work environment, sound benefits, and care measures, sharing the value of sustainable development with our employees.

In 2019, we continued to expand our team to 70,066 employees, which represented a growth of 2.7% from 2018. 23.45% of our employees are female, and 9.55% are non-Chinese employees.



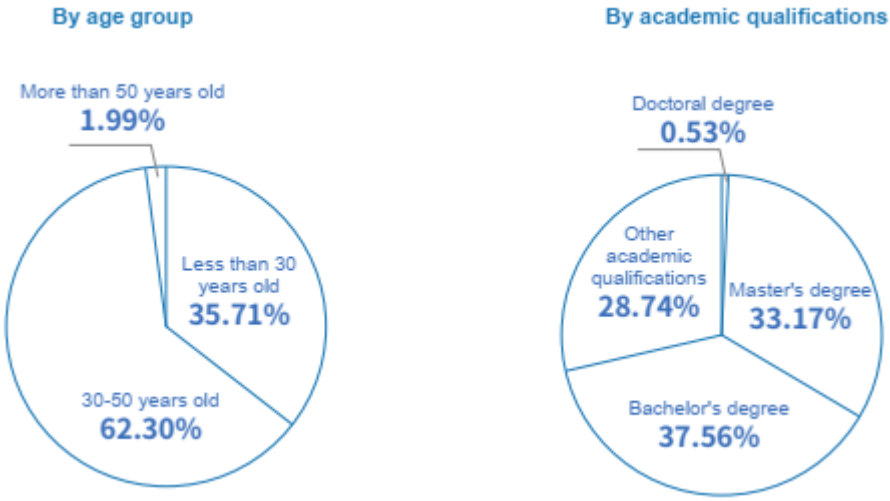
3.3.1 Employees' Rights Protection

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

Child labor is strictly prohibited by ZTE. We have adopted multiple measures in our employee recruitment, onboarding approval, and onboarding sign-in to verify the identity of applicants to ensure that no child workers are recruited. For legally employed teenage workers, we have formulated the *Special Protection Regulations for Juvenile Workers* to protect their legitimate rights and interests.

Forced labor is strictly prohibited by ZTE. Each employee is entitled to days off in accordance with local laws and regulations as well as corporate policies.

To ensure labor compliance in all business units, we have set up global labor compliance risk prevention and control mechanisms for the standard operation of labor business processes. In 2019, the contract signing rate of ZTE employees reached 100%.



Active efforts have been made to advance employee localization. As required by the needs of local positions, employees have been preferentially recruited from local communities. In 2019, we organized the 2020 Campus Recruitment Event which offered over 5,000 job opportunities, reaching a record high. Job fairs oriented towards both Chinese and local students in overseas countries were arranged in Singapore, Russia, India, Indonesia, and Burma to further diversify our talent team.

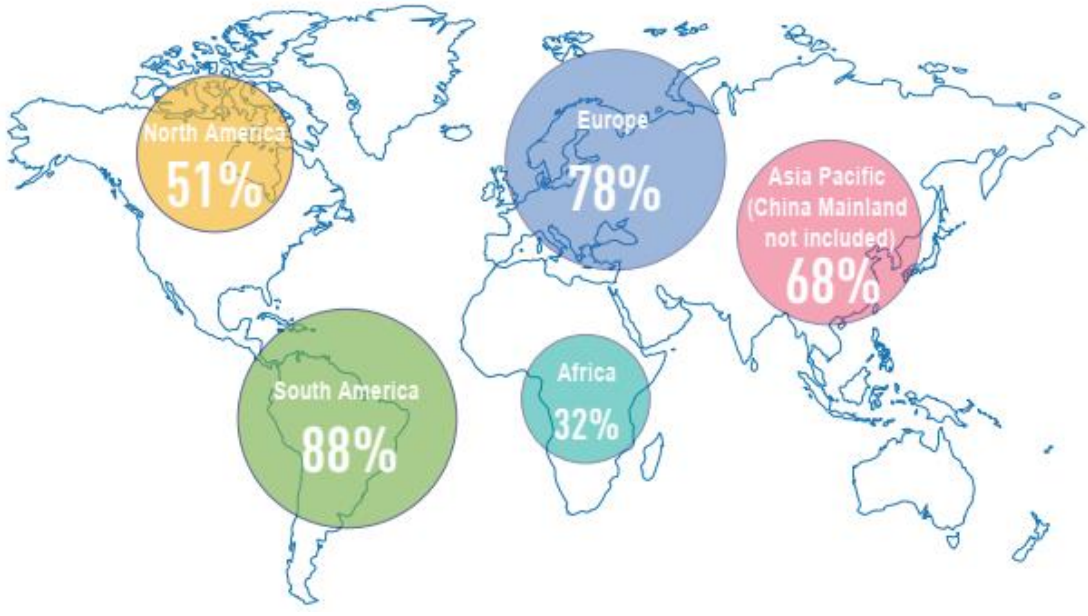


Figure: Percentage of Locally-Recruited Employees of ZTE

As a global corporation, ZTE fully respects the cultural diversity of the countries and local customs in which it operates. We advocate the exchange of employees from different

cultural backgrounds, and in so doing we have strengthened communications between different cultures through a wide range of activities.

[Case Study] We Love ZTE—5G Culture Tour

From July 22nd to July 28th 2019, ZTE employees from Europe, North America, Asia, and Africa attended a summer camp themed "We Love ZTE—5G Culture Tour" at our Shenzhen Headquarters.

During this one-week summer camp, our fellow coworkers joined in a 5G Showroom Visit, a Dialogue With the Executives, a Colorful Banquet, a China Culture Tour, 5G Training, a Dream Building Charity Tour, and other events, welcoming high-performing employees and their family members from all over the world and immersing them in China's long history and rich culture, as well as the vibrancy of ZTE.

[Case Study] Meatless Day Event 2019

November 25th marks International Meatless Day on which a number of restaurants across the world serve entirely vegetarian food. Over 9.5 million people respond to this movement each year. To advocate healthy dining habits, ZTE launched promotion and publicity activities in support of vegetarian diets, and invited many employees to better understand and experience vegetarian food on November 25th, 2019.

ZTE is committed to being a caring employer and to building a highly dedicated employee team, and as such the Company has provided multiple communication channels to interact with our employees. ZTE's dynamic suggestion platform has developed into one of the Company's most important employee-based business management improvement channels. In 2019, the platform received about 3,700 suggestions from over 2,000 employees. More than 1,200 awards were presented for these suggestions, and about 60 suggestions were rated as Excellent Suggestions. These suggestions drew the attention of employees from about 120 overseas representative offices (development offices) and 30 domestic offices.

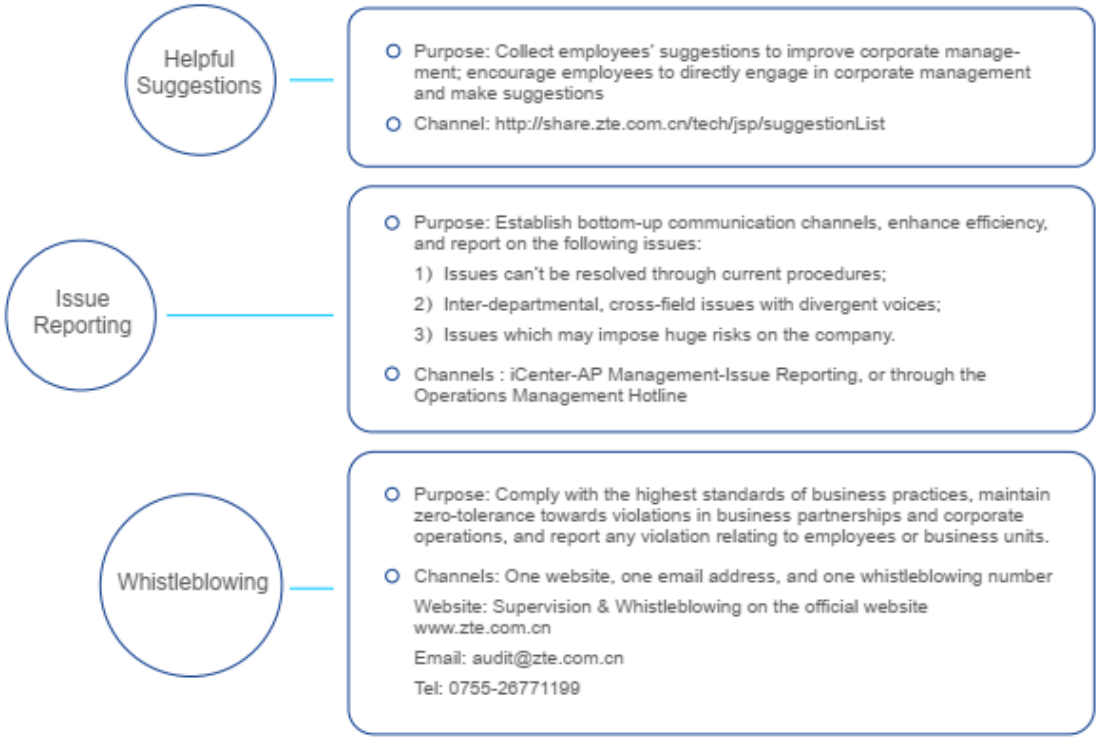


Figure: ZTE Employee Suggestion and Communication Channels

3.3.2 Staff Training and Capacity Building

To mutually benefit both employees and the Company, we founded ZTE University in 2003. Through the triangular operation model consisting of HR COE and ZTE University—BU and BU HR—Capability Center, ZTE has established a practice-oriented and vertically connected educational development system.

On account of different specialized groups and key capabilities, we have established an employee capability-building library through sorting out the job categories, identifying and modeling employee capabilities, provided corresponding learning resource course libraries, and formed a complete and well-defined learning map covering all employees.

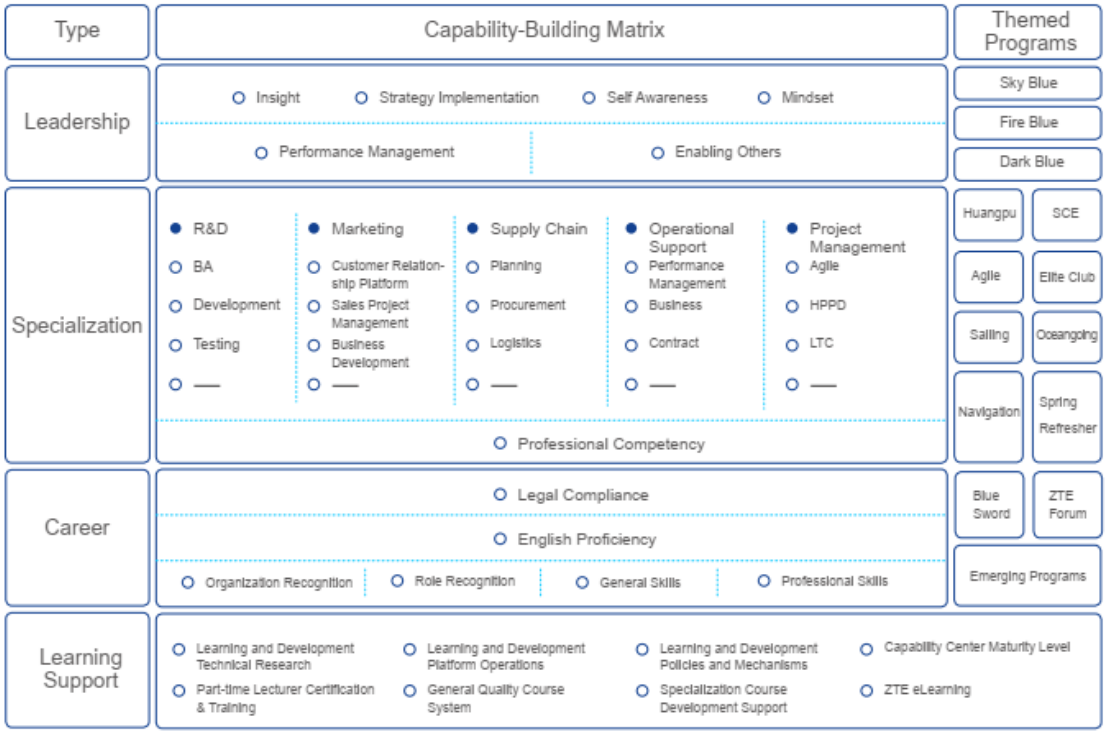


Figure: ZTE Capability-Building Matrix

In December 2019, ZTE was honored with the 2019 Excellence in Practice Award by the Association for Talent Development (ATD). Known as the Oscar of talent development, the award is an important affirmation of our talent development work in 2019.

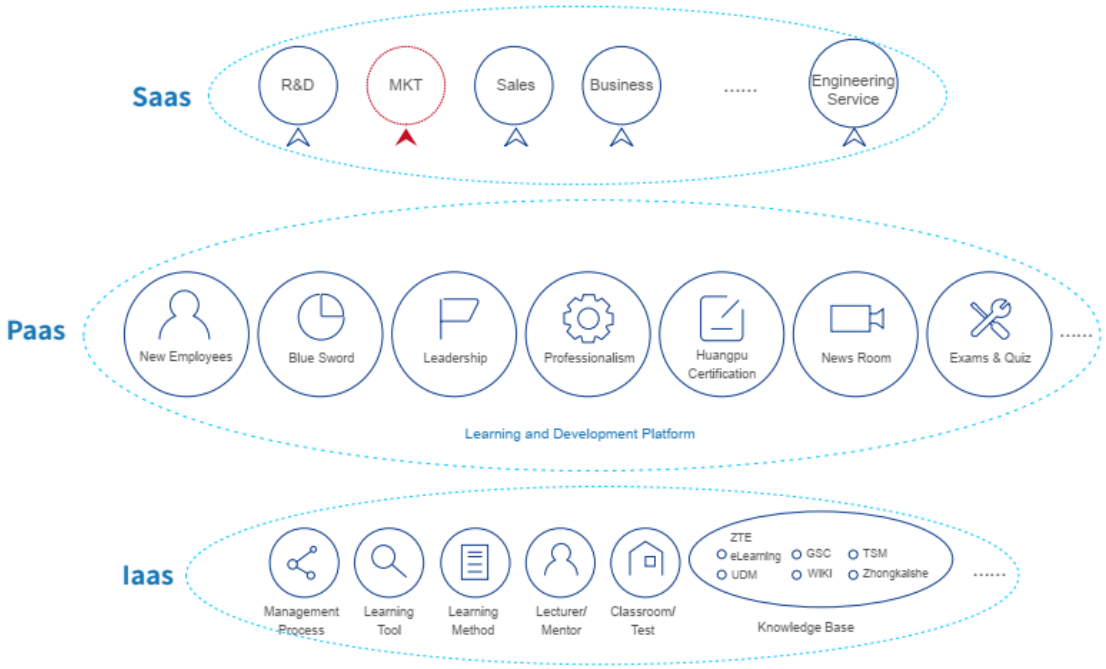


Figure: ZTE Employee Training Matrix

The ZTE employee training system adopts a three-level structure. The vertically-connected learning development system extends from supporting resources such as processes, tools,

methods, lecturers, and classrooms, along with knowledge bases at the base level, a middle level of learning programs designed for key roles and key capabilities, to specialized business lines at the top level.
In 2019, ZTE organized a wide range of learning and cultural activities. ZTE Forum, the All-Staff Open Class, the Star Awards, Teachers' Day Learning Week, and the Gold Lecturer Competition have all effectively advanced the development of ZTE into a learning-oriented organization and the creation of the Company's learning culture from top to bottom.

The ZTE eLearning platform has posted over 10,000 online courses, including 448 professional ethics courses, 1,214 corporate management courses, 6,015 product technology courses, and 2,573 business skill courses. ZTE's All-Staff Open Class is available through live broadcast all over the world. These include ZTE Forum in which corporate leaders interpret corporate strategies, and open courses given by experts in a given field.

In 2019, the Company provided sufficient training resources for employee development. The average training hours per employee reached 78.

[Case Study] ZTE's Award-Winning Proprietary Learning Program

In March 2019, ZTE's BeeMKT Program was awarded the China Application Innovation Award for the E-learning Industry.
In May 2019, R&D Leadership Improvement Program won the Best Learning Program Award of the 2018 China Talent Development Awards issued by Training Magazine.
In December 2019, the QA Capacity Improvement Program developed by the ZTE System Product R&D Capability Center was awarded the 2019 China Best Enterprise Learning Program, which is sponsored by the Overseas Education College of Shanghai Jiao Tong University.

Looking toward the future, we have initiated the Blue Sword Program to select and cultivate the Company's most talented people in the fields of science and technology. This is a training program for future corporate leaders. In 2019, we designated professional mentors and career mentors for each high-performance candidate in the Blue Sword Program, providing them with guidance in their day-to-day work, supporting their specialization pathways and career development, and providing them with a comprehensive perspective that overlooks the entire industry and its strategic focal points. ZTE also developed breakthrough career development pathways to support their leapfrog career development.

During this same period, ZTE has worked with nine Chinese universities, including Beijing Jiao Tong University, Xidian University, and the Chongqing University of Posts and Telecommunications, along with universities from outside China including the Universidad

Distrital Francisco José de Caldas in Colombia and Multimedia University in Malaysia to launch talent training programs. Through advantageous resource sharing and open, inclusive activities, these programs are designed to train more candidates for the future of ZTE and the communications industry.

[Case Study] ZTE and Xidian University Launch Campus Training Program

To further advance talent training and adapt to changing technologies, ZTE and the School of Telecommunications Engineering of Xidian University jointly launched the Xidian University-ZTE Wireless Communication Elite Program in 2019. The Elite Program officially commenced in Xidian University on September 29, 2019. As per the mutually formulated training plan and framework, we sent technical experts and lecturers from ZTE University to give lectures, and provided the students with designated enterprise mentors. The unfolding of this ZTE program on an elite university campus marked an exploration into new models of joint university-enterprise training.

