

ZTE Corporation
Conflict Minerals Report 2023

March 2024

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Introduction

Founded in 1985, ZTE Corporation ("ZTE") is a global leading provider of integrated communications and 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, cobalt, and mica) 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 the official website for [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 2023* 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 fifth report.

This report covers activities related to conflict minerals from January 1, 2023 to December 31, 2023.

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

Reasonable Country of Origin Inquiry (RCOI)

Through material content analysis, it is found that small quantities of the six minerals (3TG, Co, and mica) 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 SOR 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 2023" 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:

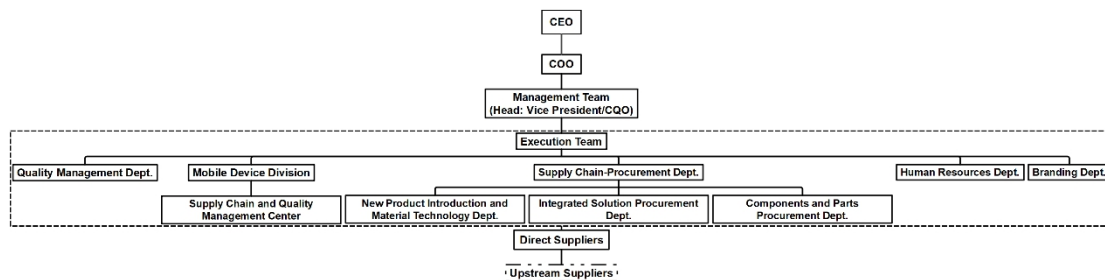
https://www.zte.com.cn/content/dam/zte-site/res-www-zte-com-cn/mediarres/zte/files/pdf/white_book/202304111532.pdf?la=zh-CN

To facilitate the implementation of the *Policy on Conflict Minerals Management*, we have also formulated the *Regulations on Conflict Minerals Management*. It specifies the roles and responsibilities of the management and relevant departments of the company, and outlines the requirements for suppliers on the sourcing of conflict minerals and the due diligence procedures. In addition, we have issued three guides to conflict minerals investigation, conflict minerals-related risk management for suppliers, and third-party audits respectively. These regulations and guides will be regularly revised and updated at least every two years, covering position names, responsibilities, and management processes.

In 2023, we included mica in supplier due diligence, and traced the origin of mica used by suppliers. Also, we planned to add descriptions about due diligence on mica to the regulations and guides in 2024, and continuously improve the management regulations on mica.

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 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 submitting CMRT or EMRT every year, and participating in related training and due diligence activities as needed.

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.html>

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/mica) 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 2023, we further improved the computing procedures and enabled the function of automatic data summarization, further enhancing the accuracy of assessment and the efficiency of summarization. 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 respective 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 the RMI Steering Committee, 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 2023, ZTE conducted conflict minerals training and audits on 17 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/exhibition/csrreport_23.html

