

ZTE Corporation
Conflict Minerals Report 2022

March 2023

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Introduction

Founded in 1985, ZTE Corporation ("ZTE") is a global leading provider of integrated communications information solutions. During its operations, ZTE always respects human rights in accordance with international conventions and practices. With a vision of balanced and sustainable development in the social, environmental, and economic areas, the company promotes equal communication around the world, and shows zero tolerance to any activity that fuels conflicts or violates human rights. ZTE conducts due diligence within its supply chain to determine whether the necessary conflict minerals (gold, tantalum, tin, tungsten, and cobalt) in our products originate from the following locations: mines of conflict-affected areas in the Democratic Republic of Congo and its adjoining countries/regions, including Central African Republic, Sudan, South Sudan, Zambia, Angola, the Republic of the Congo, Tanzania, Burundi, Rwanda, and Uganda; or illegally taxed trade routes which are controlled by non-governmental military groups or unlawful military factions. For many years, ZTE has made substantial progress in ensuring responsible sourcing of minerals. For more information, please visit [ZTE Conflict Minerals Management](#).

ZTE always respects human rights and the environment in accordance with international conventions and practices such as the *United Nations Global Compact*. We strive to ensure that all materials used in our products come from socially and environmentally responsible sources. We do not tolerate any form of participation in or triggering of activities that may cause negative environmental effects or violate human rights. Meanwhile, ZTE has been making efforts both within the company and with external parties such as suppliers, peer companies, industry associations, and global officials in addressing the problems of conflict minerals.

ZTE is not subject to the conflict minerals rules of the Securities and Exchange Commission (SEC) since the company is not listed on the New York Stock Exchange. To ensure accuracy and professionalism, *ZTE Conflict Minerals Report 2022* is prepared in light of Rule 13p-1 under the Securities Exchange Act of 1934. ("Rule 13p-1 is also known as Dodd-Frank Act Section 1502.")

Reporting Period

ZTE has published its *Conflict Minerals Report* on a yearly basis since 2020. This is the fourth report.

This report covers activities related to conflict minerals from January 1, 2022 to December 31, 2022.

Glossary

RCOI – Responsible Country of Origin Inquiry

3TG – Tin, Tantalum, Tungsten, and Gold

Co – Cobalt

DRC – Democratic Republic of the Congo

CC – Covered Countries (also known as the adjoining countries of the DRC)

SORs – Smelters or Refiners

CMRT – Conflict Minerals Reporting Template

EMRT – Extended Minerals Reporting Template

OECD – Organization for the Economic Cooperation and Development

RMAP – Responsible Minerals Assurance Process

RMI – Responsible Minerals Initiative

LBMA – London Bullion Market Association

RJC – Responsible Jewelry Council

CEO – Chief Executive Officer

CQO – Chief Quality Officer

COO – Chief Operating Officer

RBA – Responsible Business Alliance

DDMS – Due Diligence Management System

SEC – Securities and Exchange Commission

GeSI – Global e-Sustainability Initiative

ESG – Environmental, Social, and Governance

MSCI – Morgan Stanley Capital International

CAP – Corrective Action Plan

CCCMC – China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters

RCS – Responsible Commodity Sourcing

CAICT – China Academy of Information and Communications Technology

RBI – Responsible Battery Initiative

RCI – Responsible Critical Mineral Initiative (formerly Responsible Cobalt Initiative)

Reasonable Country of Origin Inquiry (RCOI)

Through material content analysis, it is found that small quantities of the five metals (3TG+Co) were contained in the parts and components used to manufacture products. Therefore, ZTE conducted an RCOI to determine whether the necessary conflict minerals in our products originated from the DRC or the CC. CMRT/EMRT created by the RMI, a supply chain survey designed to identify the SORs, was used to confirm the country of origin. It is a principal method used in the industry to identify the SORs. The collected SORs list was then compared against the list of the RMAP to confirm whether they are validated as conflict-free. The RMAP has agreed on the mutual recognition of gold refiner audits with LBMA and RJC, which were reflected in the RMI list of validated SORs.

<http://www.conflictreesourcing.org/conflict-free-smelter-refiner-lists/>

When the country of origin failed to be confirmed by the method mentioned above, ZTE turned to other forms of due diligence such as direct contact with

SORs through other assessment tools. For the detailed result of RCOI, please refer to the section "ZTE Due Diligence Measures and Results in 2022" in this report.

Based on the RCOI, we found that the necessary conflict minerals contained in our products may come from the DRC or the CC. As a consequence, we established our own Conflict Minerals Program following the five-step framework set forth in the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* ("the OECD Guidance") to determine whether such conflict minerals were "conflict-free."