3.3.3 Fair and Transparent Career Development

To date, we have established internal systems including the *Management Regulations on ZTE Employee Position Appointment*, *Standards on Performance Appraisal for Key Technical Personnel Positions*, *Selection and Appointment Management Regulations on Management Cadres*, and *Management Procedures for the Management Post Setting*. By specifying the evaluation criteria for different promotion paths, these systems are intended to provide employees with diversified career development paths in professional fields, administration, and project management based on employees' different needs and aptitudes, and set up a fair and transparent growth platform.

The Company arranges for department management personnel to conduct semiannual performance interviews with employees and assess the results of the employees' overall performance evaluation as measured within a half-year appraisal period. They then accordingly work out a performance plan for the next appraisal period together with the employees.

ZTE has rolled out a three-year "value contributor–based" incentive plan for core employees in key positions along with high-potential employees. A reward and incentive system has been further put in place to commend high-performance employees. In 2019, a total of ten employees were presented with the Gold Awards, 25 employees were presented with the Silver Awards, and 129 employees were appraised as the Annual Harding-Working and Innovative Employees. In addition, 134 employees were presented with the ZTE Young Achiever Award newly set in 2019, and 11 projects were presented with the Technological Breakthrough Awards for Young Leader.

3.3.4 Health and Safety Management

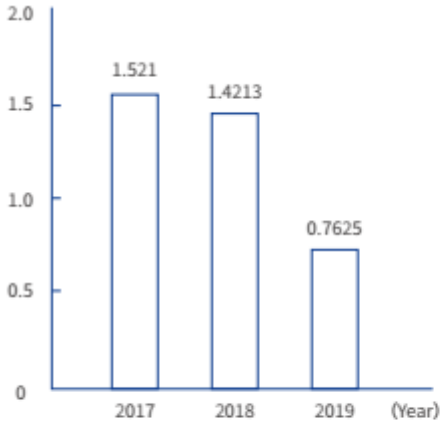
We endeavor to create a health and safety culture incorporating "Love and Responsibility"", which means creating a sustainable healthy and safe environment with "Love" as the bond and "Responsibility" as the mission. We have been working with customers and partners

to continuously improve the health and safety awareness along with our management level, so as to set benchmarks and create social value.

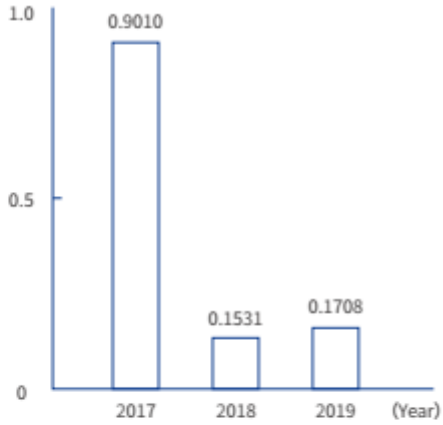
We have established the Health and Safety Committee, with the Executive Vice President appointed as the Director of the Committee, and the Director of Human Resources Department the Chief Health and Safety Officer, fully integrating the health and safety work into each unit and its daily routine. Based on the management principle of "personal scope + territorial scope", we are gradually realizing end-to-end and integrated management of the health and safety work stretching from headquarter to each business unit, allowing ZTE to systematically strengthen the operation of its health and safety management system.

Continuous efforts have been made to improve our policy system. After the release of the *ZTE Corporation Health and Safety Policy*, we have formulated detailed implementation plans, including emergency response plans such as *the Emergency Plan for Production Safety Incidents, the Emergency Plan for Acute Infectious Diseases,* and *the Contingency Plan for Terrorist Attacks and the Emergency Plan for Natural Disasters*, incident reporting–related plans such as the *Regulations on Occupational Health and Safety Accident Report and Management*, and safety inspection–related plans such as the *Notice on Enhancing Employees' Health and Safety*. Moreover, we have developed a health and safety document map for the convenience of timely inquiry.

As of the end of 2019, we had built a health and safety management system covering all business processes and major global branches, and obtained OHSAS 18001 certification in 25 countries. The improved management has provided a solid guarantee for ZTE's health and safety management, and has helped achieve satisfactory results.



Annual Average Incident Rate*



Annual Average Lost Time Incident Rate

*Incident rate=total incidents*200,000/total working hours each month (incident rate per 200,000 working hours)

We keep strengthening health and safety publicity and training among all employees, to promote our health and safety culture, advance the overall improvement of employees' health and safety awareness, and create a good atmosphere for safe production. In 2019, we issued the *Regulations on Health and Safety Training*, delivered safety training to corporate leadership, and arranged for all employees to take health and safety training within their respective departments/teams. Health and safety tests were organized and

completed by 99.01% of employees. The pass rate reached 97.80%, marking a substantial increase against 2018.

We have further organized health and safety themed events, including regular activities like Safe Production Month, Occupational Health & Safety Forum, the selection of Health & Safety Role Models, and the Health & Safety Cup contest, and along with prize-backed competitions like the Health and Safety Logo and Creative Poster Design Competition. All these events help convey and disseminate our vision and culture of health and safety.

[Case Study] Vodafone Health & Safety Forum

During May 8 and May 9, 2019, ZTE and Vodafone, an international operator, jointly sponsored the 19th Vodafone Health & Safety Forum in Mumbai, India. Our company's health and safety management team shared our health and safety tenets of Love and Responsibility, our incentive mechanisms for management improvement and technology applications in relation to health and safety, and introduced the Health and Safety Role Model Award for outstanding individuals. Our presentation has won positive reviews from the attendees.

3.3.5 Sound Employee Welfare System

In addition to creating business value, we are concerned with employees' happiness and sense of satisfaction. Through a sound employee welfare system, we have fully shown our care from six aspects: health insurance, subsidies and benefits, work-life balance, learning and growth, lifestyle support, and holidays, thereby enhancing employee satisfaction.

Figure: ZTE Employee Welfare Overview

—Ensuring Work-life Balance

As a vigorous advocate of health culture, we organize various activities for our employees on a regular basis every year. As of the end of 2019, 214 sports and recreation societies had been established throughout the Company. Activities were held one to three times every week, not only helping employees maintain and improve fitness, but also enhancing cooperation within our teams and disseminating corporate culture.

[Case Study] ZTE Mexico's First Employee Health Day

Out of concern for employee health, ZTE Mexico organized its first Employee Health Day event on November 14, 2019 to enhance their health and safety awareness and disease prevention skills. Health and safety experts from various fields were invited to bring their equipment to the office and deliver lectures on disease prevention and nutrition, and provide physical examination services. Employees actively participated in the event, gaining a better understanding of their health conditions and more knowledge about disease prevention and nutrition and supplementation.

ZTE attaches great importance to the mental health of its employees, and to that end we have been implementing the Employee Assistance Program (EAP). This program involves enhancing public awareness of mental health knowledge, as well as counselling, training, and crisis intervention services, and is designed to cover all employees and their family members. Each employee is entitled to receive six counselling sessions free of charge each year. In 2019, the EAP provided about 1,000 total hours of counselling for employees.

To better address employees' housing demands and exempt them from extra worries, ZTE marshaled its resources to construct Talent Apartments in cities including Shenzhen, Nanjing, and Sanya. These apartments have been rented to about 10,000 high-performance employees at a rent much lower than market level.

—Caring for Special Employees

For pregnant employees, we have formulated the *Regulations on Prenatal Leave*, which stipulates that the female employees may apply for prenatal leave since their pregnancy is confirmed. In 2019, all female employees on prenatal leave were still on active duty, and their rate of return to ZTE reached 100%. Furthermore, we have set up 16 nursery rooms in Shenzhen, Shanghai, Nanjing, and Xi'an to satisfy employees' nursing needs.

For employees in financial difficulties, we have set up a well-designed assistance plan. In 2019, our trade union donated CNY 2,011,000 to 101 employees and immediate family members struck by sudden events and severe diseases. Starting from July 26, 2019, the trade union has also organized condolence visits to employees whose immediate family members have passed away. A total of 90 such visits were conducted and a total of CNY 90,000 condolence payments were distributed. Trade union fees have been fully allocated by the Company as scheduled, and in 2019, the annual trade union fees were increased by 50%, enhancing employees' sense of attainment and happiness.

Employees are one of the key cornerstones for sustainable corporate development. Therefore, we will continue to roll out employee programs and build a high-quality, highly-satisfied employee team to boost corporate development.

3.4 Leading 5G Innovations and Enabling Different Industries

The year of 2019 was the first year of 5G commercialization. From connecting people to people, to connecting people to things, to connecting things to other things, mobile communications not only has changed people's lives, but will also accelerate the digital transformation of all industries.

Adhering to the vision "To Enable Connectivity and Trust Everywhere", we have prioritized investments into innovation research, and have developed proprietary leading technological products like chips, operating systems, and databases. ZTE has focused on carrier business and strengthening our core competitiveness in the technological fields of 5G wireless networks, core networks, and transport networks. We have secured our leading position in 5G standards, 5G products, cybersecurity, and 5G markets. All these efforts enable us to better empower numerous industries through 5G.

Figure: ZTE Leading 5G Innovations

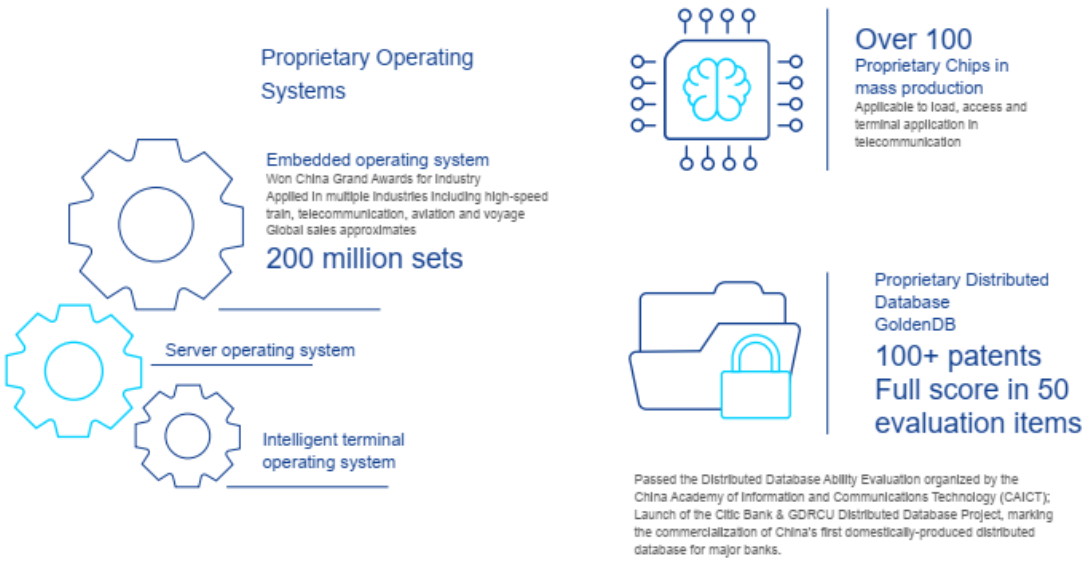
3.4.1 Strong Investments for R&D Leadership

Making continuous investments in core technology R&D, we have been committed to strengthening proprietary innovation and developing core competitiveness in the 5G era. The Technical Expert Committee has been set up for the overall planning and management of technological innovation. It is composed of committee members from the technical committees of divisions/research institutes, and cross-institute specialized technical committees. Headed by CTIO, it consists of about 1,000 top-notch technical experts, including the Chief Scientist of ZTE. The specialized technical committees convene a meeting at least once every month. The technical expert members hold quarterly seminars, semi-annual/annual report conferences, and extraordinary decision-making meetings in

respect of major issues.

—Powering the 5G Development with Innovations

At present, we have established a well-designed product layout covering the five key areas of 5G terminals, wireless networks, transport networks, core networks, and vertical industry applications, growing into a core supplier offering 5G commercial end-to-end industrial solutions. All these are closely related with our years of investments in and emphasis on R&D. With about 30,000 R&D personnel, ZTE has invested over CNY 10 billion in R&D annually in recent years. In 2019, we invested CNY12.55 billion in R&D programs, accounting for 13.8% of total operating revenue. Our proprietary strength in chips, operating systems, and databases have won recognition across the industry. Specifically, our 7nm 5G network systems have undergone extensive commercial use; our operating systems have been widely applied to major industrial segments including Fuxing Bullet Trains, and a total of over 200 million sets of systems have been applied in the existing networks. Our databases are being widely applied in the highly stringent finance sector. Our database technology has stood the high load test of China's November 11th online shopping carnival through the CITIC Bank's credit card system.



—Improving Intellectual Property Management

ZTE has always taken intellectual property as one of its core strategies for corporate development, and to that end we have established an intellectual property management system covering IP asset reserves, operations, and risk controls. Thanks to our execution of technical innovation based on a high-quality global patent portfolio, we have provided strong support for technical development and continuously brought cutting-edge products and the highest-quality services to our customers.

Internationally, we have built a patent portfolio in 55 countries and regions by filing for over 74,000 patents, over 34,000 of which have been granted. For nine years in a row ZTE has

been among the top five in terms of numbers of PCT applications. With about 3,900 chip patent applications and over 5,000 5G global strategy patent applications, we rank the first rank in global strategic layout of 5G.

ZTE is an active player and leader in the formulation of global standards. We have submitted about 7,000 5G-related proposals to 3GPP; with our wireless experts Gao Yin and Sergio Parolari elected as vice presidents of the 3GPP RAN3 and RAN2 work teams respectively, we have built high-quality channels to make our voice heard in industry associations.

As stated in the latest report given by IPLytics, the internationally famous patent statistics company, at the 5G patent and standards seminar held in January 2020, ZTE disclosed 2,561 families of 5G related standard essential patent (SEP) to ETSI, ranking the top three list worldwide. In 2019, two of ZTE's 5G standard essential patents were honored with gold and silver awards respectively at the 21st China Patent Awards. Having won a total of 8 gold awards, 2 silver awards, and 33 honorable mentions at the China Patent Awards, ZTE has become the single most awarded communications company.

In terms of intellectual property license risk control, we highly respect intellectual property and believe in taking legitimate and appropriate actions to obtain the right to utilize innovative results which are valuable to others. ZTE has also put a well-designed risk identification system in place for intellectual property management that is incorporated into various business processes and sectors, and divided the risk control mechanism into risk identification, assessment, control, and response, in order to excise precise control over intellectual property risks by category and by level. In addition, we have relied on powerful patent reserves to perform patent cross-licensing for risk hedging.

—Deepening Industry-University-Institute Cooperation

Continuously advancing university-enterprise cooperation in an all-round way, ZTE has treated industry-university-institute cooperation as one of the main battlefields for performing technological innovation with universities. Over the past decade, we have launched several hundreds of industry-university-institute partner projects, making investments and drawing government investments of over CNY 2.2 billion, generating about 2,000 patents and standard proposals with colleges and universities.

[Case Study] ZTE's Optical Access Technology Awarded Second Prize at the 2018 National Science and Technology Progress Awards

In January 2019, the Highly-Efficiently Converged Ultra-Large-Capacity Optical Access Technology and Application Project jointly launched by ZTE and the Beijing University of Posts and Telecommunications was honored with the Second Prize of the National Science and Technology Progress Awards at the 2018 National Science and Technology Awards Conference.

This project is a breakthrough in traditional core technologies involved in passive optical network development, and offers solutions to critical bottlenecks in multiple fields. Its innovative ultra-large-capacity optical access core devices support smooth network evolution and efficient integration, and have reached an internationally advanced level. At present, this system has covered and served hundreds of millions of users globally, and extensive applications have been made. With evident economic and social benefits, it has boosted the shared development of FTTx applications and the industry as a whole.

3.4.2 Leading 5G Innovations to Empower Various Industries

While 4G has changed the lives of people as individuals, 5G is meant to change the whole society. Its advantages of enhanced mobile broadband, ultra-reliable low-latency communications, and massive machine-type communications have allowed 5G to enable more possibilities for a vast number of other industries. ZTE is guided by the "1+5+N" strategy, and has focused on industries including industrial engineering, media, car networking, power, ports, education, rail transit, medical care, and cultural tourism industries. As an innovative business practitioner, we have combined 5G technologies and multiple new and advanced technologies to explore 5G application scenarios and business models to support industrial transformation and upgrading. With over 300 partners around the world at present, we have joined hands with multiple carriers to launch over 60 5G pilot demonstration projects.

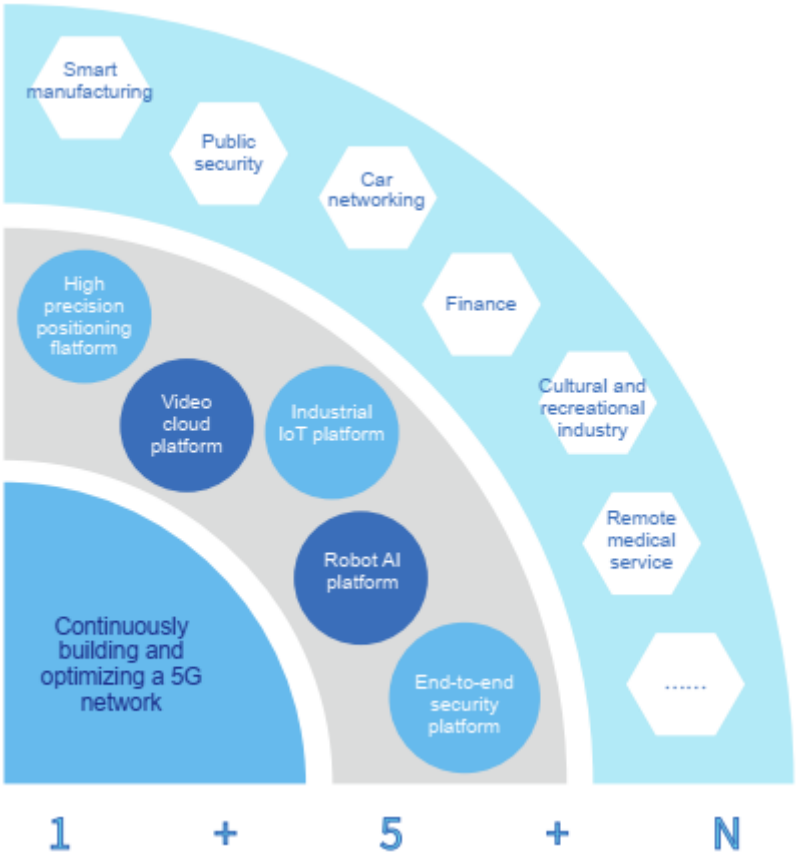


Figure: ZTE's "1+5+N" 5G Empowerment Matrix

—Supporting the Transformation into Smart Manufacturing

Unleashing our 5G technical strengths, ZTE has been working closely with leading players in the manufacturing industry to improve their internal and external networks. By enabling the innovation and technology of AR/VR, machine vision, remote control, cloud robotics, and park security industry applications, we have supported the transformation and upgrading of numerous industries.