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 2023

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

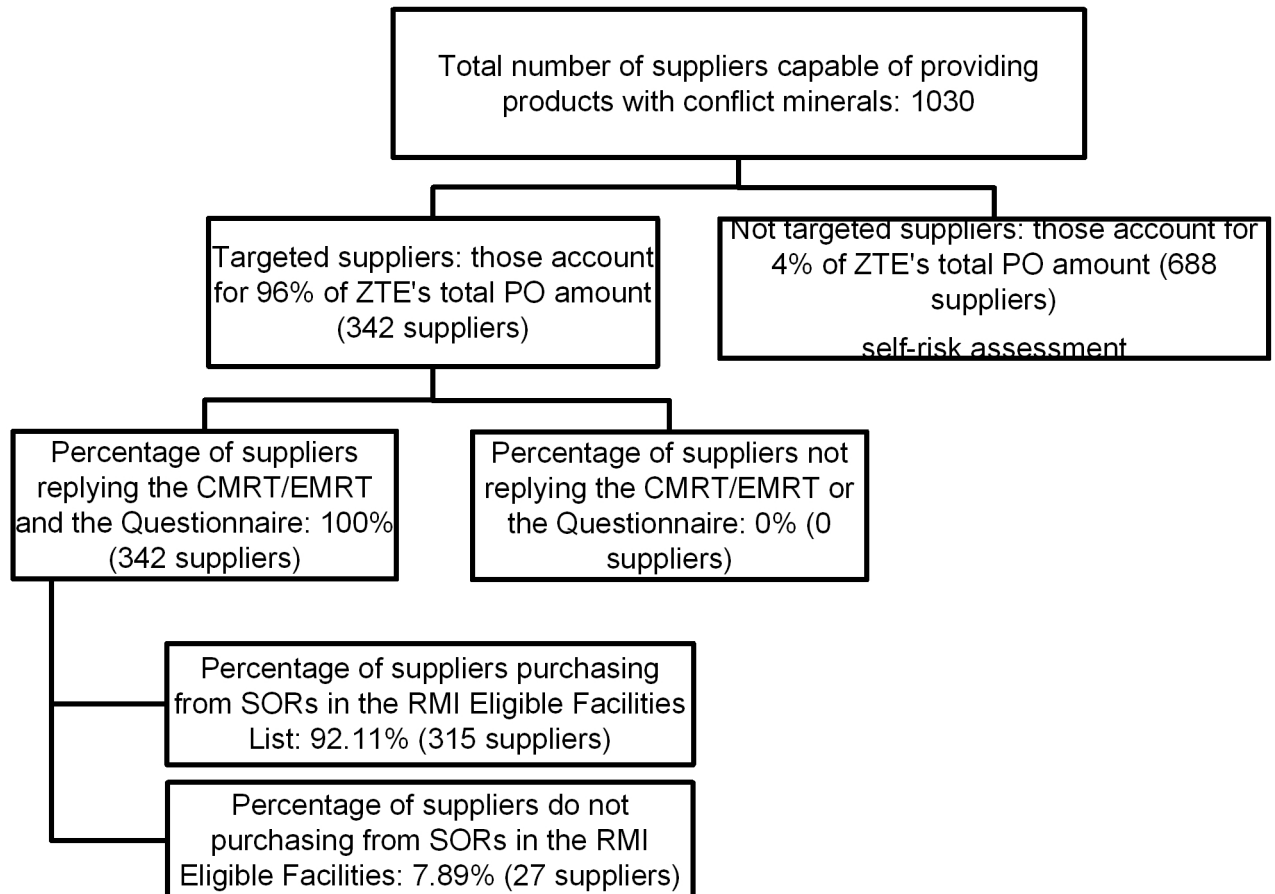
not in product manufacturing or design were not included in the scope.

In 2023, ZTE identified all suppliers, 1030 of them in total, that provide production materials containing conflict minerals, and conducted due diligence through the CMRT/EMRT or supplier self-assessment form. We set a threshold to identify suppliers that account for 96% of ZTE's total PO amount. 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 342 suppliers filled out the CMRT/EMRT.

Key Statistics:

- The supplier response rate is 100% (342/342).
- A total of 434 SORs were identified in the supply chain. 423 of them were on the RMI Eligible Facilities List, and we directly contacted the other 11 to get related information.
- Among the 434 SORs, 275 were in one of the following statuses: passed the RMAP assessment, passed the pre-assessment, under assessment, or corrective action plan being taken.
- Among the 342 suppliers being investigated, 315 suppliers purchased conflict minerals from SORs on the RMI Eligible Facilities List. (We contacted the other 27 suppliers to confirm the situation and urged them to end cooperation with the SORs not on the RMI Eligible Facilities List).
- We identified 89 high-risk suppliers, and conducted special audits on 17 of them. For the other 72 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 235 audits on all risky suppliers, including 17 special audits on high-risk suppliers and 218 integrated audits on other suppliers.
- 61 suppliers 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 10, 2023.