Conflict Minerals Program Design

ZTE has designed and developed its due diligence program to monitor and determine conflict minerals risks, and to promote the responsible sourcing of conflict minerals. ZTE supports and recognizes SORs that have passed the RMAP certification. We have also conducted investigations on all suppliers, with high-risk suppliers given the top priority, to evaluate their practices in mineral procurement.

To ensure legitimate, accurate, and truthful due diligence of conflict minerals, ZTE has developed its due diligence program based on the internationally recognized OECD Guidance.

Below is an introduction to ZTE's due diligence program for conflict minerals:

1. Develop and strengthen the management system

Design supply chain policies to strengthen the management structure, build a team to conduct management, develop management IT systems to help identify and manage risks, collaborate with suppliers to better understand their risks and set up plans to assist suppliers, and develop appeal mechanisms and anti-bribery policies to ensure transparency.

2. Identify and manage risks in the supply chain

Identify and investigate the SORs in the supply chain, determine the scope of the risk assessment of the mineral supply chain, and evaluate the due diligence completion rate to determine the risks of relevant projects.

3. Respond to identified risks

The internal team confirms the identified risks and reports them to the senior management, who will then decide on risk management plans through discussions, and establish task forces to implement the plans. If a supplier cannot provide effective and credible evidence on risk assessments and management policies, the supplier must accept a comprehensive third-party audit. If the supplier is not audited by a third party as recommended, or refuses to make improvements, or does not cooperate with the improvement, the company will terminate the contract with the supplier in accordance with

internal policies.

4. Carry out independent third-party audits of SORs' due diligence practices

Engage independent third parties in the audit of SORs' due diligence reports, and develop third-party audit procedures and tools to encourage suppliers to improve their mineral tracking systems.

5. Publish and report on due diligence results

Publish due diligence and related information to be disclosed in the *ZTE Sustainability Report* or separately.

Description of Conflict Minerals Management Procedures

1. ZTE Conflict Minerals Management System

Overview

ZTE has formulated policies and guidelines for conflict minerals management to manifest our commitment to respecting human rights and protecting the environment. In addition, ZTE has stipulated its conflict minerals management procedures. ZTE's *Policy on Conflict Minerals Management* is in line with the principles widely acknowledged in the industry and in the international community, including those stipulated in the *United Nations Global Compact*. Our *Policy on Conflict Minerals Management* is available on our website:

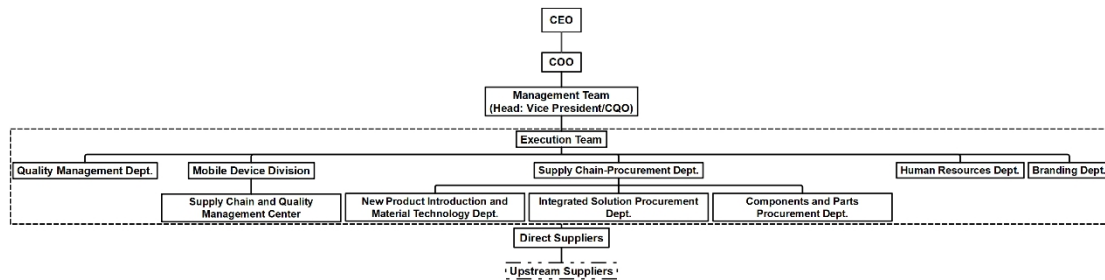
https://www.zte.com.cn/content/dam/zte-site/res-www-zte-com-cn/mediares/zte/files/pdf/white_book/2021091015002125.pdf?la=en

We have also formulated the *Regulations on Conflict Minerals Management* to facilitate the implementation of the *Policy on Conflict Minerals Management*. The regulation specifies the roles and responsibilities of the management and relevant departments, and outlines ZTE's requirements for suppliers on the sourcing of conflict minerals and the conflict minerals due diligence procedures. In 2022, ZTE reviewed and renewed all its management policies relating to conflict minerals, revised the *Regulations on Conflict Minerals Management*, and updated the position names, corresponding responsibilities, and management processes, to enhance the comprehensiveness of the systems in light of the feedback from different stakeholders and the industry standards.

Governance

ZTE's conflict minerals management team is headed by our Vice President/CQO. The execution team consists of appointed representatives from different fields, including quality management, mobile devices, supply chain procurement, human resources, and branding. The management team is responsible for the overall management and implementation of the *Regulations on Conflict Minerals Management*, ensuring the applicability, transparency, and effectiveness of the regulations and thus monitoring the

risks of conflict minerals in the supply chain. The management team regularly reviews the KPIs and reports their implementation to the senior management, including the COO and CEO. The execution team, equipped with relevant competence and experience, is responsible for coordinating with stakeholders on implementing the conflict minerals management measures as specified in the regulations, including the annual conflict minerals risk assessment. The management team reports conflict minerals risks and/or opportunities identified to the senior management in a timely manner, to help formulate corporate strategies related to conflict minerals.