We have partnered with China's largest automation control solution provider SUPCON along with China Telecom (Zhejiang) to develop the innovative 5G Remote Expert Guidance System. Through AR glasses with HD cameras and 5G network support, on-site maintenance personnel can send HD images back to the experts' terminals. This system not only enables remote experts to have audio and video interaction with on-site personnel, but also uses whiteboard sharing to send the export-annotated images back to the work site. These annotated images are displayed on AR glasses in HD, which enables remote guidance for convenient and fast problem solving.

Through ZTE's partnership with the Angang Steel Information Industry Group, we have introduced the world's first 5G+ smart steel plan composed of an equipment life cycle management system, a defect detection system, a machine visual safety management system, and an equipment remote control system. The system is now widely used across the Angang Steel Group, and will be promoted throughout the metallurgical industry in the future.

In our work with Sany Heavy Industry, we have begun to construct 5G networks and 5G business demonstration programs based on the Beijing and Changsha Industrial Park Pilot Project. By exploring 5G-based business application scenarios, we aim to accelerate the R&D and commercialization new industrial 5G applications. We have commenced projects including model 5G AR, 5G real-time industrial control, 5G cloud AGV, 5G remote control and unmanned control, 5G high precision positioning, and 5G park unmanned security projects, all to support the construction of digital construction sites.

—Building a New Landscape in the Medical Resources Sector

China's extremely uneven distribution of medical resources at the present day poses a challenge to disperse medical and health resources to the public. By providing 5G operating rooms, expert consultation via HD video, remote surgical demonstrations, AR-based remote surgical guidance, and other systems, we have broken the spatial-temporal and territorial limitations placed on medical resources, beginning our entrance into the medical resources sector.

In further collaborations with DOIT and China Mobile (Liaoning), we have equipped hospitals with intelligent wards, 5G Internet access, and 5G remote consultation vehicles to collect real-time data from monitors, respirators and infusion pumps, store patient information, and allow medical experts to provide multidisciplinary remote consultation

services. This is a solution that ameliorates the lack of experts for consultation and the lack of timely access to patient information on vital signs, as well as providing a comprehensive business plan in which 5G technology has been extensively applied to the medical industry for the first time.

In our partnership with the First Affiliated Hospital of Kunming Medical University, we supported remote 4K HD surgical demonstrations and inter-hospital joint consultation across the hospital operating room, a Kunming-based hotel, and the Qilin District People's Hospital in Qujing. Through HD audio-video interactions between the operating room and conference center, and virtually blind-spot-free live broadcasts, on-site experts and surgeons in operating room completed a complicated thyroid cancer removal surgery "side by side".

—Accelerating the Development of Internet of Vehicles

With the development of C-V2X and 5G technologies, features like greater data throughput, lower latency, higher levels of security, and more extensive connections have greatly propelled the development of intelligent driving and intelligent transportation systems. The synergistic "car-road-cloud" internet of vehicles solution developed by ZTE has boosted the rapid development of networked vehicles for safer and more intelligent travel modes, and has also enabled the innovative application of car-road synergy to support the development of intelligent transportation.

We have joined hands with Baidu to launch the National Major 5G Autopilot Project, and worked with Xiong'an New District to complete the industry's first open road test of real 5G network environments. In collaboration with the China Mobile (Guangdong) and GAC Research Center, we have launched 5G and V2X-based remote pilot and autopilot verification tests. Through a partnership with Suning, we have successfully piloted a 5G unmanned cargo van to realize unmanned distribution at the last-mile logistics.

ZTE has attended the Shanghai C-V2X "Four-Cross" Interconnectivity Application Demonstration Event together with multiple manufacturers, and we have provided our proprietary C-V2X modules and OBU to produce China's first C-V2X application demonstration on a cross-chip module, cross-terminal, cross-vehicle, and cross-safety platform.

In 2019, ZTE undertook important tasks in the organizations of communication and internet of vehicles like the IMT2020, TIAA, CMM, SAE, and 5GAA standards. We further achieved in-depth cooperation with vehicle manufacturers like FAW, SAIC, GAC, Chang'an Auto, Geely, and Chery, TrieOne manufacturers like Bosch and Aptiv, and transportation application providers like CTFO and SANY Zhikuang.

—Building Smart Ports

As global seaports have entered into a key period of digital transformation, network communications capabilities have become an important foundation for the construction of intelligent ports. By combining 5G technologies and innovation applications, ZTE has opened up a whole new world for the future construction of intelligent ports.

Since August 2018, we have been working with Tianjin Unicom and TRUNK to build commercial 5G networks and MEC systems at the Tianjin Container Terminal, so as to provide a quasi-private 5G network environment satisfying the port's needs for intelligence upgrades. As of November 2019, 5G application demonstrations had been completed in the fields of automated driving, remote control of quay cranes, customs diversion, and mobile monitoring, supporting the building of digital and intelligent ports.

—Using 5G Technology to Restore Green Hills and Clear Waters

In response to the low automation and informatization levels among traditional water management systems and difficulties in data sharing, ZTE has developed an integrated 5G intelligent water management solution on the basis of the low latency, large bandwidth, and massive connection capabilities in 5G networks along with cutting-edge technologies like AI, big data, IoT, cloud computing, and VR. Giving full play to the strengths of terminals like UAVs, wireless HD cameras, and other terminals, this solution has established an intelligent, efficient, and advanced water management system. Remote command and dispatch and video conferencing apps have been integrated to ensure rapid response times and interconnected governance, and ultimately to realize 3D monitoring and grid management of the treated waters.

At present, this plan has been successfully rolled out in Xiajiang Village in Hangzhou, the cities of Nanchang and Jiujiang, and Xiong'an New Area. This system is enabling the digital transformation of industry and has helped in the restoration of many green hills and clear waters.

—Introducing New Cultural and Recreational Experiences

5G-based systems like ultra-HD live streaming, cloud VR museums, and cloud XR classes have introduced an infinite space of imagination and numerous scenarios for the traditional culture and recreation sectors. With its focus on media, education, and cultural tourism, ZTE is creating new cultural and recreational experiences for the public.

In the media sector, ZTE has worked with the Xinhua News Agency to explore applications of 5G, AI, and cloud computing technology in new media as centered on 5G+ new media, accelerating the R&D and commercialization of innovative 5G applications, and developing smart and digital new media.

In the cultural tourism sector, ZTE has joined hands with Lvmama to build the 5G+ Intelligent Tourism Research Experimental Base. ZTE has launched 5G-Based Scenic Live

streaming, 5G+VR Immersive Tourism Experiences, and a 5G+ AR Exploration Mirror. Shanghai 5G Live streaming Tours have also been introduced, and joint efforts have been made to build 5G mobile phone-based tourism zones.

In the education sector, ZTE has collaborated with XDF and China Mobile (Beijing) to advance technical innovation, industrial development, and application scenario reform in 5G+ education. These measures introduce new immersive education experiences and enhance teaching and management efficiency on the basis of mobile 5G networks, ZTE's VR/AR systems, edge computing, and videoconferencing technologies and products.

Internationally, we have worked with multiple carriers to launch 5G projects, and these include Europe's first 5G bank, Europe's first 5G standalone (SA) networking business, and the first 5G hologram video call.

In June 2019, Telefonica, Banco Santander, and ZTE jointly inaugurated Europe's first 5G bank. These incorporate 5G 4K ultra-HD videoconferencing, 5G VR 360-degree virtual displays, and 5G low latency cloud storage high-speed downloads. To deliver this project, Telefonica and ZTE established a 5G pilot network in Madrid. This pilot network of ZTE provides end-to-end 5G solutions, including 5G terminals, 5G base stations, 5G bearer network, and 5G core network. Banco Santander's 5G application is based on 5G SA networking. Without using 4G (LTE) and while maintaining full compliance with the 3GPP standard. Madrid has become one of Telefonica's 5G technology cities, which includes4 cities like Barcelona and Malaga.

In April 2019, the Spanish telecommunication carrier Orange (a subsidiary of France Telecom) and ZTE jointly launched the first 5G SA networking-based voice call and data service in Valencia, and even the first in Europe. In June 2019, this project achieved the joint display of 5G hologram video calls (the first system of its kind in Europe), remote control manipulators, autonomously driven cars, VR cloud gaming, and ultra-HD multi-angle live streaming.

The commercialization of 5G has just begun. ZTE has grown based on its strengths, and the Company will continue to leverage its technical advantages as a 5G business facilitator, an innovative business practitioner, and a participant in ecosystem development, to facilitate the digital transformation of the whole society.

3.4.3 Technology Inputs Benefit More People

Technologies shall be used for public good to bring convenience and value to our lives. By conducting extensive partnerships with global operators and industry customers, ZTE is striving to build reliable telecommunications networks across the world in this new digital society.

For example, since 2015, ZTE has been working with Bangladeshi telecommunications companies to renovate and modernize the equipment of Bangladesh's existing networks to build a highly reliable nationwide transmission network and ultimately construct digital

cities. Through renovation and upgrading, Bangladesh's network has realized all IP access, provided nationwide landline phone and GPON broadband access services. This network supports multiple business services, laying a foundation for future expansion of 4G/5G and IPTV networks, and will drive the extensive application of emerging technologies like big data, cloud computing, and IoT. Upon its completion, the network will significantly boost the level of Bangladesh's international communications, help resolve local employment problems, and drive the growth of the local economy and new technology industry.

For another example, in Changji Prefecture and Tacheng Prefecture of Xinjiang Province, ZTE has worked with Xinjiang Mobile to make telecommunications services universally accessible by providing broadband network access to 275 villages covering 98% of the population, and helping Xinjiang Mobile to complete the installation of 2,563 km of sheathed optical fibers. Upon the completion of the project, public service institutions like village committees, police stations, schools, and clinics, as well as users in need have been able to access the optical fiber broadband network. This has greatly enhanced the basic access to information and telecommunications network in Changji Prefecture and Tacheng Prefecture, advancing the modernization of social governance systems and governance capabilities, and guaranteeing network capabilities for the overall goals of social stability and long-term peace and order in Xinjiang.

3.4.4 Mobile Devices Enable a Connected Life

As 5G connects everything, the demands for its applications will undergo phenomenally explosive growth. This is why ZTE has launched a series of 5G mobile devices of various forms to meet the varying demands of both operators and consumers. These devices, including 5G smartphones, 5G outdoor CPE devices, 5G indoor CPE devices, and 5G mobile hotspots will provide users with high-speed interconnection experiences.

ZTE has also considered the business and economic requirements of rural users. It has innovatively developed the ZXHN F631 multimedia integration gateway and other products since 2018. Integrating broadband, wireless network, voice, and 4K ultra-HD OTT services into a single device, these products can provide users with high-speed Internet access, ultra-HD TV, high-speed Wi-Fi, fixed voice communications, media sharing, and other ultra-HD video services.

ZTE multimedia integration gateways have served over 600,000 rural households, reducing over CNY 200 million in wired installation costs and over 100 million in other telecommunications procurement costs for rural users. These systems contribute to the integration of rural households' audio and video entertainment and smart home services, and allow users to synchronously enjoy wonderful experiences of the information age no matter where they live.

4 Creating Positive Impacts

ZTE is committed to growing together with our partners across the ecosystem. For our customers, we strive to fully protect their rights and interests, provide services that are beyond their expectations, and make them an important cornerstone for sustainable corporate development. For the environment, we use technology to promote green development across all industries and reduce our environmental impact. For suppliers, we have rolled out strategic supplier cooperation programs for mutual development and progress. Continuously sharing the results of corporate development together with the global community, we have been supporting community development through technical, financial, manpower, and material investments.

CNY 11,144,016.91 Total Donation Amount in 2019	2.34 tCO2e /Operating Revenue (Million CNY) Greenhouse Gas Emission Intensity

4.1 Securing Customers' Trust by Defending Their Rights and Interests

Through active policy benchmark against Chinese and international laws and regulations and regular high-level reviews on business processes, we address customer needs in terms of cybersecurity, data protection, and customer service to ensure that our products and services meet and exceed customers' expectations.

4.1.1 Cybersecurity Assurance

Telecommunications equipment and systems are key infrastructures in telecom networks. Due to the asymmetry between security threats and defense and the innate vulnerability of systems, telecommunications equipment may be easily subject to attacks and destruction, imposing huge security risks on systems. Therefore, cybersecurity has always been a concern for both governments and operators.

Cybersecurity is the highest priority in ZTE's product R&D and service delivery. In light of our corporate development strategy planning, we have established a sound cybersecurity

governance structure in reference to applicable laws and regulations, Chinese and international standards. In addition, we have developed the security awareness of all staff members, and emphasized security throughout all processes. ZTE has attached great importance to customers' security value and ensured delivery along with the provision of secure and trustworthy products and services in accordance with cybersecurity-related laws and regulations.

ZTE is willing to communicate and work with our operators, regulators, partners, and other stakeholders in an open and transparent way, and we have abided by the relevant laws and regulations, and respected the legitimate rights and interests of customers and end users. We continuously improve management and technical practices, and repay our customers with secure and trustworthy products to jointly create secure network environments and maintain a proper order in cyberspace security.

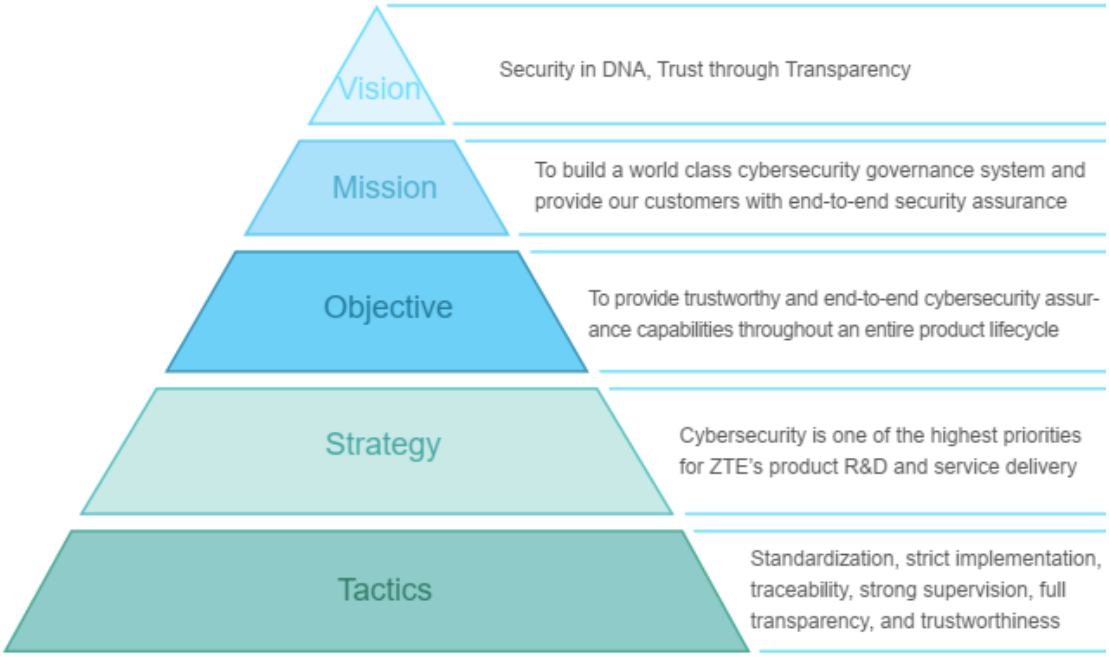


Figure: ZTE Cybersecurity Strategy

We have established a Cyber Security Committee (CSC) composed of the CEO, the CTO, the CSO, and the heads of Supply Chain, System Product, and Engineering Service Operation Division. The CEO, the CTO, and the CSO serve as the chairman, standing vice chairman, and vice chairman respectively, and the heads of Supply Chain, System Product, and Engineering Service Operation Division work as members of the Standing Committee. The organization and deployment of cybersecurity has been conducted by management at different levels.

To conduct cybersecurity governance, we have set up an organizational structure composed of three lines of defense to resolve conflicts of interests based on the organizational mechanisms, and follow the principles of risk control. By organizing the self-inspection of the first line (business units), the independent security testing of the second

line (the Product security Department), and security auditing of the third line (the Internal Control and Audit Department), cybersecurity is guaranteed from multiple aspects at multiple levels.

The cybersecurity strategy system has also been set up to require all business units to launch cybersecurity activities at four different levels—general requirements, management regulations and processes, operating guidelines, and records.

The Product Security Incident Response Team (PSIRT) is built to identify and analyze security incidents, track incident handling, maintain close communications with internal and external stakeholders, and promptly disclose security vulnerabilities, so as to help alleviate the adverse impact of security incidents. As a member of both the Forum of Incident Response and Security Teams (FIRST) and CVE Numbering Authorities (CNAs), ZTE has established more open and transparent collaboration with our customers and stakeholders.

