



「 2023 Sustainability Report 」

ZTE

Contents

Opening	03
About This Report	03
Message from the CEO	04
Message from the COO	05

Igniting Innovation with Solid Foundation for Shared Success in Digital Economy

Empowering Industries Through Innovation and Driving the Digital Economy	51
Staying Open and Transparent to Win Customers' Trust	62
Promoting Green Development to Tackle Climate Change	72
Upholding Win-Win Collaboration to Grow with Partners	84
Shouldering CSR to Contribute to the Global Community	92

ZTE in 2023	06
About ZTE	07
Highlights in 2023	08
Honors and Achievements	09

Appendix

Statement of the Board of Directors	97
Third Party Assurance Report	98
2023 Sustainability Performance	100
GRI 2021 Index	106
ESG Reporting Guidelines Index of the Hong Kong Stock Exchange	113

Sustainability Strategy and Management

Sustainability Strategy and Governance	12
Materiality Analysis	14
Goals and Progress in 2023	15
Stakeholder Communication and Engagement	18

Making Steady Progress and Pursuing High-Quality Growth

Strengthening Governance and Preventing Emerging Risks	21
Adhering to Compliance in Operations for Steady Business Growth	26
Remaining Human-Centric and Supporting Employee Development	37

About This Report

The sustainability report is issued annually by ZTE Corporation. Adhering to the principle of "Materiality, Quantification, Balance, and Consistency", the report discloses the philosophies, 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, 2023, to December 31, 2023. For any inconsistency, it will be explained in the specific content.

For 16 consecutive years since 2009, ZTE has annually released sustainability reports/Corporate Social Responsibility (CSR) reports.

Reporting Basis and Principles

This report is prepared in accordance with the following standards and requirements.

- Appendix C2 *Environmental, Social and Governance Reporting Guide (ESG Guide)* in the *Main Board Listing Rules* issued by the Hong Kong Stock Exchange;
- Shenzhen Stock Exchange's *Self-Regulatory Guidelines for Listed Companies No. 1 - Standardized Operation of Listed Companies on the Main Board*;
- Global Reporting Initiative (GRI) Standards of the Global Sustainability Standards Board (GSSB);
- Sustainable Development Goals (SDGs) of the United Nations;
- Ten Principles of the United Nations Global Compact;
- ISO 26000: Guidance on Social Responsibility.

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

Scope and Boundaries

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

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

Definition of Terms

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

Unless otherwise specified, the terms used in this report have the same meanings as those defined in the company's Annual Report 2023.

Data Source and Reliability Statement

All data used in the report comes from ZTE Corporation and its subsidiaries. The Board of Directors of the company is responsible for the truthfulness, accuracy, and integrity of this report.

Confirmation and Approval

This report has been approved by the Board of Directors for release.

Access to This Report

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

For any feedback on the report, please send an email to esg@zte.com.cn.

Message from the CEO



Xu Ziyang

Executive Director and CEO of ZTE Corporation

In 2023, the global landscape was still full of complexities. ZTE, adhering to the philosophy of "Simplicity and Agility", focused on efficiency, growth, and sustainability, and advanced with solid and robust steps. The year 2023 was crucial for ZTE's digital and intelligent transformation. Despite the enormous challenges, we have seen promising opportunities. It has become a global consensus that digital and intelligent transformation is bound to play a pivotal role in facilitating global development. Just as electricity reshaped society in the 20th century, digital and intelligent technologies will inspire greater revolutions and lead us to an even better future.

Digital and intelligent transformation is a key driving force for industrial revolution and social advancement. Based on its stronger underlying capabilities, ZTE develops innovative applications powered by AI, big data, and IoT, which have been widely available in such fields as smart city, transportation, healthcare, education, and energy. We provide more intelligent, customer-friendly, and efficient solutions for enterprises, industries, and cities, especially in the sectors of urban environmental management, urban safety, social benefits, and green development. Specifically, we tailor smart solutions to government affairs, security, and environmental protection, aiming to improve public services and urban environment, and create a better life for everyone.

Digital and intelligent transformation is an important means to achieve social fairness and justice, as it can help close the digital divide and promote equal opportunities. In this regard, ZTE has been engaged in building high-performance "superb networks" in over 100 countries and regions. With the efficient and green digital infrastructure, ZTE aims to provide connectivity for people regardless of race, region, and gender, unlocking a brighter future for the global community.

To this end, we build stronger core competence in the fields with certainty. We are seeking stability in changes and consensus in divergence—the phygital convergence, rapid pace of intelligence, trust enhanced with simplicity, and efforts for a green future. Focusing on value creation, we promote innovation in chipsets and architecture, tailor solutions to scenarios, and deepen collaborations with industry partners. On this basis, ZTE pushes forward the evolution of 5G-A, all-optical network, computing power, energy, and terminal technologies. We further improve the efficiency of AI training and inference while cutting the TCO. In doing so, we aim to build efficient, low-carbon, and intelligent digital infrastructure, enabling connectivity and computing power everywhere, and achieving green-native development and "intelligence for all".

In the fields with uncertainty, we adapt to and embrace changes with stronger perception, adaptability, and imagination. Our composable R&D architecture guarantees quick assembly, and therefore speeds up capability sharing, scenario-based design, and agile iteration. In this way, cost-effective digital solutions are delivered on demand, to improve production efficiency and shorten the transaction cycle.