Supplier Requirements and Engagement

Aiming to build long-term partnerships, ZTE actively communicates with its suppliers on their expectations and drives improvements with continuous support and capability-building activities.

ZTE requires all relevant suppliers to guarantee that all materials are procured from environmentally and socially responsible sources, and sign contracts or the *Declaration of Metal Conflict-Free* both incorporated with conflict minerals requirements. In this way, we aim to ensure that suppliers comply with ZTE's policies and requirements on conflict minerals. The requirements include the submission of the CMRT or EMRT, and participation in related training and due diligence activities every year.

To support the capability building of suppliers, ZTE also provides online and offline training programs on conflict-free minerals. Meanwhile, we encourage suppliers to contact our procurement team for further assistance and guidance on conflict minerals management.

Additionally, ZTE encourages and welcomes suppliers and external parties to report any problems, concerns, or violations relating to our conflict minerals procedures through official channels. The contact details are as follows:

Email: audit@zte.com.cn

Hotline: (+86) 0755-26771199

Website: <https://www.zte.com.cn/global/whistleblowing/report>

2. Risk Identification and Assessment in Supply Chain

ZTE does not purchase raw or refined minerals directly from SORs, which means many complex risks need to be addressed to ensure a conflict-free

supply chain. The OECD Guidance also recognizes that it is quite challenging for downstream companies to identify risks concerning upstream suppliers. Nevertheless, ZTE makes every effort to ensure a conflict-free supply chain.

In 2022, we amended the *Guide to Supplier Conflict Mineral Risk Management* by updating its scope of application, the names and responsibilities of some positions, and the scoring standards for the adequacy of competition among suppliers. We also modified the *Conflict Minerals Investigations Guide*, including the scope of relevant suppliers and the names and responsibilities of some positions to better identify suppliers' conflict minerals risks. In addition, we updated the CMRT/EMRT to the latest version by referring to RMI's official website, and developed two additional assessment tools on that basis (namely, the *Supplier Conflict Minerals Management Questionnaire* and the Supplier Conflict Minerals Risk Assessment Tool) to further understand the conflict minerals management of suppliers.

ZTE conducts the annual due diligence based on the latest CMRT/EMRT and the *Supplier Conflict Minerals Management Questionnaire*. During the due diligence, our direct suppliers are required to provide information on the SORs from which they purchase and to report their performance on conflict minerals management. The scope of direct suppliers involved in the due diligence is determined by our material research and design departments.

After receiving the responses from suppliers, we analyze the feedback based on the type of conflict minerals used (3TG+Co) and compare the results against the RMI's SOR Lists and the list from external institutions such as RMAP, to verify the conflict-free status of SORs and countries of origin.

The Supplier Conflict Minerals Risk Assessment Tool is used to assess the risk level of suppliers. In 2022, we improved the computing procedures and enabled the function of automatic data summarization, further enhancing the accuracy of the assessment. This tool helps assess the risk level of suppliers from two dimensions, namely the impacts on ZTE's operations and risks in conflict minerals management. Multiple factors are taken into consideration in the risk assessment, including the PO amount, the replacement of suppliers, compliance records, conflict minerals management performance, and the locations of related SORs. In particular, the risks related to the locations of SORs and suppliers are assessed through tools recommended by the RMI, including the Conflict Barometer of the Heidelberg Institute for International Conflict Research (HIIC), and the Risk Maps developed by Control Risks and INFORM. Based on a risk matrix, suppliers' risk levels are classified into three categories: high, medium, and low.

Records related to conflict minerals programs will be kept in ZTE's database for at least five years.

3. Strategies on the Management of Identified Risks of Suppliers

As a responsible company, ZTE will not immediately terminate business

relationships with high-risk suppliers. Instead, we actively collaborate with suppliers to optimize their conflict minerals management by tailoring risk mitigation measures to their risk levels.

ZTE provides annual training programs for all suppliers to enhance their conflict minerals management. In addition, we offer suppliers online bilingual training courses, which cover the definition and background of conflict minerals, introduction to relevant management regulations and standards, ZTE's requirements, and the major matters requiring the cooperation of suppliers. All registered suppliers can access such courses. We encourage our suppliers to formulate their own Conflict-Free Minerals Policy to regulate their sourcing activities. In addition, our suppliers should ensure that their upstream SORs have obtained valid conflict-free third-party certification and send the relevant supporting materials to ZTE as part of the risk mitigation plan.

For medium- and high-risk suppliers, ZTE provides specialized conflict minerals management training targeting the specific areas where suppliers need to improve. We aim to provide suppliers with the resources and knowledge they need to establish the necessary procedures and documents for conflict minerals management. ZTE will keep continuous communication with medium- and high-risk suppliers, and review the effectiveness of their new management procedures until their overall risk level is reduced to low.