We have continuously organized multilevel domain-specific security awareness activities and professional skill training, such as executive seminars for management, security awareness training for all staff members, security design training, and penetration testing training for security personnel. Currently about 80 employees hold international security certificates, and we are sufficiently qualified in terms of security architecture construction, security design, penetration testing, security auditing, and security management.

For the time being, we have established a cybersecurity assurance mechanism covering the full product lifecycle from the fields of product R&D, supply chain and manufacturing, engineering services, security incident management, and verification auditing to realize secure delivery of products and services.

In 2019, we issued *ZTE Cybersecurity White Paper*, *ZTE 5G Security White Paper* and *GTI 5G Network Security Consideration White Paper* among other results to share the ZTE cybersecurity practices and experience with the community.

Building Cybersecurity Labs for Transparent Communications with Stakeholders

From May to July 2019, ZTE set up cybersecurity labs in Nanjing, Rome, and Brussels to serve global customers, regulators, and other stakeholders, allowing them to conduct independent security assessment on our products and services. The labs act as platform for customers to evaluate the security of ZTE's products, services, and processes. On the platform, ZTE will work with customers, regulators, industry associations, third-party professional security agencies and universities in terms of security assessment, security certification, and training to meet security requirements of customers and regulators.

In functional terms, the labs are concerned with source code review, document review, and penetration testing. The labs conduct key activities of independent security assessment on our leading products and 5G proposals.

4.1.2 Advocating Privacy Protection Through Advanced Concepts

With the rapid development of information technology and popularization of Internet applications, there are more and more organizations extensively collecting and using personal data. While people's lives become more convenient, problems such as illegal collection, misuse, and leakage of personal data also emerge, severely threatening the security of personal data.

In response to this trend, we have adopted a personal data protection plan covering the whole product life cycle. In accordance with the *Privacy by Design and Default Regulation and Data Protection Impact Assessment Regulation*, we introduce security controls in the product design stage, and take personal data protection and security technology processing as default cybersecurity procedures to ensure the compliance of personal data processing with internationally-recognized data protection requirements.

In practice, we have adopted the Data Protection Impact Assessment (DPIA) process to promote risk analysis and take related risk control measures in R&D, sales, operation and maintenance, and other main business processes. In the R&D stage, for example, a data dictionary has been established with personal data collected from each product category, and protection measures in respect of permissions, logs, encryption, and anonymity have been taken to guarantee the security of our personal data. Before data processing and transmission, the requirements of relevant national laws and applicable international rules must be identified to fulfill the Company's corresponding obligations.

ZTE Mobile Device Division Always Puts Security First

To cope with the impact of the requirements set by GDPR and other global data protection laws and regulations on ZTE's global delivery projects, and to meet China's personal data protection requirements, ZTE Mobile Device Division completed its risk assessment on data protection compliance-related core business scenarios in 2019. Data protection compliance controls have been embedded in key business processes, including privacy policies, supplier data protection compliance management, third-party pre-installed business compliance guidelines, post-compliance guidelines, and consumer experience management.

ZTE Terminal has made active efforts to strengthen data protection compliance, implement compliance support training on a regular basis, and advance good practices and professional knowledge through multiple channels. The BU compliance team and business units have worked together to develop courses like "GDPR Compliance in R&D of Mobile Device Division" and "Analysis on Data Protection Business Scenarios of Mobile Device Division", and site training has been arranged to jointly develop our compliance capacity.

In accordance with the 32 self-evaluation requirements and company compliance regulations of the App Governance Work Team of China's four related ministries and commissions, Mobile Device Division has corrected problems related to the explicit risks of all key proprietary apps and conducted inspections in reference to the specialized app correction requirements outlined in Document 337 issued by the Ministry of Industry and Information Technology. The data protection impact assessment of core products and businesses have been completed, and data protection impact assessment reports have been issued. We have joined the supplementary

device identification system established by the Mobile Security Alliance, a CAICT-led initiative. As specified by the *Supplementary Device Identification System Specifications for Intelligent Mobile Devices*, we have helped our apps get more out of their use of OAID to comprehensively strengthen the protection of user device data.

4.1.3 ZTE's Pursuit of Excellent Product Quality

In the 5G era, upholding the principle of "Intelligent and Simplified" quality management and focusing on customers, we introduce advanced tools and methods into the full product lifecycle to integrate quality requirements into the whole business process, and use technical means to resolve quality management problems, through the digital transformation of digital R&D, intelligent manufacturing, smart engineering services, and other major business fields.

To perform product inspections, we have set up an internal and external dual-review mechanism. Internally, we have relevant standards and processes for reliability testing and Chinese and international certifications on system products and mobile devices to ensure compliance with the latest rules, such as those of the RoHS2.0 (EU) requirements. Externally, we have worked with leading third parties to conduct independent tests to guarantee the independence and authoritativeness of the relevant results.

ZTE makes vigorous efforts to promote quality culture among its staff. To that end, the Company has planned and established the Quality Community, a quality learning and exchange platform. Through the combination of online topic sharing and an offline knowledge sharing base, 16 online sharing sessions and over 100 quality training programs have been completed throughout the year. During the Quality Month of September 2019, we hosted the first quality summit, with the theme of "Quality Makes a 5G Pioneer". At the event, our executives shared their insights into quality, and industry partners gathered to discuss quality management issues in the 5G era.

In addition, we took active part in the drafting of industry standards. We worked with the CAICT, China Communications Standards Association, China Mobile, China Telecom, and other Chinese communication organizations to lead the formulation of 5G Base Station EMC Standard and 5G Mobile Device EMC Standard. These two standards have been submitted for approval. In terms of 3GPP RAN4, we led the formulation of the 5G Base Station EMC International Standard, 3GPP TS38.113, which has been issued. Furthermore, we have gained a seat as editor for 5G Base Station EMC International Standard, K.sup.5G.EMC, in ITU-T SG5.

As of the end of 2019, ZTE had maintained continuous validity of its ISO9001, TL9000, QC080000, ESD S20.20, ISO14001, and ISO45001 management systems, and constantly strove for excellent quality.

4.1.4 Reliable Customer Services

Customer reviews and feedback are important forces driving us forward. A Global Customer Support Center has been set up to receive customer feedback 24 hours per day. Customers can also give their feedback on ZTE's support webpage (http://support.zte.com.cn). As per the *Customer Complaint Process*, the receiver must forward the complaints to the Global Customer Support Center within 24 hours. For key feedback, Global Customer Support Center must verify the issues within 30 minutes upon receipt, and ensure that the customer complaint supervisor of relevant quality business unit receives the notice of customer complaints within four hours, then start the investigation within 24 hours, and record investigation and analysis reports within two days. In the processing of customer complaints, all relevant departments must handle equally, objectively, and impartially.

As of August 2019, ZTE had established a comprehensive network in over 160 countries, offering services to over two billion global users. We have set up 107 representative offices or subsidiaries, nine logistic centers, one Global Customer Support Center (GCSC) and five sub-centers in Shanghai, Nanjing, Xi'an, Chengdu and Chongqing, five Regional Customer Support Centers (RCSC), 54 Local Customer Support Centers (LCSC), and 15 training centers. We have over 10,000 service engineers and 3,000 technology experts. Local staff in the service team account above 65%, and the localization rate exceeds 80% in Europe.

Timely Rescue From Heavy Rains

On September 28, 2019, Saturday, the state of Bihar in eastern India was hit by its most extreme rainstorm in 102 years. This rainstorm lasted all night, resulting in a power blackout. The engine in one of our customer's core equipment room stopped working, thus the entire machine room lost power, extensively affecting their business.

The India Engineering Service Office initiated their emergency response plan within 15 minutes. Voice service was resumed on September 29, and power and data business had been transferred in an orderly fashion by September 30. As of October 1, 2019, the voice and data business had been fully restored in the rainstorm-hit region.

ZTE continuously reviews and improves customer service procedures. Through after-sales satisfaction surveys and verification of service results, we collect feedback on our services, inspect service quality, and explore improvement opportunities. In 2019, we added data network protection to the *Customer Request Management, Customer Complaint, and Service Problem Handling Procedures* upon customer feedback to further enhance customer satisfaction with products and services. The global customer satisfaction rate maintains at 99.45%.

4.2 Supporting the Circular Economy through Green Development

As an active practitioner of green development, ZTE has followed the environmental protection laws and regulations of the countries and regions in which it operates, and worked with business partners in the upstream and downstream value chain to focus on the closed loop management of the full product lifecycle. While addressing the challenges of global climate change and supporting the development of circular economy, we have comprehensively advanced environmental management in day-to-day office operations and production operations to reduce our consumption of natural resources and environmental impact.

Following the principles of "Reduce, Reuse, and Recycle" which define the circular economy, we have fulfilled our environmental responsibilities throughout the full product lifecycle in strict accordance with the requirements set forth in the *ISO14040 Environmental Management—Life Cycle Assessment—Principles and Framework*. The environmental principle of low carbon has been incorporated in the full product lifecycle of customer requirements, from product design/R&D, raw material inspection, product processing, product sales, to product recall and disposal.

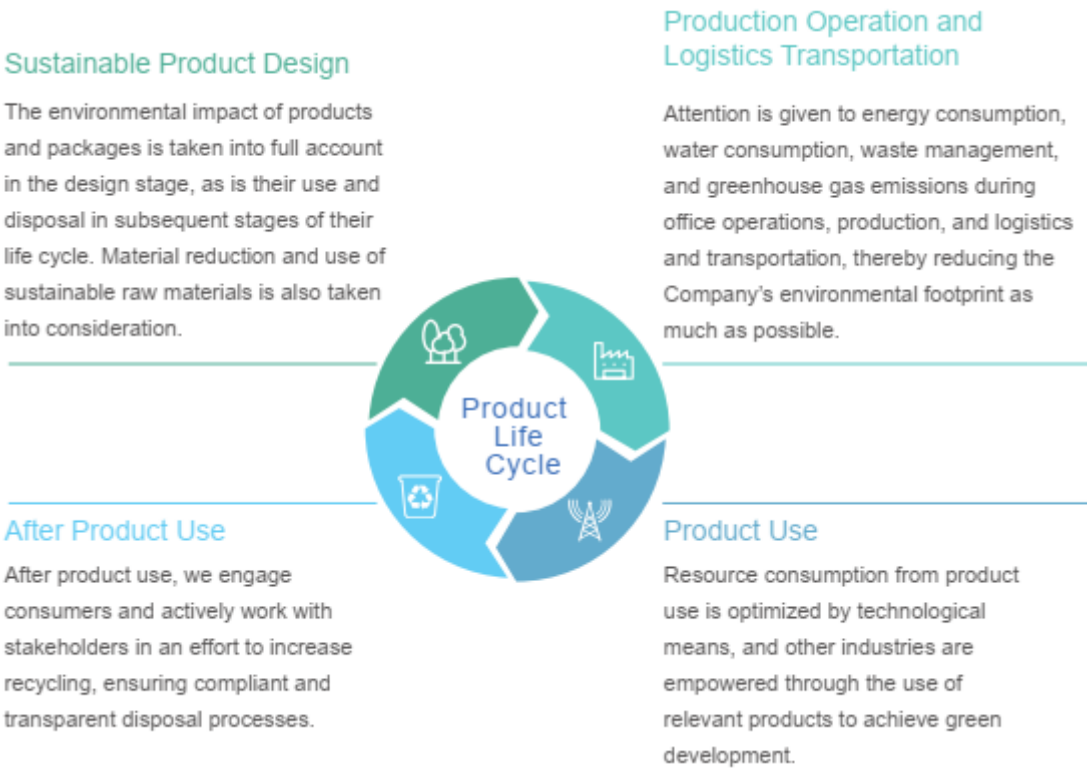


Figure: ZTE Product Life-cycle Environmental Impact Management

4.2.1 Advocating the Concept of Green Product Design

Even in the most initial stages of analyzing requirements for product design and development, we have identified the environmental laws and regulations and industry standards and customer requirements for our place of production and sales, including but not limited to environmental requirements related to hazardous substances, product recalls, energy efficiency, and packaging. High-durability materials are preferentially chosen to reduce the consumption of relevant materials.

By upholding the green concept of energy conservation and emission reduction, ZTE has formulated energy conservation technical requirements for telecommunications products and corporate standards for energy conservation test requirements for a series of telecommunications products. These are produced in line with customer requirements and technical energy conservation indicators of international, Chinese, and industry standards. From design to verification, we have ensured that our products conform to the certification requirements outlined by the Energy-related Products Directive (2009/125/EC), Code of Conducts for Broadband Communication Equipment, the US Department of Energy (DOE), California Energy Commission (CEC), Energy Star, Natural Resources Canada (NRCan), Australia Minimum Energy Performance Standards (MEPS), and Energy Conservation Certification (CECP).

In the 5G era, universal connectivity between everything will create a multiplier effect for the positive development of both society and the environment. However, the subsequent massive volumes of data produced will generate exponential growth of power consumption. This is a severe challenge for operators and a vital obstacle to the advancement of 5G development. As a one-stop provider of end-to-end 5G commercial products and solutions, ZTE has provided complete energy-saving solutions for operators from the five aspects of network architecture, software, chips, parts, and supporting products, to help reduce emissions, enhance efficiency, and lower environmental impact.

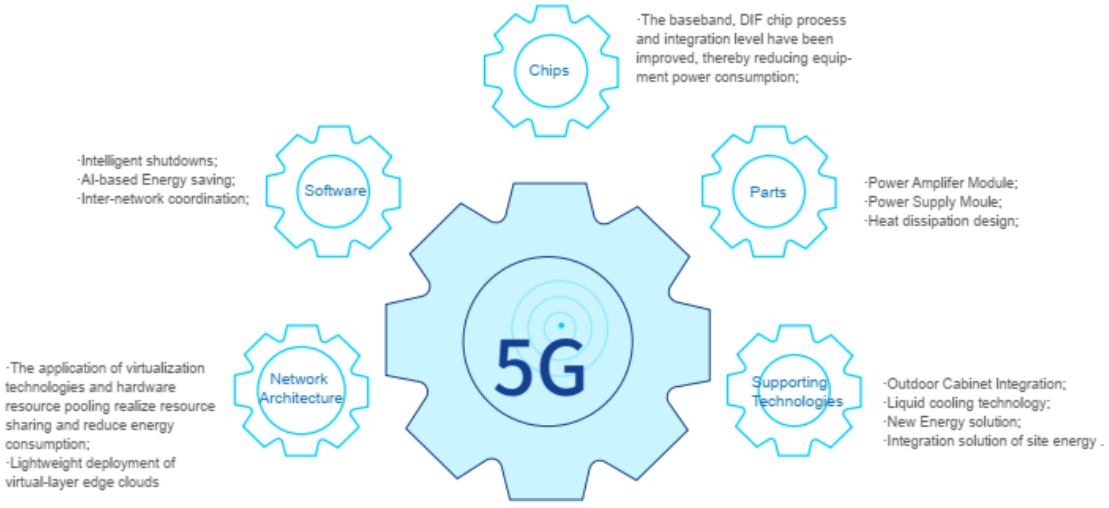
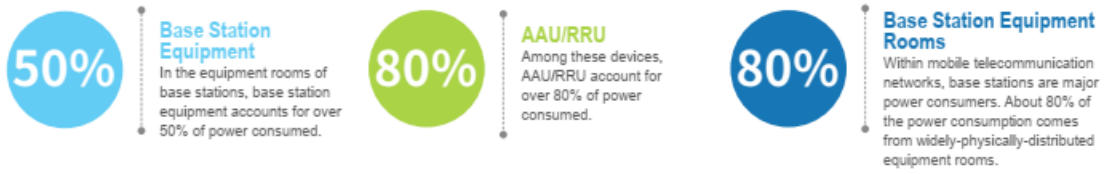


Figure: ZTE 5G Product Energy Consumption-Friendly Solution

In the equipment room of a base station, the base station equipment takes up over 50% of the power consumed. Among this equipment, AAU/RRU accounts for over 80% of power consumption. As technology progresses and the industry chain increasingly develops, the development and application of advanced PA systems, specialized baseband chips, and highly integrated TRX chipsets will greatly reduce the power consumption of AAU, making this a key effective approach to enhance the efficiency of the whole equipment.



In 2019, our self-developed multi-mode 3.0 "soft baseband" chip adopted the 7nm process to provide an innovative chip-based solution to the issue of high equipment power consumption. Together with ZTE's new-generation ceramic filter, its antenna filter integration unit, and new heat dissipation materials and structure, the whole device has an energy consumption level more than 25% lower than the previous generation of products.

In ZTE's management of the hazardous substances in products, we have strictly followed the latest requirements in the QC080000:2017 Hazardous Substances Process Management System in Electronic and Electrical Components and Products for whole-process management stretching from product design to procurement, delivery, production, and shipment. Environmental laboratories have been set up to verify the environmental compliance of incoming materials provided by suppliers. Furthermore, the advanced WPA (Windchill Product Analytics) environmental data management system has been effectively integrated with our internal IT system platform. It's designed to systematically verify supplier data, collect data on the toxic substance contents in materials, manage environmental compliance analysis, and ultimately ensure that suppliers meet our material requirements. We have conducted exchanges and environmental technology-related research studies together with partners and specialized agencies on an irregular basis. In 2019, ZTE attended the 83rd General Meeting of the International Electrotechnical Commission (IEC) and joined the discussion on the IEC62321-12 International Standard. The Company further drafted the national standards adapted from IEC62321 standards as a member of China's RoHS Work Team, and participated in the amendment of China's RoHS identification document, SJ/T11364. In 2019, we analyzed the laws and regulations regarding 28 hazardous substances across 17 countries and regions across the world, and issued a global distribution map of environmental law.

In 2019, in active response to the requirements outlined in the China RoHS *Administrative Measures on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Products*, we completed a conformity assessment; seven products were submitted for certification in line with the *Implementation of Conformity Assessment System for the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Products* for products included into the Compliance Directory (First Batch). More

than twenty mobile devices have been certified by ULE, and two of these have reached a platinum eco-friendliness level.