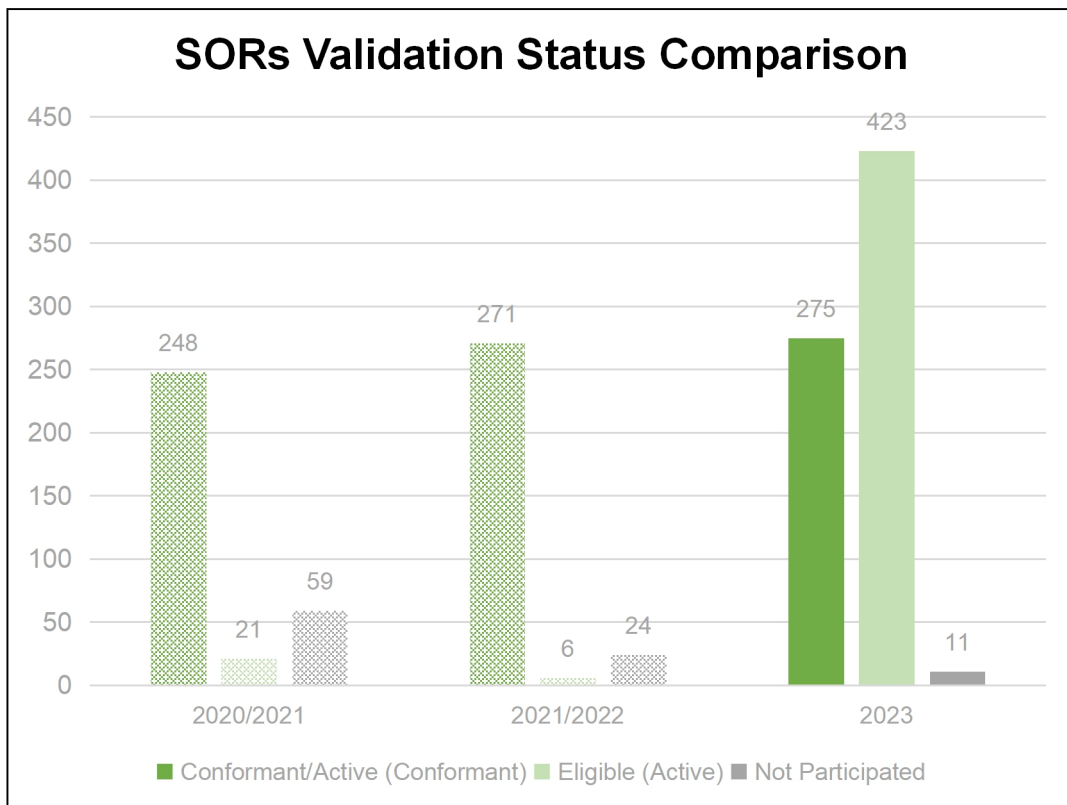
Based on due diligence,

- 93.57% of direct suppliers have conducted due diligence on their upstream suppliers (320/342);
- 97.66% of direct suppliers have formulated a Conflict-Free Minerals Policy (334/342);
- 92.11% of direct suppliers purchased necessary conflict minerals from SORs on the RMI Eligible Facilities List (315/342): gold 98.84% (170/172), tantalum 94.74% (36/38), tin 96.51% (83/86), tungsten 92.00% (46/50), cobalt 100% (72/72), and mica 100% (16/16).

Details of RCOI in 2023

		Conflict Minerals						
		Tantalum	Tin	Gold	Tungsten	Cobalt	Mica	Total
Status of SOR	Conformant/ Active	34	63	98	33	44	3	275
		89.47%	73.26%	56.98%	66.00%	61.11%	18.75%	63.36%
	Not Participated	4	23	74	17	28	13	148
		10.53%	26.74%	43.02%	34.00%	38.89%	81.25%	34.10%
	Total	38	86	172	50	72	16	434
		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	RMI Eligible Facilities List	36	83	170	46	72	16	423
		94.74%	96.51%	98.84%	92.00%	100.00%	100.00%	97.47%
	Non-RMI Eligible Facilities List	2	3	2	4	0	0	11
5.26%		3.49%	1.16%	8.00%	0.00%	0.00%	2.53%	
Total	38	86	172	50	72	16	434	
	100.00%	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/Active: Since 2023, it has represented SORs on the RMI Active and Conformant Facilities List. (Before 2023, it represented SORs that passed RMAP assessment or similar certification, for example, the LMBA's Responsible Sourcing Programme or the RJC Chain of Custody Certification.)

Eligible: Since 2023, it has represented SORs on the RMI Eligible Facilities List. (Before 2023, it represented SORs that committed to undergo the RMAP assessment.)

Not Participated: Since 2023, it has represented SORs that are not on the RMI Eligible Facilities List, but ZTE is assisting them with targeted outreach. (Before 2023, it represented SORs that had no plan to participate in the RMAP assessment.)

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

- *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.*
- *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.*
- *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.

- *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.*
- *Countries of origin for Cobalt may include: Belgium, China, and Finland.*
- *Countries of origin for mica may include: Japan, India, the United States, Russia, Brazil, Canada, and China.*

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

As conflict minerals involve complex issues that need to be addressed through industry-wide efforts, ZTE proactively works with industry peers and partners for win-win cooperation.