In addition, as a member of RBA and GeSI, ZTE audits the performance of all suppliers with risks in conflict minerals management. Our audit teams conduct audits in accordance with the requirements of the Downstream Assessment Program of RMAP, including special on-site audits and integrated audits. The following factors are included in the audits: corporate management, risk assessment, risk mitigation, and the due diligence of SORs involved in the supply chain. After the audits, we summarize the findings and propose corresponding corrective measures to strengthen suppliers' conflict minerals management. In 2022, ZTE conducted special audits of 10 high-risk suppliers, among which eight received online audits (due to the pandemic) and the other two on-site audits. Also, items requiring rectifications and corresponding guidance were provided for the suppliers based on the findings of the audits. Suppliers were required to improve the documents for conflict minerals management procedures, risk management measures, due diligence processes, and audits of conflict minerals. In this way, we can enhance suppliers' capabilities in conflict minerals management to eliminate relevant risks.

Furthermore, we require suppliers to report their rectification measures for disqualified items within two weeks, which are usually checked in the subsequent special audits. If a supplier does not cooperate or cannot meet our requirements after rectification, necessary penalties will be imposed, even the termination of partnerships. In 2022, no supplier had its collaboration with ZTE canceled due to conflict minerals issues.

4. Independent Third-Party Certification in Supply Chain Due Diligence

Although we have no direct relationship with SORs, we understand the importance of SORs' third-party conflict-free certifications for downstream enterprises. Therefore, we require all our direct suppliers to provide a detailed list of upstream SORs obtained through supply chain due diligence. We compare the list against the Conformant Smelter and Refiner Lists of the RMAP or other external institutions to validate whether these SORs are conflict-free.

In addition, we updated the *Guide to Third-Party Audit on Conflict Mineral* by modifying the applicability of the standards and the names and responsibilities of some positions, to better assist our direct suppliers and their upstream SORs in third-party certifications. This guide specifies the measures to perform effective third-party audits, such as the qualification of auditors, procedures prior to and after audits, and required documents.

5. Report on Supply Chain Due Diligence

Our policies and efforts in supply chain due diligence are disclosed annually in this report and also *ZTE Corporation Sustainability Report*.

ZTE Corporation Sustainability Report is available on the company website at:

<https://www.zte.com.cn/global/about/citizenship/CSR-Reports>

A list of validated SORs with their third-party certification status is available for our business partners and investors upon request.

The content of any website referred to in this report is cited as general information only, but not in the reference list.

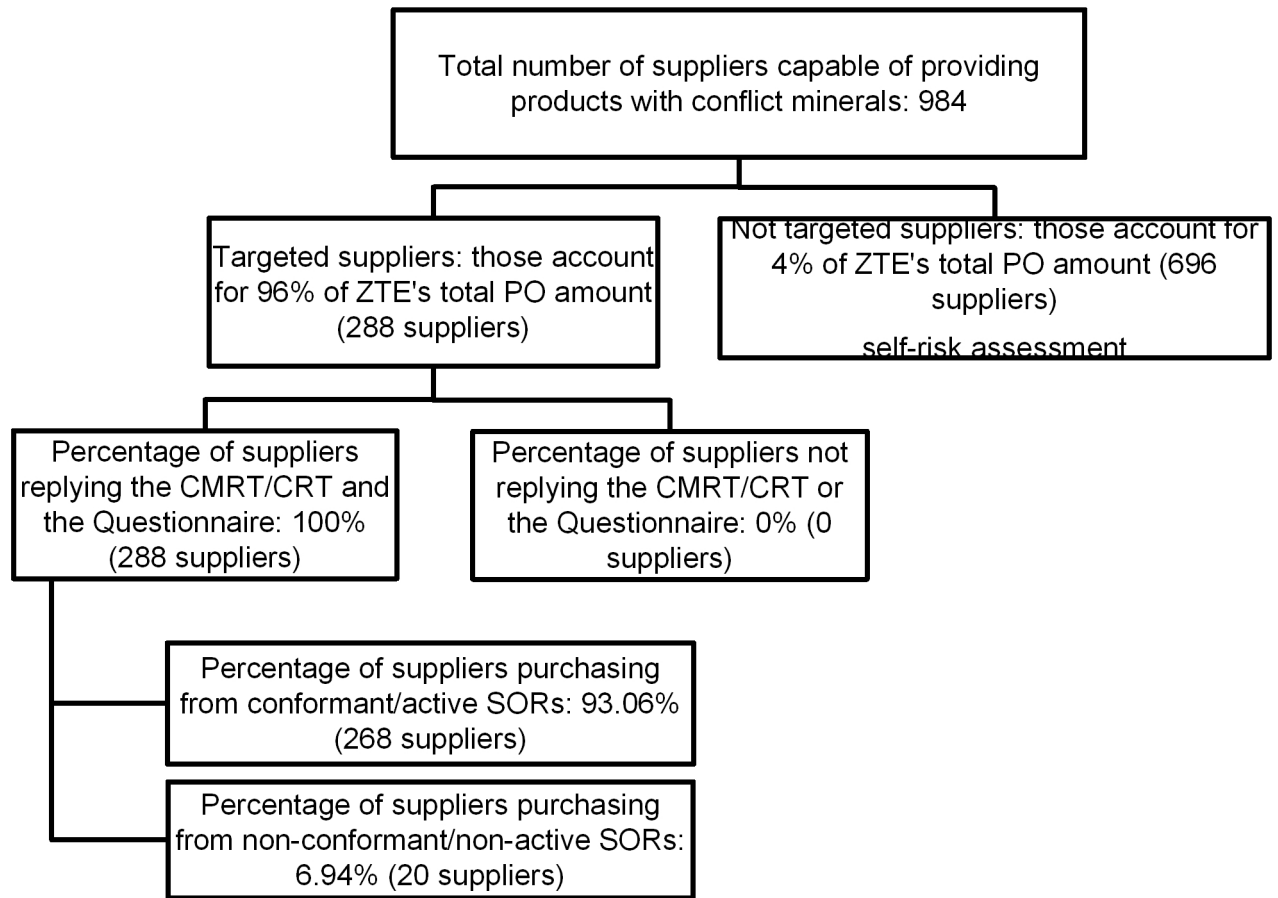
ZTE Due Diligence Measures and Results in 2022