As a persistent promoter of green packaging plans based on the principle of using paper and steel to replace wood, we have reduced our energy consumption in the fields of transportation and consumption of packaging resources by reducing weight and volume. In 2019, we adopted a low-impact packaging design for 5G AUU products, reducing the packaging volume by 13.2%. Furthermore, we promoted the use of gas-filled bags to replace EPE foam fillings, reducing over 84% of foam fillings. Compared to the volume of EPE fillings used in 2019, 34.54 tons of plastics were conserved.

4.2.2 Green Production and Operations

In accordance with the *ISO14001 Environmental Management* and *ISO50001 Energy Management*, we have formulated stringent regulations on energy management, emissions, and resource utilization. Backed by institutional improvements, we have strengthened the Company's delicacy management and comprehensively promoted green development.

—Carbon Emissions Management

Our carbon emissions mainly come from direct emissions produced by our consumption of natural gas, gasoline, and diesel, and indirect emissions from our purchased electricity. We have comprehensively implemented our *Management Measures on Energy Saving*, aiming to save energy through stricter management.

For our production management, we have put in place a system of energy management centers to automatically collect energy consumption data and upload it to the data center through a remote metering and transmission system, and utilized management software for online monitoring, statistical analysis, efficiency evaluation, report generation, and other information-based intelligent management. On the basis of monthly progress reporting on energy consumption and conservation, we have optimized power utilization structures, applied and upgraded energy conservation technologies and equipment, and advanced energy planning at the project infrastructure stage to perform practical energy management. In 2019, this system was established in operation and production bases like Shenzhen Science and Technology Park, Xili Industrial Park, and Heyuan Production Base.

Reducing Production-Based Carbon Emissions Through Manufacturing Upgrades and Process Optimization

In 2019, with commitment to the concept of lean production and intelligent manufacturing, we accelerated our manufacturing upgrades and continuously optimized the 5G production process. Production efficiency was improved by more than 50% on a year-on-year basis, saving over 20,000,000 KWH of electricity each year, equivalent to a reduction of 12,608 tons of carbon dioxide emissions.

ZTE has undergone annual third-party carbon audits since 2003, and the Company has continuously monitored and improved its greenhouse gas management performance. In 2019, ZTE's total greenhouse gas emissions amounted to 212,487.97 tCO2e, including 2,102.6 tCO2e s of direct emissions and 210,385.37 tCO2e of indirect emissions.

Greenhouse Gas Emissions *	Unit	2019
Scope I: Direct Greenhouse Gas Emissions	tCO2e	2,102.6
Scope II: Indirect Greenhouse Gas Emissions	tCO2e	210,385.37
Total Greenhouse Gas Emissions	tCO2e	212,487.97
Greenhouse Gas Emission Density	tCO2e /Operating Revenue (Million CNY)	2.34

*** The data of greenhouse gas emissions is sourced from the Annual Carbon Audit Report and the statistics cover all ZTE facilities in Shenzhen.**

In our business operations, we have been upholding the concept of green office operations. Through our conference service sharing center, we have reduced the length and number of our employees' business trips through teleconferencing, and thus lowered energy consumption and carbon emissions generated by taking airplanes and trains. To strengthen energy conservation awareness among all employees, we have launched specialized energy conservation promotion activities and creative events in multiple places to inspire full-staff engagement.

—Water Resource and Wastewater Management

ZTE's water resources are all derived from the municipal water supply system, and are mainly used as cleaning water at production sites, domestic water in offices, and cooking and cleaning water in canteens. We have been attaching great importance to the efficient use of water resources, and aiming to conserve water by constantly improving our water conservation system, promoting awareness of water conservation, and optimizing our water use methods. In 2019, we consumed a total of 1.15 million tons of water.

As our production process is dominated by product assembly, we do not release industrial wastewater, and only discharge domestic wastewater generated in office areas. We strictly abide by the *Law of the People's Republic of China on the Prevention and Control of Water Pollution* and other applicable national and local laws and regulations, and have formulated the *Water Pollution Control Procedure* to implement rainwater and sewage diversion and regulate the treatment and discharge of wastewater. Wastewater containing cooking oils generated from canteen kitchens is first filtered through the screen of the cleaning sink before flowing into a three-stage oil trap for oil separation. This water is then discharged into municipal sewage pipelines for comprehensive treatment by the municipal sewage treatment plant before it can be released into natural water bodies.

Indicator	Unit	2019
Total Water	Tons	3,187,469.02

Consumption		

—Solid Waste Management

In accordance with the *GB/T 24001-2004 Environmental Management Systems – Requirements with Guidance for Use*, the *Law of the People's Republic of China on Prevention and Control of Environment Pollution Caused by Solid Waste*, and the *National Catalogue of Hazardous Wastes*, we have formulated the *Waste Management Regulations* and other internal management systems in order to standardize the control of wastes and reduce the generation and discharge of solid wastes.

In 2019, we persisted in technological innovation and promoted our self-developed e-SOP electronic file system in production to avoid the use of unnecessary paper documents. This has not only reduced paper consumption, but also enhanced management efficiency, reducing the Company's printing by volume by 45% on a year-on-year basis.

ZTE's hazardous wastes are mainly composed of waste solder slag, electronic waste, used batteries, and waste organic equipment cleaning solvents generated in the production process. Dedicated personnel are assigned to collect, register, and manage the accounts of hazardous wastes and submit them to a qualified disposal company approved by local environmental protection bureaus for detoxification treatment. ZTE's nonhazardous wastes primarily include paper, hardware, wood, office and domestic waste, and kitchen waste. For recyclable wastes such as paper, hardware, and wood, we first collect them and take rainproof measures to stack them in certain areas, and then hand them over to professional companies for recycling and reuse. Office and domestic garbage and kitchen wastes are collected and treated by municipal sanitation departments under an annual waste transfer and treatment agreement with the Company.

Indicator	Unit	2019
Total Hazardous Wastes	Tons	454.11
Total Nonhazardous Wastes	Tons	7,818.03

—Exhaust Gas and Noise Management

We have strictly followed the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution* and other applicable national and local laws and regulations, and formulated the *Air Pollution Control Procedure* to control the discharge of atmospheric pollutants. Exhaust gases generated by ZTE during its production processes mainly consist of organic exhaust gases produced in cleaning, wave-soldering, and reflow soldering processes. Organic exhaust gases are collected through the exhaust hood on a semi-closed worktable, after which organic exhaust gases are piped into a dedicated exhaust gas treatment tower through an integrated exhaust pipe. After alcohols are removed by spraying water, the organic exhaust gases are cleansed using the UV equipment, and finally discharged into the air at higher elevations after the emission

standards are met.

In respect to noise management, we have adopted measures such as utilizing high-quality equipment, installing sound-absorbing ceilings and walls on the top of and around the power zone, optimizing the daily maintenance of our equipment, and building green belts. To these ends, we have formulated the *Noise Prevention and Control Procedure* and monitored noises on a regular basis to ensure that noise levels comply with the requirements stipulated in the *Emission Standard for Industrial Enterprises Noise at Boundary*. During the reporting period, the monitored noise level at the factory boundary met the standards, and were found to have no evident negative impact on the surrounding environment.

4.2.3 Intelligent Solutions to Address Climate Change

In light of the traffic distribution of actual sites in the operating network, ZTE has innovatively developed an AI power saving solution that effectively incorporates AI, big data analysis, and traditional wireless energy conservation technologies. On the basis of three AI capabilities (data perception, smart analysis, and intent detection), this solution introduces AI accelerators into the network equipment layer, providing rapid AI training for the operation and maintenance of network equipment and achieving more intelligent network energy conservation.

Since June 2019, ZTE has worked with China Unicom to deploy this AI power saving solution throughout Shandong Province. After three stages of commercial testing, the AI power saving solution has achieved remarkable results in energy conservation. It is estimated that the AI power saving solution will be able to save 1.10 million KWH of electricity per year in the city of Linyi, equivalent to an annual carbon emission reduction of over 1,000 tons.

Since Q4 of 2019, the commercialization/pre-commercialization of the AI power saving solution has born fruit in partnerships with China Unicom Chongqing, China Telecom Chengdu, China Mobile Hunan, China Telecom Hebei, and China Unicom Henan. In the Beibei District of Chongqing alone (about 1,800 residential areas), the solution enables an average daily savings of 660 KWH of electricity, with an overall grid power saving rate of over 10%.

In 2019, ZTE's AI power saving solution was applied to over 150,000 sites in commercial networks in China, Italy, Belgium, India, and Belarus, making contributions to energy conservation and environmental protection among the mobile networks of multiple operators.

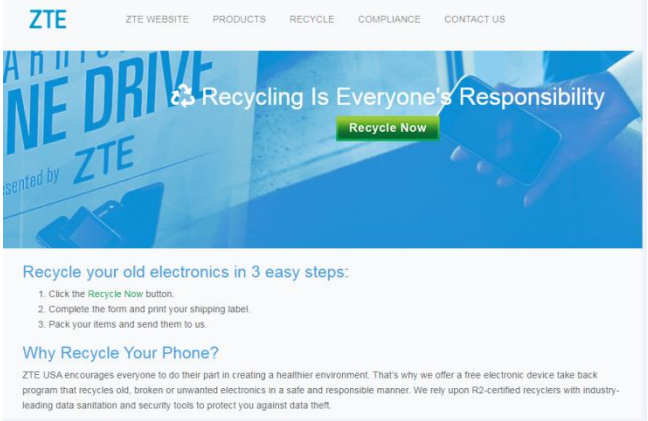
4.2.4 Recycling to Boost the Circular Economy

ZTE has strictly followed local laws and regulations concerning waste electrical and

electronic equipment wherever it operates. Internally, ZTE has set up a specialized reverse logistics handling department to handle green recycling and re-utilization. Externally, the Company has established close partnerships with globally leading environmental service providers and participated in the national recycling systems of Germany, Italy, France, Britain, Slovakia, the Czech Republic, Austria, Bulgaria, Romania, Spain, and Portugal to perform further dismantling, recycling, reuse, and final disposal of telecommunications equipment. In strict accordance with the regulatory requirements for the cross-border transfer of waste materials as set forth in the Basel Convention, ZTE has preferentially worked with local service providers to recycle and reuse waste products. As of 2019, ZTE had partnered with about 200 waste disposal organizations across China and around the world.

In 2019, we recycled 27,400 cubic meters of products, among which the reuse rate of recycled products reached 95%.

In the United States, ZTE promotes and encourages the recycling of used phones on the official website of its U.S. subsidiary (https://zteusa.hobi.com/), and has signed a local electronic waste recycling agent to provide services that meet the recycling requirements of different states.



In China, ZTE provides consumers with convenient repair and recycling services by setting up over 300 after-sales service centers in major cities of 31 Chinese provinces and municipalities. Through repair by express delivery, repair in-store, door-to-door service by appointment, and recycling services, the Company offers trade-in programs and allowances to customers to encourage the recycling of used phones.

4.3 Upholding Win-Win Cooperation to Grow with Partners

ZTE is committed to forging long-term stable partnerships with its partners, and has continuously expanded cooperation opportunities with its strategic partners through strategic procurement, forming mutually trustworthy, steady, and sustainable "win-win" relationships. We hope that our partners can join our product R&D and marketing projects as early as possible so that we can jointly create value.

4.3.1 Supplier CSR Management System

ZTE has established a supplier CSR management system covering human rights and labor rights, health and safety, environmental protection, hazardous substance content control, information security, cybersecurity, business ethics, and sub-supplier CSR management. We have issued a *Supplier Code of Conduct* that addresses integrity and legal compliance, human rights, labor standards, health and safety, environmental protection, prohibited commercial activities, and responsible mineral procurement.

Figure: ZTE Supplier Code of Conduct

ZTE has established a dynamic CSR management mechanism covering the full life cycle of suppliers, from source evaluation to qualification certification and elimination. This mechanism is incorporated into the supplier certification and management process and related IT systems, and has specified the CSR requirements and required routines in key processes.

- Introduction and Certification Stage: The CSR system features a one-vote veto;
- Process Management Stage: This phase shall include CSR training and CSR supervision and review;
- Cooperation Termination Stage: Suppliers in violation of CSR requirements will be either subject to limited cooperation or will be disqualified.

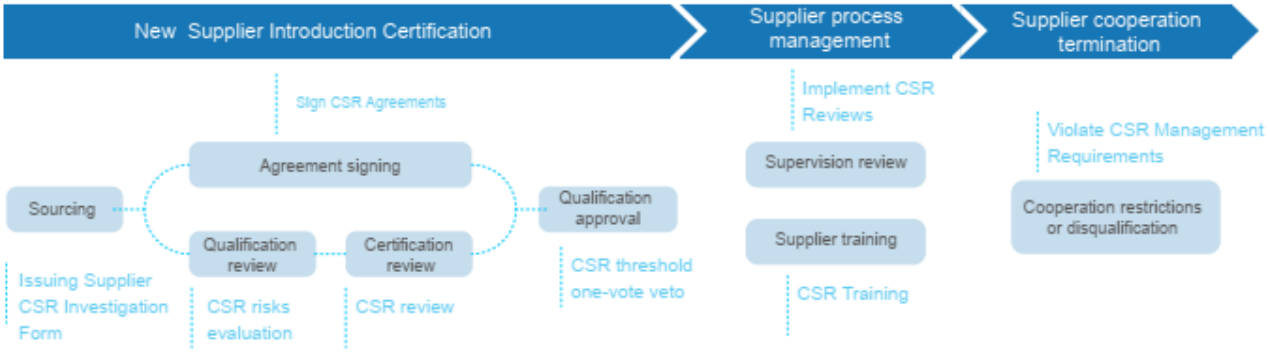


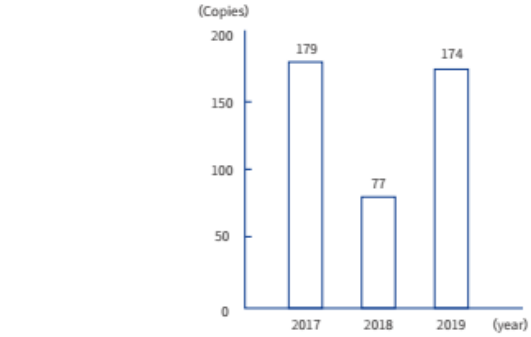
Figure: Supplier CSR Control Chart

4.3.2 Compliance and Risk Management

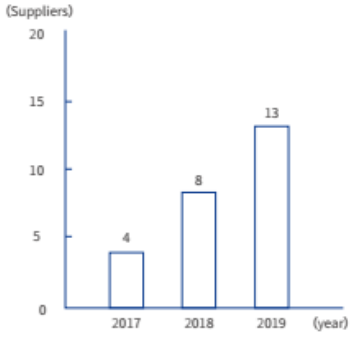
ZTE has adopted the *Structured On-Site Review Scoring Sheet_CSRA Module* for synchronous CSR on-site review during the review of new supplier certifications, the cross-category certification review of current suppliers, the supervision review of current suppliers, and new site or site change reviews.

- In 2019, ZTE conducted 155 certification reviews of new suppliers and cross-category certification reviews of current suppliers. Three suppliers were found to be non-compliant with the CSR requirements and as such were required to make rectifications within a prescribed time limit and apply for review again. 13 suppliers were rejected to become qualified suppliers or failed to pass the cross-category certification due to non-compliance during CSR review.
- In 2019, ZTE conducted 137 current supplier supervision reviews and reviews of new site or site changes; four suppliers were found non-compliant with the CSR requirements and needed to be rectified within prescribed time limits before applying for new review processes.

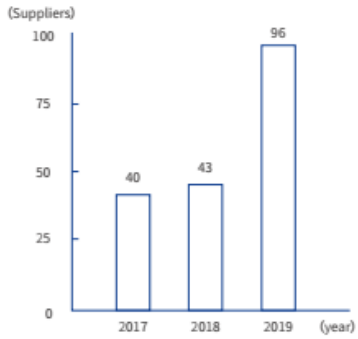
Suppliers' CSR nonconformities were primarily related to health and safety, hazardous waste management or working hours. Suppliers were required to sign the *Supplier Commitment Letter of Transparent Cooperation and Anti-Bribery Compliance*, the *Supplier CSR Agreement*, the *Supplier Commitment Letter of Environmental Protection, Supplier Security Agreement* and other cooperation standardization documents.



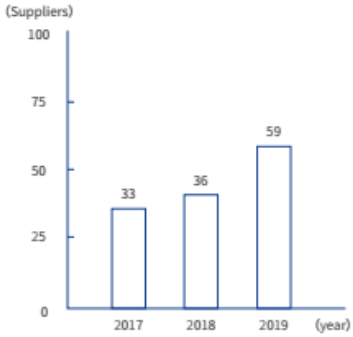
Number of newly signed Supplier CSR Agreements



Number of suppliers deemed noncompliant with CSR review



New supplier certification reviews



Current supplier cross-category cooperation certification reviews

Current supplier supervision reviews

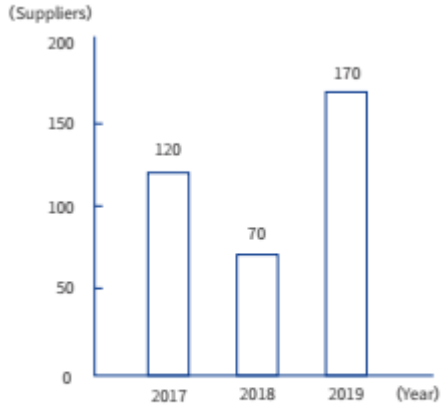
Building a Transparent Procurement Environment with Zero Tolerance for Non-Transparency

"Transparent Procurement" aims at building a transparent supply chain and creating an open, fair, and just transparent procurement environment for all partners, with agreements that must be signed by all suppliers. ZTE upholds a zero-tolerance attitude towards any forms of corruption, bribery, and other less-than-transparent practices. Therefore, ZTE has implemented an anti-commercial bribery reporting system (https://supply.zte.com.cn—>Complaint & Feedback) and established a partner blacklisting system. If any partners are in violation of ZTE's Transparent Procurement policy, ZTE will immediately add them to the blacklist, never cooperate with them again, and reserve the right to hold them legally responsible. Since the implementation of the anti-commercial bribery reporting system, ZTE has issued warning letters to 63 suppliers, suspended cooperation with two suppliers, and terminated cooperation with three suppliers.