- **Closer Collaboration with RMI**

ZTE has been striving to improve its conflict minerals management over the past years and has been invited by GeSI to work with the RMI Steering Committee on its behalf. 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 enterprises, and share perspectives on issues related to the global mineral supply chain based on its practices. In 2023, ZTE actively participated in RMI's regular online meetings and thematic exchange 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.

- **Joining RCI**

In recent years, it has been a major trend in the international community to expand the scope of responsible management of mineral supply chain. Particularly, critical minerals for clean energy are gradually being included in the scope of management, like cobalt, lithium, nickel, copper, manganese, mica, and graphite. ZTE actively responded to industry demands and joined the Responsible Critical Mineral Initiative (RCI) founded by the China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters (CCCMC), an authoritative organization in the Chinese mineral supply chain field. From March 7 to 8, 2023, the 2023 RCI Membership Meeting was held in Kunming, China. During this meeting, members analyzed the trends and challenges in responsible management of the supply chain of critical minerals for clean energy in recent years. Representatives of ZTE and other companies discussed in groups the pain points of the mineral supply chain and corresponding solutions. In addition, ZTE participated in the signing of the *Joint Action Initiative for the High-Quality Development of Critical Mineral Supply Chains*, committed to contributing to a responsible, resilient, and sustainable critical mineral supply chain.



Figure 1 ZTE Joining RCI

➤ Thematic Exchange Meeting with CCCMC

On March 30, 2023, leaders and experts from CCCMC visited ZTE and participated in a one-day thematic exchange meeting on the mineral supply chain with ZTE's conflict minerals project team. First, both sides introduced and discussed their main work in detail, such as the responsible management of the mineral supply chain, background of the establishment of RCI, and the main fields RCI and ZTE are committed to. Then they had in-depth exchanges on pain points of mineral supply chain management, including critical minerals

traceability, and training for the upstream portions of supply chains. RCI experts provided valuable suggestions on addressing ZTE's pain points. Lastly, both sides discussed future cooperation in mineral supply chain management.



Figure 2 CCCMC Leaders Visiting ZTE

➤ Participation in International Forum and Delivery of Speeches

From September 20 to 22, 2023, the International Forum on Sustainable Mineral Supply Chains hosted by CCCMC and undertaken by RCI was held in Chengdu, China. During the forum, ZTE actively shared its insights, experience, and new practices with industry partners. The company's conflict minerals project team, together with upstream and downstream stakeholders, discussed the challenges and opportunities brought by ESG trends in mining and the compliance management of mineral supply chains. In addition, in the seminar entitled "Mining Industry and Human Rights Protection - Implementing the UN Guiding Principles on Business and Human Rights", Mr. Xu Ke, Director of ZTE's Conflict Minerals Project, delivered a keynote speech called "Toward A Sustainable Future: ZTE's Practices in Responsible Procurement for Human Rights". This speech focused on ZTE's responsible procurement practices and future work plans. All those efforts of ZTE were highly recognized by the participants in the forum.



Figure 3 Director Xu Ke Delivering Keynote Speech at Forum

➤ Targeted Training for Suppliers

To improve the management of conflict minerals in supply chain, ZTE actively promoted training for upstream enterprises. In May 2023, ZTE held the 2023 Supplier Training Camp for nearly 190 partners and 100 suppliers of telecom product and mobile device production materials. The training lasted for three days, covering requirements related to conflict minerals and environmental protection. With a special focus on conflict minerals, this training helped partners fully understand the background information on conflict minerals, relevant international laws and regulations, as well as requirements of related NGOs and external rating agencies. Also, this training helped suppliers understand the matters that need their cooperation, including signing the *Conflict-Free Minerals Commitment*, completing the conflict minerals questionnaire, and tracing the sources (smelters) of 3TG, to better assist ZTE in completing due diligence on conflict minerals and establish their own conflict minerals management system in the future.



Figure 4 2023 ZTE Supplier Training Camp

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 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 work 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 of production materials sign the *Declaration of Metal Conflict-Free*;
9. Verify the results of ZTE's due diligence on suppliers and make the verification a part of the overall supplier assessments.

Mid-Term and Long-Term Objectives:

1. Actively partner 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 include 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.