The scope of direct suppliers involved in the due diligence is determined by ZTE's material research and design departments. Suppliers in the phase-out process and suppliers that are involved only in procurement and resale but not in product manufacturing or design were not included in the scope.

It was found in the due diligence that a total of 984 suppliers were involved with conflict minerals. In 2022, ZTE extended the due diligence scope to all the suppliers involved with conflict minerals, and conducted the due diligence through the CMRT and suppliers' self-assessment of risks. We set a threshold to identify suppliers that account for 96% of ZTE's total PO amount (95% in 2021). And a questionnaire survey was conducted on such suppliers, while the rest suppliers with low PO amounts were required to carry out self-risk assessments. Specifically, self-risk assessment files were sent to suppliers for filling and then collected for archiving, and sample audits were regularly conducted on the suppliers that participated in the self-assessment. Also, a total of 288 suppliers filled out the CMRT, which were evaluated through the tools mentioned above.

Key Statistics:

- The supplier response rate is 100% (288/288).
- A total of 301 SORs were identified in the supply chain. The RCOI information of 277 SORs was available through the list validation by RMAP, and we contacted the other 24 SORs directly and checked their information.
- Among the 301 SORs, 271 of them are RMAP conformant (conformant), six of them have scheduled or are undergoing an RMAP assessment (active), and 24 have not participated in the RMAP assessment (not participated).
- Among the 288 suppliers, 268 suppliers purchase conflict minerals from conformant/active SORs, and the other 20 suppliers from non-conformant/non-active SORs. (We contacted these 20 suppliers to confirm the information and prompted them to cancel cooperation with non-conformant/non-active SORs).
- We identified 103 high-risk suppliers, and conducted special audits on 10 suppliers and integrated audits on five. For the other 88 high-risk suppliers, we have collected their updated CMRT questionnaires and communicated with them. After confirming their updated information, we reduced their risk levels to medium or low. The high-risk suppliers are identified based on the following criteria:
 - 1) Suppliers who were identified as high-risk by the assessment tools in 2022;
 - 2) Suppliers whose risk levels were high both in 2021 and 2022;
 - 3) Suppliers who were subject to special audits in 2021 (for review).
- We conducted a total of 218 audits on all risky suppliers, including 10 special audits on high-risk suppliers (two on-site audits and eight online audits) and 208 integrated audits on other suppliers.
- 41 supplies used tin from a smelter in Rwanda (CID003387). The smelter was one of the smelters validated by the RMI, as shown in the Smelters and Refiners Lists released by the RMI on June 29, 2022.