4.3.3 Supplier Capacity Building

ZTE now implements graded and differentiated management on suppliers at different levels. Generally, suppliers are divided into four categories: strategic, core, competitive, and general. Different types of cooperative relationships are formed accordingly. In the future, ZTE will strengthen its cooperation with strategic and core suppliers, and will realize a harmonious ecosystem of co-existence and win-win cooperation with leading industry suppliers.

Various types of training have been provided for suppliers in order to continuously enhance our partners' capabilities. In 2019, a three-day training event was organized for about 170 suppliers. The training session included anti-commercial bribery and transparent procurement, export regulation compliance, supplier cooperation agreements and requirements, supplier CSR management, product security compliance management, data protection compliance management, ZTE material certification and management, and ZTE green management requirements.



Number of suppliers participated in CSR training

COP, a Real-Time Learning Platform for Value Chains

The ZTE Communities of Practice (COP) provides partners with brand-new approaches for technical exchanges and product security exchanges, and offers learning environments for both formal and informal training. Since its establishment in 2017, ZTE COP has allowed suppliers to conduct over 100 online and offline technical exchanges. In 2019, ZTE worked with multiple partners to organize CTO Day event, achieving notable results.

4.3.4 Conflict Minerals Management

ZTE abides by the United Nations Global Compact and other universally accepted international conventions and practices, respects human rights and the environment, and strives to ensure that all product materials are properly sourced. We tolerate no activities which may aggregate conflicts, result in severe environmental deterioration or violate human rights, and never profit from these activities or provide assistance in any way. We prohibit the violations of human rights in relation to mineral mining, transportation, or trading, and prohibit direct or indirect support to non-government armed groups or security forces illegally controlling mining sites, transport routes, and/or trading sites.

In 2011, ZTE joined the Global e-Sustainability Initiative (GeSI). In 2019, ZTE (USA) became a member of the Responsible Business Alliance (RBA), rejecting materials that directly or indirectly caused conflicts. ZTE requires that all relevant suppliers (including component suppliers, parts suppliers, or logistics suppliers of items containing Tin, tantalum, tungsten, and/or gold must guarantee that all materials are sourced from

environmentally and socially responsible sources. Each newly accepted qualified supplier needs to submit a Conflict Minerals Reporting Template (CMRT) during their initial application, and each qualified supplier must sign the *Declaration of Compliance Management on Conflict Minerals*. We conduct conflict minerals investigations on our material suppliers each year.

ZTE is entitled to request suppliers to provide evidence for their material sourcing. To complete this, suppliers need to formulate and implement conflict mineral policies within their internal management systems. Such policies shall contain a statement of compliance with applicable laws and regulations and a commitment to the responsible purchasing of relevant materials. Suppliers also need to communicate with upstream suppliers and to work together to ensure that the relevant materials can at least be traced back to their smelting plants, so as to confirm that the purchased metals are from non-conflict-minerals-sourcing smelting plants.

—Continuously Improving Management Systems

In 2019, ZTE reviewed all management policies relating to conflict minerals, and optimized the risk management system in relation to management supervision, risk control points, risk identification and correction mechanisms, reporting procedures, risk data collection, and reductions to further improve corresponding internal risk management policies and procedures.

The *ZTE Conflict Minerals Management Regulations* specifies the categories of minerals requiring preferential management, including conflict minerals (3TG) from Congo and its adjoining countries, cobalt (Co) from Congo, and Tin(Sn) from Indonesia, and incorporates them into responsible procurement strategies. In accordance with the *Due Diligence Guidance for Responsible Supply Chains* of the Organization for Economic Co-operation and Development (OECD), ZTE states that qualified smelting plants must be certified by a third party, such as the Responsible Minerals Initiative (RMI), the London Bullion Market Association (LBMA), or the Responsible Jewelry Council (RJC).

In the future, ZTE will include conflict minerals issues into its internal controls as required by the National Standards GB/T24353 and GB/T23694, supervise it through comprehensive risk control measures, and further expand the management scope of conflict minerals to cover all products' materials and suppliers.

Conflict Minerals Management Objectives and Commitments

Short-Term Objectives:

- Continuously improve conflict minerals management capability to meet customer requirements and exceed the industry average;
- Ensure that all qualified suppliers sign the *Commitment on No Use of Conflict Minerals*;
- Ensure that all suppliers worth the top 95% of ZTE's purchasing volume complete the *Conflict Minerals Management Questionnaire*;
- Verify suppliers' due diligence as part of overall supplier assessments.

Mid-Term and Long-Term Objectives:

- Actively work with the entire supply chain through third-party certification mechanisms to help, teach, and encourage non-compliant/inactive smelting plants or refinery plants to become active and certified smelting plants;
- Join hands with suppliers, stakeholders, and industry associations to further improve awareness and enhance due diligence capabilities.

—Conducting Trial Audits for Risk Management

In 2019, ZTE formulated its *Due Diligence Guidelines* in reference to OCED principles, and established third-party audit procedures and tools. The Company worked to urge suppliers to improve their mineral tracking system and began conducting sampling inspections on high-risk suppliers to evaluate the rationality and effectiveness of their mineral procurement practices. In the event that these suppliers are unable to provide valid and credible evidence supporting risk evaluation and management policies, they must accept a comprehensive third-party audit. If suppliers fail to accept a comprehensive third-party audit as suggested, or refuse to or fail to make improvements, ZTE may terminate the related contracts with them according to ZTE's internal policies.

In 2019, ZTE audited 211 suppliers in regard to their use and sources of 3TG, and related investigation into and replies from smelting plants.

—Routinizing Supplier Communication and Engagement

The effective management of conflict minerals requires in-depth engagement and collective advancement with value chain partners. Therefore, ZTE has communicated with its suppliers on a regular basis to confirm our progress on the conflict mineral issue, and to ensure that our partners gain a deeper and more comprehensive understanding of conflict mineral management.

In 2019, ZTE organized ten supplier conferences in the forms of camps and seminars to study and exchange the conflict mineral issue with over 200 suppliers.

ZTE plans to issue its first integrated *Conflict Minerals Report* in 2020 to disclose the results of the investigation for more details.

Systematically Advancing Conflict Minerals Management in Mobile Devices

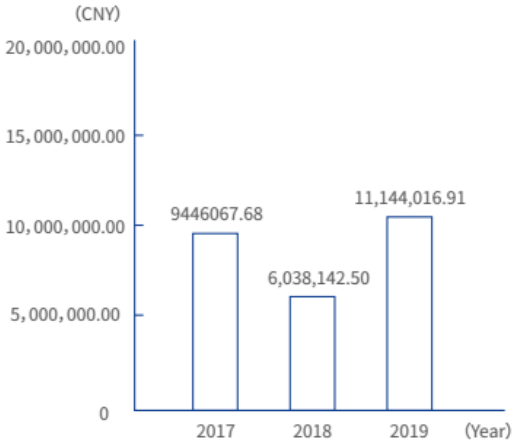
ZTE has taken the lead in introducing conflict minerals management requirements in its mobile devices since 2014, and 99.2% of ZTE's mobile devices involving smelting plants are now Responsible Minerals Assurance Process (RMAP) certified.
In March 2019, ZTE organized non-conflict minerals training for 48 suppliers who had been the suppliers of ZTE's mobile devices over the past two years.
In October 2019, ZTE initiated its 2019 non-conflict minerals investigation on mobile devices, and selected 132 main suppliers for investigation (covering over 99.7% of all suppliers) based on material category, amount received, and procurement ratio. As of October 2019, ZTE had basically completed its collection of CMRTs from its relevant suppliers. The Company identified

non-compliant smelting plants and prompted relevant suppliers to improve. For mobile devices, we identified 258 qualified smelting plants currently in use, two smelting plants under improvement, and one smelting plant with which we terminated cooperation.
In 2020, ZTE will continue to promote training for external suppliers, and will provide training for assembling suppliers to enhance our overall performance.

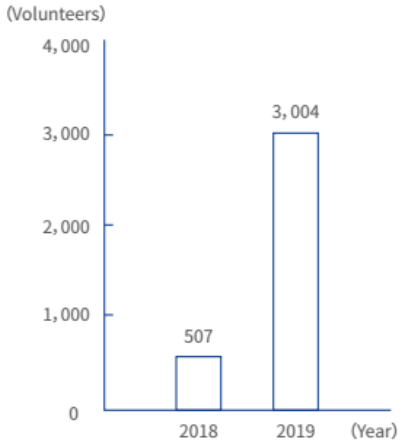
4.4 Shouldering Responsibilities and Contributing to the Global Community

As a multi-national company serving the global community, ZTE has been providing its customers and communities with high-quality products and services, and is actively engaged in local community development and in addressing social issues. All of these efforts are intended to share the fruits of economic development with the local communities and to explore a sustainable path for business development.

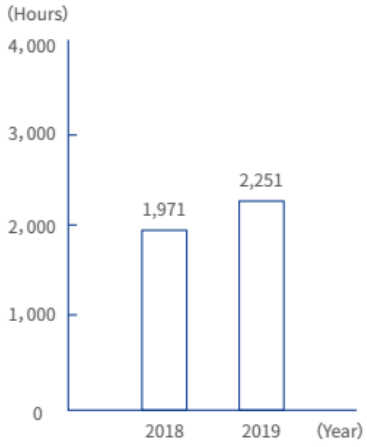
Through the ZTE Foundation, the Company has been making efforts to meet the needs of vulnerable groups, supporting poverty-stricken children and veterans of the WW Ⅱ through diversified employee volunteering service programs. In 2019, the ZTE Foundation organized public benefit activities centering on medical poverty alleviation, educational poverty alleviation, and relief for vulnerable groups. Throughout the year CNY 11,144,016.91 was spent on a total of 21 public charity programs. The ZTE Foundation has won external recognition for its management, and was given a full mark of Foundation Transparency Index (FTI) for two consecutive year, and was honored with the Transparency Award.



Total annual public charity expenditures of the ZTE Foundation



Number of volunteers



Volunteer hours

4.4.1 Corporate Volunteering

In 2019, ZTE further improved the organizational structure of its volunteer associations and established branch associations in seven cities, including Shenzhen, Nanjing, Xi'an, and Changsha. Through the strengthening of organizational structure, the expansion of volunteer service channels, and the improvement of activity organizational flow, these branches have basically achieved standardized operations.

To further encourage employee engagement in public charity and welfare enrichment, in 2019 ZTE initiated its *Volunteer Public Welfare Program Subsidy Plan* to solicit staff-wide volunteer support for public benefit programs supporting education, medicine, and

vulnerable groups. As of the end of 2019, the number of ZTE's volunteers reached 3,004, 153 public benefit activities were organized, and ZTE volunteers provided a collective 2,251 hours of volunteer services.

The CSR Technological Innovation Competition

On November 1, 2019, ZTE worked with Orange (a subsidiary of France Telecom) and Zhongguancun Inno Way to host the 2nd CSR Technological Innovation Competition in Beijing. The event goal was to find new and innovative plans for companies to cope with sustainable development challenges, and to explore new value creation models. Contestants were invited to propose products and solutions for these challenges from five aspects: labor, health and safety, environmental management, business ethics, and capacity development. On the day of the competition, 15 finalist teams demonstrated their innovative products and solutions, including intelligent sorting robots, 3D digital service platforms, and intelligent garbage sorting and recycling. The top three contestants were presented with awards.

The "Love and Responsibility, Say No to Waste" Clean Plates Campaign

The project which took Second Prize at the 2nd CSR Technological Innovation Competition was a mobile app designed to alleviate food waste and encourage people to finish all the food on their plates. Users were motivated to not waste food and begin to habitually avoid wasting food. After the competition, ZTE and the app's project team jointly developed an AI clean plate recognition app. The "Love and Responsibility, Say No to Waste" Clean Plates Campaign was then launched on the App. To encourage food savings and the aversion of waste, users may log in and redeem gifts or make donations.

4.4.2 Medical Assistance Programs

A moderately prosperous society in all aspects will not be achieved without universal public health. The alleviation of poverty caused by medical costs is a crucial component of targeted poverty alleviation. Medical-related poverty and recurrent poverty are tough issues facing poverty alleviation programs, and have long been key concerns of the ZTE Foundation.

—Medical Innovation Program

Building on the three-year Lian'ai Project, the ZTE Foundation adjusted its medical program strategy in 2019 and transformed this external project into the independently-operated Health Technology Assessment (HTA) Center. The HTA Center was founded on August 7, 2019, and is China's only public service organization to date to independently conduct health technology assessments. Through introducing internationally advanced theories and practical experience, this organization aims to conduct health technology assessments and issue scientific assessment reports that support decision-making in the medical and health fields, help the state reduce disease-related poverty and medical waste, and ultimately provide fully public technical support services for the well-being of entire societies.

The HTA Center is headed by an internationally famous HTA expert and its team is composed of three doctorate holders and five master's degree holders, 56% of whom are

returned overseas students. The Center has won the recognition of first-class medical organizations for its assessment capability and value to society. In 2020, the HTA Center will innovate in the fields of practical application models, and is expected to complete 30 HTA reports.

—Rare Disease Alleviation Program

The ZTE Foundation has been working with Shenzhen Children's Hospital for six consecutive years since November 2013, and has been subsidizing poverty-stricken children suffering from refractory kidney diseases and primary immunodeficiency diseases as well as their families to help them tide through the key treatment period.

In addition to funding the treatment of seven children suffering from refractory kidney diseases and primary immunodeficiency diseases, the ZTE Foundation made innovative breakthroughs in funding patterns and expansion in the number of fund recipients in 2019. Around the June 1st Children's Day, the ZTE Foundation worked with ZTE's Global Marketing Operations Management Department to help 52 sick children fulfill their wishes in the form of charity bazaars and public service classes. ZTE employee volunteers personally sent these children gifts on their wish list to show our care.

—ZTE Vcare Space

In July 2014, the ZTE Foundation, the Shenzhen Project Care Organizing Committee Office, Shenzhen Children's Hospital, and other organizations jointly launched the ZTE Vcare Space Program. This is a successful example of pioneering and innovative exploration of new social governance models featuring government advocacy, corporate donations, social organization, and citizen engagement.

The year of 2019 marked the fifth year of the ZTE Foundation's continuous subsidy to Vcare Space. Vcare Space opened for 278 days in 2019, held 278 public service events and served 6,131 families. The ZTE Public Service Science Popularization Coursework independently developed by ZTE employee volunteers have been reproduced and promoted in seven cities across China. Vcare Space social workers conducted questionnaire-based surveys on the sick children assisted by the program and their parents, revealing a satisfaction rate of 99%.

4.4.3 Support Education

Educational poverty alleviation is one of the important pathways for targeted poverty alleviation and has long been a key concern of the ZTE Foundation. In 2019, we helped more poverty-stricken children go to school through the Xinghua Student Aid Program, the Shaanxi Care 100 Educational Assistance Program, and the Chongqing One-to-One Educational Assistance.

In 2019, the ZTE Foundation continued to donate CNY 3 million to the Xinghua Youth Student Foundation of Gansu to help poverty-stricken students keep their grades up and finish school. Upholding the educational assistance philosophy of providing Financial Assistance, Being on the Scene, and Offering Heartfelt Care, the ZTE Foundation

organized spring and autumn educational assistance visits in April and October respectively to visit more than 30 student recipients' families among seven schools. Science popularization lessons themed around the World of Future Communications and the Artificial Intelligence Era were held for over 3,500 students. As of the end of 2019, the Xinghua Educational Assistance Program had subsidized 1,256 high school students and 196 college students from Gansu and Qinghai.

The ZTE Foundation also continued the Dream Pursuing Program launched in 2017, and organized the Xi'an Winter Camp and Shenzhen Summer Camp for 80 students in 2019. In the future, the ZTE Foundation will launch more such study tours in innovative forms to provide students with better learning experiences.

4.4.4 Caring for Veterans

In order to memorialize the glorious history of the World War II and to pay high respects to the brave veterans who fought in this war, ZTE started an initiative to raise funds for veterans in 2005, kicking off the Caring for Veterans Program. As of October 2019, the ZTE Foundation had organized employee volunteer visits to veterans in Baoshan city, Yunnan Province (Longyang District, Tengchong, Changning County, Shidian County, and Longling County) for 14 consecutive years, and brought them condolence payments and gifts. Over the past 14 years, the ZTE Foundation has made 1,948 visits to these veterans and invested CNY 5.82 million in this program.

From October 24th to October 27th, 2019, an eight-person ZTE Foundation team paid visits to 44 veterans with the support of the United Front Work Departments of Baoshan city and other counties. To engage more employees, the program team planned the Veteran Gift Drive event to collect gifts from employees. The event met with proactive employee response, and all gifts claimed sponsors within three hours. In the future, the ZTE Foundation will continue this program to help veterans enjoy their old age in peace.

4.4.5 Contribute to Poverty Alleviation

To support poverty alleviation, in 2019 ZTE launched 12 poverty alleviation programs in addition to the medical poverty alleviation and educational poverty alleviation program, in Xinjiang Province's Shule County, Akto County, and Luopu County, Sichuan Province's Muli County, Guangxi's Tianlin County, Heilongjiang Province's Huanan County, and other counties in various provinces. More than CNY 5.3 million was donated to support the industrial development, rural infrastructure construction, and skill training in these poverty-stricken areas.