Based on the due diligence,

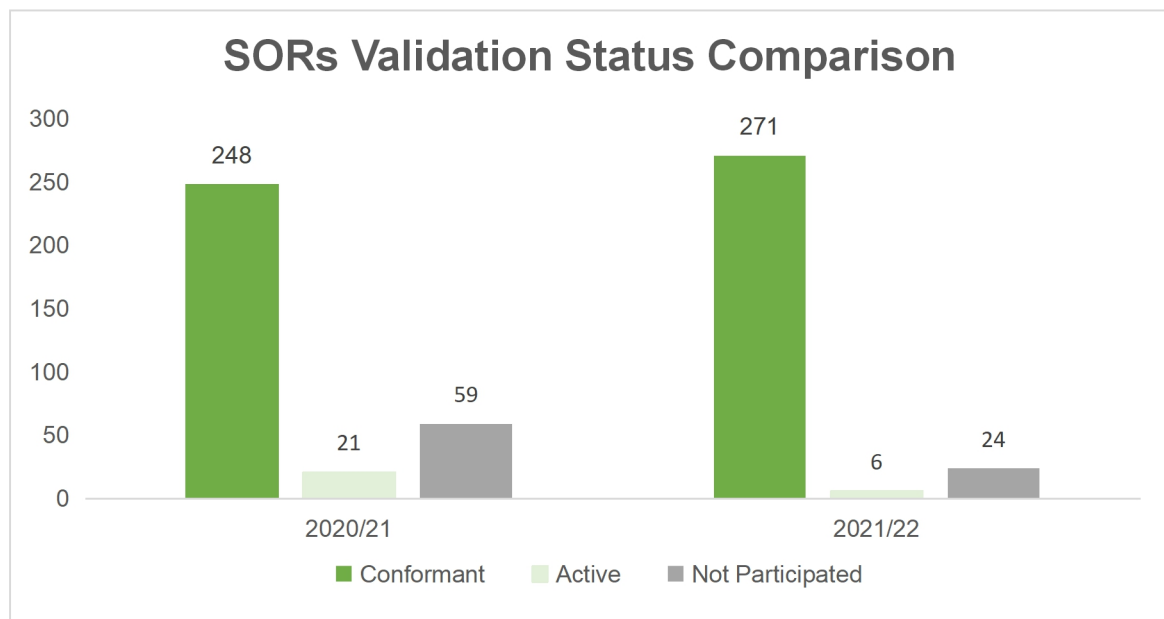
- 91.67% of direct suppliers have conducted due diligence on their upstream suppliers (264/288)
- 88.54% of direct suppliers have already formulated a Conflict-Free Minerals Policy (255/288)
- 93.06% of direct suppliers purchase necessary conflict minerals from conformant/active SORs (268/288): gold 94.32% (166/176), tantalum 100% (96/96), tin 92.56% (199/215), tungsten 94.12% (96/102), and cobalt 70% (7/10) (the number has increased compared with that in 2021 as the certification progress of some SORs is slowed down due to the pandemic).

Details of RCOI in 2022

	Conflict Minerals
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		Tantalum	Tin	Gold	Tungsten	Cobalt	Total
SORs Validation Status	Conformant	40	58	123	39	11	271
		100.00%	87.88%	91.11%	88.64%	68.75%	90.03%
	Active	0	1	2	1	2	6
		0.00%	1.52%	1.48%	2.27%	12.50%	1.99%
	Not Participated	0	7	10	4	3	24
		0.00%	10.61%	7.41%	9.09%	18.75%	7.97%
Total	40	66	135	44	16	301	
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	

The following is a comparison of the validation status of SORs.



*Status is defined as follows:

Conformant: SORs that have successfully completed an assessment against the applicable RMAP standard or an equivalent cross-recognized assessment (e.g., the LMBA's Responsible Sourcing Programme or the RJC's Chain of Custody Certification Program).

Active: SORs that have committed to undergo an RMAP assessment or have not yet completed the certification due to the pandemic (especially for Cobalt SORs).

Not Participated: SORs that have no plans to participate in an RMAP assessment, but ZTE is assisting them with targeted outreach.

Based on the information collected, the countries of origin of conflict minerals in the supply chain of ZTE may include the following.

- *The countries of origin for Tantalum may include: Brazil, China, Estonia, Germany, India, Japan, Kazakhstan, the Republic of North Macedonia, Mexico, Russia, Thailand, and the United States.*
- *The countries of origin for Tin may include: Belgium, Bolivia, Brazil, China, India, Indonesia, Japan, Malaysia, Myanmar, Peru, the Philippines, Poland, Spain, China's Taiwan region, Thailand, the United States, and Vietnam.*
- *The countries of origin for Gold may include: Andorra, Australia, Austria, Belgium, Brazil, Canada, Chile, China, Czechia, France, Germany, India, Indonesia, Italy, Japan, Kazakhstan, Korea, Kyrgyzstan, Lithuania, Malaysia, Mexico, the Netherlands, New Zealand, the Philippines, Poland, Russia, Saudi Arabia, Singapore, South Africa, Spain, Sweden, Switzerland, China's Taiwan region, Thailand, Turkey, United Arab Emirates, the United States, and Uzbekistan.*
- *The countries of origin for Tungsten may include: Austria, Brazil, China, Germany, Japan, Korea, the Philippines, Russia, China's Taiwan region, the United States, and Vietnam.*
- *The countries of origin for Cobalt may include: Belgium, China, and Finland.*

Inherent Limitations of Due Diligence Measures

As a downstream purchaser of conflict minerals, our due diligence measures can provide reasonable rather than absolute assurance regarding the source and chain of custody of the necessary conflict minerals. Since we are not in direct contractual relationships with SORs, we rely on our direct suppliers to gather and provide specific information. In addition, we depend, to a large extent, on the information collected and provided by independent third-party audit programs. Such sources may lead to inaccurate or incomplete information and may even involve fraud.

Win-Win Cooperation

Conflict minerals involve complex issues which need to be addressed through industry-wide efforts, and therefore ZTE works with industry peers and partners for win-win cooperation.

ZTE has been making every effort in improving its conflict minerals management over the past few years and has been invited by GeSI to join the RMI Steering Committee as a member. As one of the most utilized and respected resources for minerals due diligence in supply chains, the RMI operates and manages the RMAP. Joining the RMI Steering Committee, ZTE has gained new insights into the current critical conflict minerals issues around the globe. In addition, ZTE is able to have extensive exchanges with other members, learning and sharing practices for improving conflict minerals management. In 2022, ZTE actively participated in RMI's regular online

meetings to keep abreast of the global hot topics and policies regarding conflict minerals. Based on the discussion results of the RMI meetings, ZTE adjusts its management policies on the mineral supply chain in a timely manner to strengthen its management of responsible minerals due diligence.

In 2021, ZTE began working with RCS Global, a supply chain audit and advisory firm, to conduct independent due diligence audits on ZTE's supply chain. In the same year, ZTE successfully completed audits on its whole cobalt supply chain, including battery suppliers, cathode material suppliers, and refiners.

These audits assessed the risks related to any human rights abuses in the cobalt supply chain in accordance with the OECD's 5-step framework. Additionally, ZTE successfully identified the country of origin of the cobalt-containing materials in the supply chain, which is the Democratic Republic of the Congo (DRC). After the audits, ZTE kept constant communication with each supplier and tracked the rectification of its problems in accordance with the Corrective Action Plan (CAP). In 2022, ZTE continued to work with RCS Global to conduct due diligence audits on upstream suppliers, including audits of both cobalt smelters and cobalt mine sites located in the DRC. Tracking the cobalt supply chain for two years, ZTE has completed audits on suppliers in all links of the entire cobalt supply chain. As all the audited suppliers are in the same cobalt supply chain, the audit results are consistent and persuasive. At the same time, we have also completed the cobalt supply chain map.

Our audits from 2021 to 2022 have been fruitful. ZTE audited and verified a complete cobalt supply chain from battery suppliers to mine sites, and validated that the country of origin of cobalt in the supply chain is the DRC. Furthermore, through the multi-tier supply chain mapping from battery suppliers to mine sites, we have also developed an overall picture of the responsible sourcing performance and criteria of suppliers at different tiers. In the next step, we will further encourage suppliers to demonstrate their performance improvements regarding due diligence management, responsible sourcing, and responsible production of cobalt materials.

In 2022, the international community extended the requirements for responsible supply chain management to critical minerals in renewable energy, such as cobalt, lithium, nickel, copper, manganese, mica, and graphite. As a result, the Responsible Critical Mineral Initiative (RCI)—formerly known as Responsible Cobalt Initiative (RCI)—was established by the CCCMC. ZTE actively responded to the initiative and joined as a member. Meanwhile, ZTE has been partnering with companies in the supply chain of critical minerals for new energy batteries to mitigate and resolve challenges in due diligence management, and ensure the security, stability, and predictability of the supply chain. Together, we aim to bring benefits to our society and environment. After joining the initiative, ZTE's core conflict minerals management team has maintained close and in-depth communication with the RCI secretariat. We have exchanged our insights into new critical minerals such as cobalt and

mica, and discussed future cooperation trends.

In 2022, ZTE actively responded to the Responsible Battery Initiative (RBI) and participated in the RBI initiating meeting as one of the initiators, contributing to the promotion of work related to RBI. RBI is a non-profit cooperation mechanism voluntarily initiated by enterprises in the supply chain, industry associations, and relevant organs of critical minerals for renewable energy batteries (including but not limited to cobalt, lithium, nickel, copper, manganese, mica, and graphite). It is established based on RCI's successful experience over the recent six years. The purpose of this meeting is to promote the collaboration of enterprises in the supply chain of renewable energy batteries in identifying, preventing, and mitigating ESG risks directly or indirectly related to the supply chain with a systematic approach. ZTE will give full play to its industrial influence as a leading player and make joint efforts with the RBI to enhance the capability of due diligence management in the supply chain, further improve the standardized management of the mining industry, promote effective communication of stakeholders, and thus build a responsible, green, and sustainable supply chain of renewable energy batteries.