In Guangxi Province, ZTE donated CNY 4 million to support the construction of the Phased II Agaricus Mushroom Industry Poverty Alleviation Demonstration Park Project in Langping Township. Two hundred greenhouses are planned to be built, each supporting the growing of agaricus mushrooms to assist 11 poverty-stricken households, and create 150 temporary jobs for the poverty-stricken population. This project is estimated to produce an

average 5,000 kg of mushrooms/greenhouse per year, generating a net income of CNY 20,000 per greenhouse for each farming household and CNY 3,000 per greenhouse for the village collective.

In Xinjiang, ZTE donated CNY 750,000 for village renovations and cadre skill training in poverty-stricken villages in Shule County, Akto County, and Luopu County.

In Sichuan, ZTE donated CNY 80,000 to support integrated support demonstration programs combining industry support, employment support, e-commerce support and consumption support.

ZTE 5G Mobile Phones Supporting the State's Poverty Alleviation Drive

In September 2019, the ZTE Foundation donated 200 of the latest version of ZTE 5G mobile phones (worth CNY 1.01 million in total) to the 7th China Charity Fair Organizing Committee for their benefit auction. This was the first successful attempt in the history of the China Charity Fair to auction high-tech products. Giving play to the added-value role of donated materials, the auction drew the attention of over 100 organizations and individuals to the state's poverty alleviation cause and attracted more resources for poverty alleviation. The raised funds were used to support poverty alleviation programs in severely impoverished areas in western China.

4.4.6 Global Community Engagement

ZTE has upheld the concept of "Global Success, Local Wisdom" since its inception, and has developed a corporate culture and tradition of fulfilling its corporate social responsibilities, and to giving back to the community. In 2019, ZTE was actively engaged in social benefit programs in the countries and regions where ZTE carried out its business activities. Throughout the year, ZTE launched 17 public benefit programs related to education, environmental protection, and medical care in 11 countries, including India, Indonesia, Burma, South Africa, and Ethiopia, and donated over CNY 5 million.

In Ethiopia, ZTE joined the fund-raising dinner of the Beautifying Sheger Project and donated ten million Ethiopian birr (about 350,000 US dollars) to support the construction of greenbelts and other facilities along the Addis River. ZTE also held its 6th Tree-Planting Event for the capital of Ethiopia and planted 2,000 new tree saplings, increasing the total number of locally planted tree saplings to 10,000.

In Uganda, ZTE worked with the Chinese medical team to provide free medical consultations in the Kamuli region. About 600 people received free consultations on the day of the event. ZTE also provided pharmaceuticals and medical instruments, and donated basic supplies like food, clothes, and shoes to the locals.

In Myanmar, ZTE has continuously supported orphanages in local areas facing harsh conditions by donating daily supplies to improve the orphans' lives. Myanmar's southeastern Mon state was stricken by heavy flooding in August 2019. ZTE's volunteer teams went deep into the disaster-stricken areas to donate basic supplies and support

post-disaster reconstruction.

In Indonesia, ZTE joined hands with local public benefit organizations to launch caring special children activities, providing interactive training, free medical examinations, and free consultations. ZTE Scholarship was set up at Institut Teknologi Sepuluh Nopember to inspire local students to study hard and make future contributions to society.

In Uzbekistan, ZTE made donations to the Uzbekistani Digital Skill Training Center for Women and Youth jointly founded by the International Telecommunication Union and Uzbekistani Ministry of Telecommunication, providing a good learning environment for telecommunication knowledge for local women and youths.

In Belarus, ZTE regularly collects goods and books from employees each year to donate to local public service organizations.

In Argentina, ZTE donated school bags and stationery to local poverty-stricken children in the Province of Jujuy.

In Mexico, ZTE volunteers visited the charity institute Hogares Providencia, where they spent Three Kings' Day (the Children's Day of Latin America) with the children, and brought them over 200 gifts donated by ZTE's employees.

In Japan, ZTE was actively engaged in the reconstruction projects after the March earthquake and October typhoon, winning high praise from the local governments, NGOs, and people.

5 Sustainability Performance in 2019

5.1 Policy List

Category	Laws and Regulations Observed[2]	ZTE Corporation Internal Policies
A1. Emissions	Environmental Protection Law of the People's Republic of China Law of the People's Republic of China on the Prevention and Control of Environment Pollution by Solid Wastes Law of the People's Republic of China on the Prevention and Control of Water Pollution Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution Directory of National Hazardous Wastes Air Pollution Emission Limits Water Pollution Emission Limits Standard for Pollution on the Storage and Disposal Site for the General Solid Wastes Standard for Pollution Control on Hazardous Waste Storage Regulations of Guangdong Province on Prevention and Control of Environmental Pollution by Solid Waste	Air Pollution Control Procedure Water Pollution Control Procedure Waste Management Regulations
A2. Use of Resources	Law of the People's Republic of China on Conserving Energy	Energy Saving Management Regulations
A3. The Environment and Natural Resources	Law of the People's Republic of China on Conserving Energy Environmental Protection Law of the People's Republic of China Emission Standard for Industrial Enterprises Noise at Boundary	Noise Prevention and Control Procedure

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

Category	Laws and Regulations Observed[2]	ZTE Corporation Internal Policies
B1. .Employment	Labor Law of the People's Republic of China Labor Contract Law of the People's Republic of China Law of the People's Republic of China on the Protection of the Rights and Interests of Laborers Social Security Law of the People's Republic of China Special Protection Provisions for Juvenile Workers Provisions of the Decree No. 364 of the State Council of the People's Republic of China on the Prohibition of Using Child Labor	ZTE Human Rights and Labor Rights Policy Management Standard for the Chinese Campus Recruitment Special Protection Regulations for Juvenile Workers Regulations on Prenatal Leave Compliance Guidelines on Labor Employment Regulations on Legal and Compliance Management Regulations on Social Recruitment
B2. Health and Safety	Labor Law of the People's Republic of China Labor Contract Law of the People's Republic of China Social Security Law of the People's Republic of China Work Safety Law of the People's Republic of China Law of the People's Republic of China on the Prevention and Control of Occupational Diseases	ZTE Health and Safety Policy Regulations on Occupational Health and Safety Accident Report and Management Health and Regulations on OH&S Training Contingency Incident Preparation and Response Procedure Contingency Plan for Production Safety Accident Contingency Plan for Acute Infectious Disease Contingency Plan for Terrorist Attacks Emergency Plan for Natural Disaster Notice Regarding Enhancing Employees Awareness Health and Safety
B3. Development and Training	Labor Law of the People's Republic of China Labor Contract Law of the People's Republic of China Social Security Law of the People's Republic of China	Management Regulations on ZTE Employee Position Appointment Performance Assessment Standards for Key Technical Personnel Management Regulation on Selection & Appointment of Management Memebers Management Procedures for the Management Post Setting Management Regulations on Code of Conduct for ZTE Cadres Management Procedure for Employee Training Implementation Management Regulations on Capability Center Building of ZTE Corporation Management Member Training Process Part-time Lecturer Management Regulations

Category	Laws and Regulations Observed[2]	ZTE Corporation Internal Policies
B4. Labor Standards	Labor Law of the People's Republic of China Labor Contract Law of the People's Republic of China Law of the People's Republic of China on the Protection of the Rights and Interests of Laborers Social Security Law of the People's Republic of China Special Protection Provisions for Juvenile Workers Provisions of the Decree No. 364 of the State Council of the People's Republic of China on the Prohibition of Using Child Labor	ZTE Human Rights and Labor Rights Policy Special Protection Regulations for Juvenile Workers Regulations on Prenatal Leave Compliance Guidelines on Labor Employment Regulations on Legal and Compliance
B5. Supply Chain Management	Company Law of the People's Republic of China Contract Law of the People's Republic of China	Regulations on the CSR Management of Material Suppliers Supplier Security Management Procedure Regulations on the Management and Evaluation of Green Instruction in Production Materials Supplier Sourcing Code of Conduct for ZTE's Suppliers Supplier CSR Agreement Supplier Security Agreement Operating Instructions on Material Environmental Data System (Supplier) Onsite Audit Scoring Card_CSRA Module Letter of Commitment to Conflict-free Mineral Supplier's Letter of Commitment to Green Product (GP) Business Partner Identification and Anti-Bribery Compliance Risk Assessment Supplier's Letter of Commitment to Transparent Cooperation

Category	Laws and Regulations Observed[2]	ZTE Corporation Internal Policies
B6. Product Responsibility	Cybersecurity Law of the People's Republic of China Patent Law of the People's Republic of China Intellectual Property Law of the People's Republic of China General Data Protection Regulation Restriction of Hazardous Substances	Regulations on the Management of Green Products Management Regulations on the Requirements of the Banned and Restricted Hazardous Substances ZTE Conflict Minerals Management Regulations Privacy by Design and Default Regulation Requirements of the Banned and Restricted Hazardous Substances Requirements for Green Compliance Label Data Subject Request Regulation Personal Data Breach Response Regulation ZTE Personal Data Retention and Destruction Management Standard Guidelines on Product Privacy Protection Design Data Protection Impact Assessment Regulation Customer Request Management Customer Complaint and Service Problem Handling Process Operation Guide to Conflict-free Mineral Survey Work Green Materials Inspection Instruction Environmental Risk Identification Criteria and Guidance for Incoming Materials Guidelines on Conducting Due Diligence WEEE Recycling Manual Survey on Conflict Mineral Management Declaration of Compliance Management og Conflict Minerals

Category	Laws and Regulations Observed[2]	ZTE Corporation Internal Policies
B7. Anti-corruption	Criminal Law of the People's Republic of China Law of the People's Republic of China Against Unfair Competition Company Law of the People's Republic of China Contract Law of the People's Republic of China	ZTE Code of Conduct ZTE Anti-corruption and Anti-bribery Policies and Guidelines Regulations on Anti-Bribery Compliance Management for Business Partner Regulations on Anti-bribery Compliance Management of Procurement Transactions Gift and Hospitality Compliance Management Regulation (for Mainland China, Hong Kong, Macao) Gift and Hospitality Compliance Management Regulation (for Overseas Countries and Regions) Compliance Management Regulation Regarding Business Travels Provided to Outside Parties Compliance Management Regulations on Charitable Donations Commercial Sponsorship Compliance Management Regulation Anti-bribery Compliance Management Regulation Regarding Employment Regulations on Anti-bribery Compliance Management for Mergers, Acquisitions and Joint Ventures Management Regulations on Anti-Bribery Compliance for Customer Training Compliance Audit Management Regulation Accountability Management Regulations ZTE Whistleblowing Problem Handling and Investigation Regulations Regulations on Compliance Reporting Export Control Compliance Policy ZTE Anti-bribery Compliance Manual ZTE Anti-bribery Compliance Policy Anti-Bribery Undertaking Letter Regulations on Compliance Reporting
B8. Community Investment	Charity Law of the People's Republic of China Regulation on the Administration of Foundations	ZTE Foundation Management Regulations Regulations on the Management of Volunteers in ZTE Foundation Regulations on the Implementation of Vulnerable Assistance Project of ZTE Foundation Regulations on the Management of Public Charity Project of ZTE Foundation Voluntary Program Funding Scheme

5.2 2019 Sustainability Performance

ESG Index		Unit	Data	Scope[3]
A Environment				
A1.1	The type of emissions and respective emission data.			
	Lead and its compounds	Maximum detected emission concentration (mg/m^3)	4.5×10^{-3}	Shenzhen
		Maximum detected emission speed (kg/h)	3.3×10^{-5}	Shenzhen
	Tin and its compounds	Maximum detected emission concentration (mg/m^3)	4×10^{-4}	Shenzhen
		Maximum detected emission speed (kg/h)	4×10^{-6}	Shenzhen
	Non-methane hydrocarbon	Maximum detected emission concentration (mg/m^3)	19.7	Shenzhen
		Maximum detected emission speed (kg/h)	0.137	Shenzhen
	NOx	Ton(s)	1.56	Estimate based on petrol consumption for cars in China Mainland
	SOx	Ton(s)	0.04	Estimate based on petrol consumption for cars in China Mainland
	PM	Ton(s)	0.11	Estimate based on

[3] If there is no special instruction, the scope of statistics is limited to ZTE Corporation

ESG Index		Unit	Data	Scope[3]
				petrol consumption for cars in China Mainland
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensit			
	Scope 1: Direct greenhouse gas emissions	tCO2e	2,102.6	Shenzhen
	Scope 2: Indirect greenhouse gas emissions	tCO2e	210,385.37	Shenzhen
	Total amount of greenhouse gas emissions	tCO2e	212,487.97	Shenzhen
	Density of greenhouse gas emissions	tCO2e/ million revenue	2.34	Shenzhen
A1.3	Total hazardous wastes (production category)	Ton(s)	454.11	Shenzhen, Heyuan, Wuhan, and Changsha
A1.4	Office wastes	Ton(s)	2,875.06	Shanghai, Xi'an, Chengdu, Shenzhen, Nanjing, Wuhan, and Changsha
	Municipal wastes	Ton(s)	1,720.445	Shanghai, Xi'an, Chengdu, Shenzhen, Nanjing, Wuhan, and Changsha
	Kitchen wastes	Ton(s)	3,222.52	Shanghai, Xi'an, Chengdu, Shenzhen, Heyuan, Nanjing, Wuhan, and Changsha
A2.1	Direct and indirect energy consumption by type in total.			
	Diesel	Liter(s)	20,270	Shenzhen, Xi'an, Chongqing,

ESG Index		Unit	Data	Scope[3]
				Chengdu, Heyuan, Sanya, Nanjing, and Changsha
	Petrol	Liter(s)	2,510,000	Estimate based on petrol consumption for cars in China Mainland
	Natural gas	10,000 m^3	403.3275	Shanghai, Xi'an, Chongqing, Chengdu, Shenzhen, Heyuan, Sanya, Nanjing, and Changsha
	Outsourced electricity	kWh	529,181,350	Shanghai, Xi'an, Chongqing, Chengdu, Shenzhen, Heyuan, Sanya, Nanjing, Wuhan, and Changsha
	Solar power generation	kWh	2,985,000	Shenzhen
	Electricity consumption in total	kWh	532,166,350	Shanghai, Xi'an, Chongqing, Chengdu, Shenzhen, Heyuan, Sanya, Nanjing, Wuhan, and Changsha
A2.2	Water consumption in total	Ton(s)	3,187,469.02	Shanghai, Xi'an, Chongqing,

ESG Index		Unit	Data	Scope[3]
				Chengdu, Shenzhen, Heyuan, Sanya, Nanjing, Wuhan, and Changsha
	Production water consumption	Ton(s)	438,121	Shenzhen, Heyuan, and Changsha
	Office water consumption	Ton(s)	2,749,348.02	Shanghai, Xi'an, Chongqing, Chengdu, Shenzhen, Heyuan, Sanya, Nanjing, Wuhan, and Changsha
A2.5	Total packaging material used for finished products	Ton(s)	37,343.86	Mobile devices not included
B Social				
Employment				
B1.1	Workforce by gender, position, age group, and geographical region			
	Total workforce	Person(s)	70,066	
	By gender			
	Male	Person(s)	53,636	
	Female	Person(s)	16,430	
	By position	Person(s)		
	R&D personnel	Person(s)	28,301	
	Production personnel	Person(s)	15,959	
	Administrative personnel	Person(s)	5,981	
	Marketing personnel	Person(s)	8,985	
	Customer service personnel	Person(s)	10,840	
	By age group	Person(s)		
	Under 30 years old	Person(s)	25,019	
	30-50 years old	Person(s)	43,651	
	Over 50 years old	Person(s)	1,396	
	By geographical region	Person(s)		

ESG Index		Unit	Data	Scope[3]
	China (including Hong Kong, Macau, and Taiwan)	Person(s)	61,293	
	Asia (excluding China)	Person(s)	4,716	
	Africa	Person(s)	816	
	Europe	Person(s)	1,794	
	North America	Person(s)	241	
	South America	Person(s)	1,188	
	Atlantic	Person(s)	18	
Development and Training				
B3.1	The percentage of employees trained by gender and position			
	The percentage of employees trained	%	100	
	By gender			
	Male	%	77	
	Female	%	23	
	By position			
	R&D personnel	%	43	
	Production personnel	%	25	
	Administrative personnel	%	6	
	Marketing and customer service personnel	%	26	
B3.2	The average training hours completed per employee by gender and position			
	The average training hours completed per employee	hour/person	78	
	By gender			
	Male	hour/person	80	
	Female	hour/person	71	
	By positiom			
	R&D personnel	hour/person	78	
	Production personnel	hour/person	71	
	Administrative personnel	hour/person	48	
	Marketing and customer service personnel	hour/person	93	
Supply Chain Management				
B5.2	Number of the suppliers where supplier engagement practices are being implemented			
	Number of newly signed *Supplier CSR Agreement*	Copies	174	
	New supplier certification reviews	Suppliers	96	

ESG Index		Unit	Data	Scope[3]
	Number of suppliers deemed noncompliant with CSR review	Suppliers	13	
	Current supplier supervision reviews	Suppliers	137	
	Number of suppliers that have participated in CSR training	Suppliers	170	
Anti-corruption				
B7.1	Number of concluded legal cases regarding corrupt practices brought against ZTE or its ZTE employees during the reporting period			
	Against ZTE	Case(s)	0	
	Against ZTE employees	Case(s)	10	
Community Investment				
B8.2	Resources contributed to the focus area			
	Contribution of funds	CNY	10,114,113.95	
	Value of donated items	CNY	1,029,902.96	
	Number of volunteers	Persons	3,004	
	Volunteer hours	Hours	2,251	

6 Assurance Report

TÜVRheinland®
Precisely Right.

Independent Assurance Statement

Introduction:

TÜV Rheinland (Guangdong) Ltd., member of TÜV Rheinland Group, Germany (TÜV , We) has been entrusted by the management of the ZTE Corporation (ZTE) to conduct independent assurance of ZTE Corporate Sustainability Report 2019 (the Report). Our task was to give a fair and adequate judgment on the ZTE Corporation Sustainability Report 2019.