In 2022, ZTE attended the symposium held by the CCCMC themed "Proposal for a Directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and Amending Directive (EU) 2019/1937". In the symposium, ZTE gained a further understanding of the Directive's requirements for the sustainable development of enterprises and due diligence of the supply chain, and subsequently reviewed and improved its internal management system. In addition, ZTE attended the 15th OECD Forum on Responsible Mineral Supply Chains organized by the CCCMC, where ZTE learned about outstanding practices and cutting-edge knowledge of mineral supply chain management. Through the activities organized by the CCCMC, ZTE has been expanding its knowledge about the RMI's audit process of identifying upstream enterprises in the mineral supply chain, and the implementation and applicability of the EU Conflict Minerals Regulation. With a deeper understanding of EU regulations on conflict minerals, ZTE will keep tracking the issues related to conflict minerals management.

In addition, ZTE held a three-day training session titled ZTE 2022 Supplier Training Camp. Attracting 110 representatives from 82 suppliers, this training aimed to help suppliers understand requirements for conflict minerals and environmental protection. Through effective lecturing, the partners gained a full understanding of the background of conflict minerals, and the requirements of relevant international regulations, NGOs, and rating agencies. In addition, the training familiarized suppliers with the matters that require their cooperation, including signing the *Declaration of Metal Conflict-Free*, completing the questionnaire on conflict minerals, and tracing the SORs of 3TG. In this way, suppliers can better assist ZTE in conflict minerals due diligence and build their own conflict minerals management systems in the

future.



ZTE 2022 Supplier Training Camp

In the third quarter of 2022, ZTE arranged a one-day online training on environmental protection for its suppliers, covering a total of 282 representatives from over 200 suppliers. We invited an expert from Ernst & Young as the lecturer, who gave a training session on conflict minerals management. During the session, the expert introduced the background of ZTE's conflict minerals management, supplier due diligence procedures, the *Conflict Minerals Due Diligence Questionnaire*, the review list for suppliers about conflict minerals, and subsequent corrective measures and penalties. Through the training, suppliers can better understand the significance of ZTE's conflict minerals due diligence and respond to ZTE's requirements for conflict mineral supplier due diligence in a more targeted and efficient manner.

Working with industry peers and partners, ZTE will continue to promote responsible mineral supply chains, keep abreast of global developments in conflict minerals, and further contribute to human rights protection.

Future Plans

ZTE will take the following steps to improve the due diligence procedures and mitigate the risks of human rights violations committed by the armed groups benefiting from our use of conflict minerals:

Short-Term Objectives:

1. Integrate minerals management in internal and external IT platforms to increase our efficiency and management effectiveness in this regard;

2. Expand the scope of conflict minerals management, strengthen the building of on-site task forces, and improve the accuracy and credibility of on-site audits and inspections;
3. Provide training for the auditors and inspectors of on-site task forces to enhance their efficiency and capabilities;
4. Design and provide more training programs for suppliers to raise their awareness and enhance their capabilities of conflict minerals management;
5. Actively cooperate with suppliers to improve partnerships and mitigate potential risks related to conflict minerals; attend more international conventions on conflict minerals to improve our influence in the industry and contribute to the conflict minerals management of more international organizations;
6. Continuously improve our capabilities of conflict minerals management to meet customer requirements and excel in the industry;
7. Collect the CMRT/EMRT from suppliers and maintain a 100% response rate;
8. Ensure that all qualified suppliers sign the *Declaration of Metal Conflict-Free*;
9. Verify suppliers' due diligence and make the verification a part of the overall supplier assessments.

Mid-Term and Long-Term Objectives:

1. Actively cooperate with the upstream suppliers and SORs, provide support for suppliers to obtain third-party certifications, and participate in industry initiatives related to conflict minerals;
2. By 2025, more than 95% of 3TG SORs shall pass the independent third-party certification such as the RMAP;
3. By 2025, at least 80% of cobalt SORs shall pass the independent third-party certification such as the RMAP;
4. Collaborate with suppliers, stakeholders, and industry peers to further improve awareness and due diligence capabilities related to conflict minerals;
5. Establish and strengthen the management structure based on the international requirements and standards for ESG rating;
6. Ensure steady improvements on conflict mineral management internally and externally;
7. Expand the audit scope to more types of critical minerals from

downstream and upstream suppliers, draw a more comprehensive supply chain map, and improve the transparency of the supply chain risks of both cobalt and other minerals.