The intended users of this assurance statement are stakeholders having relevance to the ZTE overall sustainability performance and impacts of its business activities during 2019 (January 2019 ~ December 2019). TÜV Rheinland is a global service provider of CSR & Sustainability Services in over 69 countries, having qualified professionals in the field of Corporate Sustainability Assurance, Environment, Social and Stakeholder Engagement. We have maintained complete impartiality and independence during the assurance engagement and not involved in the preparation of report contents.

Assurance Standard:

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

Scope & Type of Assurance:

Our Assurance engagement covers the following:

- ZTE's Sustainability Performance of 2019 as described in the Report, including the general disclosures and key performance indicators.
- Evaluation of the collection, analysis and management process of the data and information disclosed in the Report.
- Evaluation of disclosed information in the Report as per the Assurance Methodology.
- The financial data was verified by other third party, so we did not verify the financial data.

Limitation: Due to the outbreak of the coronavirus, the assurance was carried in the form of offsite verification. The assurance was conducted in Yuexiu Financial Building, No.28 Zhujiang East Road, Tianhe District, Guangzhou (ZTE Guangzhou Office) . We interviewed the representatives from the related departments that involved in the preparation of the Report, via the multiple methods including video conference, skype and desktop review. The operation site was not visited and the consultations with external stakeholder were not carried out. We have not observed any significant situations to limit our assurance activity. The verification was performed based on the data and information provided by ZTE, assuming they are complete and true.

Assurance Methodology:

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

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

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

Positive Observation:

We would like to mention some of the positive aspects observed during ZTE assurance engagement as below:

- The report sticks to the sustainability strategy of 'Three Cornerstone' and 'Five Strategic Topics', detailed disclosed ZTE's sustainability performance of 2019.
- ZTE has put forward the concept of quality management of "Intelligence & Simplicity", and have focused on customer concerns. Through the digital transformation of digital R&D, intelligent manufacturing, AI engineering services, and other major businesses, introducing advanced tools and methods into the full product lifecycle to integrate quality requirements into the whole business process, and use technical means to resolve quality management problems.
- ZTE organized public benefit activities centering on medical poverty alleviation, educational poverty alleviation, and relief for vulnerable groups. ZTE also has been making efforts to meet the needs of vulnerable groups, supporting poverty-stricken children and veterans of the War of Resistance against Japan through diversified employee volunteering service programs to.

Recommendations of Improvement:

- It is suggested to continuous improve the procedure of the stakeholder consultation, to better identify and analyze their concerned topics, and further aligned with the Materiality, the report principle of the ESG guide.
- It is suggested to enhance the sustainability strategy planning, and optimize the sustainability strategy structure.

Conclusion:

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

- ZTE Corporate Sustainability Report 2019 meets the requirement of HKEX's Environmental, Social and Governance Reporting Guide.
- The Report includes statements and claims that reflects ZTE achievements and challenges supported by documentary evidences and internal records
- The performance data we found in the report are collected, stored and analyzed in a systematic and professional manner and were plausible.
- TÜV Rheinland shall not bear any liability or responsibility to a third party for perception and decision about ZTE based on this Assurance Statement.

For TÜV Rheinland Group

Ian Jiang

Lead Verifier

Date: 6th March 2020

7 Reporting Index

7.1 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.	5.1 Policy List
KPI A1.1	The type of emissions and respective emissions data.	5.2 KPIs List
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity.	5.2 KPIs List
KPI A1.3	Total hazardous wastes produced (in tons) and, where appropriate, intensity.	5.2 KPIs List
KPI A1.4	Total non-hazardous wastes produced (in tons) and, where appropriate, intensity.	5.2 KPIs List
KPI A1.5	Description of measures to mitigate emissions and results achieved.	4.2 Supporting the Circular Economy through Green Development
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	4.2.2 Green Production and Operations 4.2.4 Recycling to Boost the Circular Economy
Aspect A2: Use of resources		
General Disclosures	Policies on the efficient use of resources, including energy, water and other raw materials	5.1 Policy List
KPI A2.1	Direct and indirect energy consumption by type in total.	5.2 KPIs List
KPI A2.2	Water consumption in total and intensity.	5.2 KPIs List

Category	Description	Where to Find
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	4.2.2 Green Production and Operations
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	4.2.2 Green Production and Operations
KPI A2.5	Total packaging material used for finished goods (in tons) and, if applicable, with reference to per unit produced.	4.2.1 Advocating the Concept of Green Product Design
Aspect A3: Environment and Natural Resources		
General Disclosures	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	5.1 Policy List
KPI A3.1	Description of the significant impact of activities on the environment and natural resources and the actions taken to manage them.	4.2 Supporting the Circular Economy through Green Development
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.	5.1 Policy List
KPI B1.1	Total workforce by gender, position, age group, and geographical region.	5.2 KPIs List
KPI B1.2	Employee turnover rate by gender, age group, and geographical region.	Not disclosed
Aspect B2: Health and Safety		
General Disclosures	(a) Policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe work environment and protecting employees from occupational hazards.	5.1 Policy List
KPI B2.1	Number and rate of work-related fatalities.	Not disclosed
KPI B2.2	Lost days due to work injury.	Not disclosed
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Special Report: Never Yield to COVID-19

Category	Description	Where to Find
		3.3.4 Healthy and Safe Management
Aspect B3: Development and Training		
General Disclosures	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	5.1 Policy List 3.3.2 Staff Training and Capacity Building
KPI B3.1	The percentage of employees trained by gender and position.	5.2 KPIs List
KPI B3.2	The average training hours completed per employee by gender and position.	5.2 KPIs List
Aspect B4: Labor guidelines		
General Disclosures	(a) Policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	5.1 Policy List
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	3.3.1 Employee' Rights Protection
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	3.3.1 Employee' Rights Protection
Aspect B5: Supply Chain Management		
General Disclosures	Policies on managing environmental and social risks of the supply chain.	4.3 Upholding Win-Win Cooperation to Grow with Partners
KPI B5.1	Number of suppliers by geographical region.	Not disclosed
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	4.3 Upholding Win-Win Cooperation to Grow with Partners
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.	5.1 Policy List
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not disclosed
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	4.1.4Reliable Customer Services

Category	Description	Where to Find
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	3.4.1 Strong Investments for R&D Leadership
KPI B6.4	Description of quality assurance process and recall procedures.	4.1.3 ZTE's Pursuit of Excellent Product Quality
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	5.1 Policy List 3.2.4 Fully Advancing Data Protection 4.1.2 Advocating Privacy Protection Through Advanced Concepts
Aspect B7: Anti-corruption		
General Disclosures	(c) Policies; and (d) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud, and money laundering.	5.1 Policy List
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employee during the reporting period.	5.2 KPIs List
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	3.2.3 Anti-Bribery Compliance
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.	4.4 Shouldering Responsibilities and Contributing to the Global Community
KPI B8.1	Focus areas of contribution	4.4 Shouldering Responsibilities and Contributing to the Global Community
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	4.4 Shouldering Responsibilities and Contributing to the Global Community 5.2 KPIs List

7.2 GRI Standards Index

GRI Standard Indicator Contents			Sustainable Development Goals	Where to Find	Notes
Guideline Title	Number	Indicator Contents			
General Disclosure	102-1	Name of the organization			ZTE Corporation
	102-2	Activities, brands, products, and services			ZTE is dedicated to the provision of ICT products and solutions that satisfy the needs of customers, integrating design, development, production, sale and services with a special on carriers' networks, government and corporate business and consumer business.
	102-3	Location of headquarters			ZTE Corporation Building, Hi-Tech South Road, Hi-Tech Industrial Park, Nanshan District, Shenzhen, Guangdong, China
	102-4	Location of operations			With the HQ ocated in Shenzhen, China, ZTE also operates Asia, Europe, America, Oceania, and Africa, etc.
	102-5	Ownership and legal form			Listed company
	102-6	Markets served			The main markets are located in China, followed by Europe, the United States and Oceania, Asia (excluding China) and, Africa, serving customers in more than 160 countries and regions

GRI Standard Indicator Contents			Sustainable Development Goals	Where to Find	Notes
	102-7	Scale of the organization		1 About ZTE	
	102-8	Information on employees and other workers		3.3 Putting Employees First to Ensure Continuous Growth	
	102-9	Supply chain		4.3 Upholding Win-Win Cooperation to Grow with Partners	
	102-10	Significant changes to the organization and our supply chain		4.3 Upholding Win-Win Cooperation to Grow with Partners	
	102-11	Precautionary principle or approach		2.1 Sustainability Management Process	
	102-12	External initiatives		2.4 External Recognition and Membership	
	102-14	Statement from senior decision-maker		A Message from the President, A Message from the COO	
	102-15	Key impacts, risks, and opportunities		A Message from the President, A Message from the COO	
	102-16	Values, principles, standards, and norms of behaviour		2.1 Sustainability Management Process	
	102-17	Mechanisms for advice and concerns about ethics		2.2 Stakeholder Engagement	
	102-18	Governance structure		2.1 Sustainability Management Process	
	102-19	Delegating authority		2.1 Sustainability Management Process	
	102-20	Executive-level responsibility for economic, environmental, and social topics		2.1 Sustainability Management Process	
	102-21	Counselling stakeholders on economic,		2.2 Stakeholder Engagement	

GRI Standard Indicator Contents			Sustainable Development Goals	Where to Find	Notes
		environmental, and social topics			
	102-22	Composition of the highest governance body and its committees		3.1.1 Standardized Corporate Governance	
	102-23	Chair of the highest governance		3.1.1 Standardized Corporate Governance	
	102-24	Nomination and selection of the highest governance body		3.1.1 Standardized Corporate Governance	
	102-25	Conflicts of interest		3.1.1 Standardized Corporate Governance	
	102-26	Role of the highest governance body in setting purpose, values, and strategy		3.1.1 Standardized Corporate Governance	
	102-27	Collective knowledge of highest governance body		3.1.1 Standardized Corporate Governance	
	102-28	Evaluating of the highest governance body's performance		3.1.1 Standardized Corporate Governance	
	102-29	Identifying and managing economic, environmental and, social impacts		2.3 Materiality Analysis and 2019 Highlights	
	102-30	Effectiveness of risk management processes		3.1.2 Internal Control and Risk Management	
	102-31	Review of economic, environmental, and social themes		A Message from the President, A Message from the COO	
	102-32	Highest governance body's role in		2.1 Sustainability Management Process	

GRI Standard Indicator Contents			Sustainable Development Goals	Where to Find	Notes
		sustainability reporting			
	102-33	Communicating critical concerns		A Message from the President, A Message from the COO	
	102-35	Remuneration policies		3.3 Putting Employees First to Ensure Continuous Growth	
	102-36	Process for determining remuneration		3.3 Putting Employees First to Ensure Continuous Growth	
	102-37	Stakeholders' involvement in remuneration		2.2 Stakeholder Engagement	
	102-40	Stakeholder groups		2.2 Stakeholder Engagement	
	102-41	Group agreements		3.3 Putting Employees First to Ensure Continuous Growth	
	102-42	Identifying and selecting stakeholders		2.2 Stakeholder Engagement	
	102-43	Approach to communicating with stakeholders		2.2 Stakeholder Engagement	
	102-44	Key topics and concerns raised		2.3 Materiality Analysis and 2019 Highlights	
	102-45	Entities included in the consolidated financial statements		About this report	
	102-46	Defining report content and topic boundaries		About this report	
	102-47	List of material topics		2. Sustainability Strategy and Management	
	102-48	Restatements of information		About this report	
	102-49	Changes in reporting		ZTE's 2019	
	102-50	Reporting period		About this report	
	102-51	Date of most recent report		About this report	

GRI Standard Indicator Contents			Sustainable Development Goals	Where to Find	Notes
	102-52	Reporting cycle		About this report	
	102-53	Contact point for questions regarding the report		Readers' Feedback Form	
	102-54	Claims of reporting in accordance with the GRI Standards		5 Sustainability Performance in 2019	
	102-55	GRI content index		5 Sustainability Performance in 2019	
	102-56	External assurance		6 Assurance Report	
Management approach	103-1	Explanation of the material topics and its boundaries		2. Sustainability Strategy and Management	
	103-2	Management approach and its components		2. Sustainability Strategy and Management	
	103-3	Evaluation of management approach		2. Sustainability Strategy and Management	
Economic performance	201-1	Direct economic value generated and distributed		ZTE's 2019	
	201-2	Financial implications and other risks and opportunities due to climate change		4.2 Supporting the Circular Economy through Green Development	
	201-3	Defining benefit plan obligations and other retirement plans		3.3 Putting Employees First to Ensure Continuous Growth	
Indirect economic impacts	203-1	Infrastructure investments and services supported		3.4 Leading 5G Innovations and Enabling Different Industries	
	203-2	Significant indirect economic impacts		3.4 Leading 5G Innovations and Enabling Different Industries	
Anti-bribery	205-1	Operations assessed for		3.2.3 Anti-Bribery Compliance	

GRI Standard Indicator Contents			Sustainable Development Goals	Where to Find	Notes
		risks related to corruption			
	205-2	Communication and training about anti-bribery policies and procedures		3.2.3 Anti-Bribery Compliance	
	205-3	Confirmed incidents of corruption and actions taken		3.2.3 Anti-Bribery Compliance	
Materials	301-1	Materials used by weight or volume		4.2 Supporting the Circular Economy through Green Development	
	301-2	Recycled input materials used		4.2 Supporting the Circular Economy through Green Development	
	301-3	Reclaimed products and their packaging materials		4.2 Supporting the Circular Economy through Green Development	
Energy	302-1	Energy consumption within the organization		4.2 Supporting the Circular Economy through Green Development	
	302-2	Energy consumption outside of the organization		4.2 Supporting the Circular Economy through Green Development	
	302-3	Energy intensity		4.2 Supporting the Circular Economy through Green Development	
	302-4	Reduction of energy consumption		4.2 Supporting the Circular Economy through Green Development	
	302-5	Reductions in energy requirements of products and services		4.2 Supporting the Circular Economy through Green Development	
Water	303-1	Water withdrawal by source		4.2 Supporting the Circular Economy through Green Development	
Emissions	305-1	Direct (Scope 1) GHG emissions		4.2 Supporting the Circular Economy through Green Development	

GRI Standard Indicator Contents			Sustainable Development Goals	Where to Find	Notes
	305-2	Energy indirect (Scope 2) GHG emissions		4.2 Supporting the Circular Economy through Green Development	
	305-4	GHG emissions intensity		4.2 Supporting the Circular Economy through Green Development	
	305-5	Reduction of GHG emissions		4.2 Supporting the Circular Economy through Green Development	
	305-6	Emissions of ozone-depleting substances (ODS)		4.2 Supporting the Circular Economy through Green Development	
	305-7	Nitrogen Oxides (NOx), Sulfur Oxides (SOx), and Other significant air emissions		4.2 Supporting the Circular Economy through Green Development	
Effluents and waste	306-2	Waste by type and disposal method		4.2 Supporting the Circular Economy through Green Development	
	306-4	Transport of waste		4.2 Supporting the Circular Economy through Green Development	
Envrionment-al Compliance	307-1	Violation of environmental regulations		4.2 Supporting the Circular Economy through Green Development	
Supplier environ-mental assessment	308-1	New suppliers that were screened using environmental criteria		4.3 Upholding Win-Win Cooperation to Grow with Partners	
	308-2	Negative environmental impacts in the supply chain and actions taken		4.3 Upholding Win-Win Cooperation to Grow with Partners	
Employee-employer relations	401-1	New employee hires and employee turnover		3.3 Putting Employees First to Ensure Continuous Growth	
	401-3	Parental leave		3.3 Putting Employees First to Ensure Continuous Growth	

GRI Standard Indicator Contents			Sustainable Development Goals	Where to Find	Notes
Occupational safety and health	403-2	Types of njury, and rates of injury, occupational disease, number of days lost, absenteeism, etc., and the number of work-related fatalities		3.3 Putting Employees First to Ensure Continuous Growth	
	403-3	Workers with high incidence and high risk of diseases related to their occupation		3.3 Putting Employees First to Ensure Continuous Growth	
Training and education	404-1	Average hours of training per year per employee		3.3 Putting Employees First to Ensure Continuous Growth	
	404-2	Programs for upgrading employee skills and transition assistance programs		3.3 Putting Employees First to Ensure Continuous Growth	
	404-3	Percentage of employees receiving regular performance and career development reviews		3.3 Putting Employees First to Ensure Continuous Growth	
Diversity and equal opportunity	405-1	Diversity of governance bodies and employees		3.3 Putting Employees First to Ensure Continuous Growth	
Non-dis-crimination	406-1	Discrimination and improvement actions taken by the organization		3.3 Putting Employees First to Ensure Continuous Growth	
Child labor	408-1	Operations and suppliers at significant risk for incidents of child labor		3.3 Putting Employees First to Ensure Continuous Growth	
Forced or compulsory labor	409-1	Operations and suppliers at significant risk for forced or compulsory labor		3.3 Putting Employees First to Ensure Continuous Growth	

GRI Standard Indicator Contents			Sustainable Development Goals	Where to Find	Notes
Supplier social assessment	414-1	New suppliers that were screened using social criteria		4.3 Upholding Win-Win Cooperation to Grow with Partners	
	414-2	Negative social impacts in the supply chain and actions taken		4.3 Upholding Win-Win Cooperation to Grow with Partners	
Customer health and safety	416-1	Assessment of health and safety impacts of products and services		4.1 Securing Customers' Trust by Defending Their Rights and Interests	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		4.1 Securing Customers' Trust by Defending Their Rights and Interests	
Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		4.1 Securing Customers' Trust by Defending Their Rights and Interests	

Readers' Feedback Form

Dear Readers:

Thanks for your concern and reading ZTE 2019 Sustainability Report. We will appreciate your suggestions and comments to help us keep moving forward.

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

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

You can contact us through

Email: esg@zte.com.cn

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