Looking ahead to the future, ZTE will continue to uphold the "Human-Centric and Tech for Good" philosophy, and constantly explore new fields, applications, and value of digital and intelligent transformation. Together with global customers, partners, investors, and people from all walks of life, we will build a digital and intelligent ecosystem, making efforts and contributions to promote industrial revolution, accelerate social development, and enhance the well-being of all humanity. As a driver of digital economy, ZTE is committed to collaboration and openness for win-win, fulfilling CSR and creating value for customers, partners, and industries.

Let's work together to enable connectivity and trust everywhere.



Message from the COO



Xie Junshi

Executive Vice President and Chief Operating
Officer of ZTE Corporation

The year 2023 was crucial for the economy and society to move towards greener and more coordinated high-quality development. Sustainable development and ESG have become a global consensus and important driving force for the transformation of global economy. In this regard, ZTE incorporates sustainability and ESG into corporate operations and governance, sticks to the philosophy of "Tech for Good", and takes on the responsibility and role of a leading ICT player, to bridge the digital divide and enable connectivity and trust everywhere.

[In 2023, ZTE maintained strategic determination, and kept consolidating the three cornerstones of compliance, internal control, and talent.](#)

In terms of compliance, the company is committed to building "a best-in-class compliance system that enables intuitive, effortless compliance", and improving the system through digitalization. Steady progress has been made in export control and data compliance, and more privacy certifications have been granted to our telecom and terminal products. Furthermore, we have actively shared our best practices and experience in compliance with global partners, promoting mutual progress in compliant operations across the industry.

With regard to internal control, upholding a "zero tolerance" attitude towards corruption and bribery, ZTE has further strengthened the three lines of defense, and fostered a culture of integrity. By eliminating loopholes, optimizing processes, and improving management, we have established a long-term mechanism where employees "dare not, cannot, and would not" commit any violations, nipping corruption in the bud and safeguarding the company's sound development.

As for talent, the company is dedicated to growing together with employees. With comprehensive career development and capability center systems, various forms of talent training programs and personalized training plans have been carried out for employees. In addition, great importance is attached to learning process management, practice-based learning, and effectiveness evaluation. By doing so, employees' motivation and creativity have been greatly strengthened. As indicated by the results of employee engagement survey in 2023, employees' sense of belonging and recognition has been further enhanced.

[In 2023, adhering to "Tech for Good", ZTE made great efforts to build a digital and smart society.](#)

The company has continuously explored key scenarios of digital life to create new value, enhancing people's sense of happiness. Effective solutions have been tailored to promote the digital transformation of verticals. We have guaranteed operational security for specific industries by leveraging information technologies, and helped improve public management based on big data. In addition, new technologies are applied to address pain points in daily life and industry development, giving rise to new productive forces and gathering new momentum for high-quality development. Every year, the company makes investment in building ICT infrastructure in the Least Developed Countries (LDCs), Landlocked Developing Countries (LLDCs), and Small Island Developing States (SIDS), striving to close the global digital divide.

ZTE always regards security as its top priority in product R&D and delivery. The launch of the Cybersecurity Lab in Düsseldorf, Germany has further improved our global product security testing system. The management of hazardous substances in products fully complies with the latest global regulations. What's also worth mentioning, customer satisfaction with aftersales services has reached 99.89% and 99.79% in China and abroad respectively. With the secure and trustworthy products and services provided by ZTE, users around the world are able to enjoy reliable connectivity and digital life.

The company pays close attention to global climate change, and continuously promotes green operations. It leverages its core ICT capabilities to assist the industry in green development. In May 2023, the company announced its participation in the Science Based Targets initiative (SBTi). And our green efforts have been ever strengthened. For example, we have enabled wider use of PV power based on a self-built integrated energy storage system, and increased the installed PV capacity by 22 MW. We have sustained close collaboration with global partners in 5G-powered green practices, and built a green supply chain together. Last year, ZTE won the award of National Green Supply Chain Management Enterprise from China's Ministry of Industry and Information Technology, and was included on CDP's A List.

For ZTE, supplier capability building is key to supply chain resilience and product quality, and collaboration with partners is indispensable for sustainable development. Last year, the company released the SPIRE 2.0 strategy to boost resilience, and enhanced responsible minerals management by conducting a survey on all the 1,030 suppliers involved in the procurement of conflict minerals. Furthermore, we participated in UN Women's training program with tier 1 and tier 2 core suppliers, promoting capability enhancement of suppliers.

The company sticks to "Tech for Good" with various practices. ZTE Foundation keeps contributing to public welfare in such fields as education, healthcare, rural revitalization, and environmental protection. In 2023, the company upgraded its welfare strategy, shifting the focus from financial aid to companionship and personal improvement in child education. Our influence on green development was further extended through welfare activities. For example, the pilot project of forest management and carbon sequestration, which marked milestone progress of the "ZTE Ecosystem Conservation Fund", was successfully implemented at the Baihuahe Forest Farm in Heilongjiang province.

The year 2024 will witness faster convergence and evolution of energy and digital technologies. Large language models and generative AI will advance rapidly, and new business models are poised to emerge. Faced with the historic opportunities presented by such new economic landscape, ZTE is committed to its role as a driver of digital economy. Staying human-centric, innovation-driven, quality-focused, and collaboration-oriented, we will seek greater growth potentials and deepen digital transformation, to write a bright chapter in the digital era together.

ZTE in 2023



About ZTE

ZTE Corporation is a global leading provider of integrated information and communication technology solutions, bringing innovative technology and product solutions to global operators, enterprise customers, and consumers. Founded in 1985 and listed on both the Hong Kong and Shenzhen Stock Exchanges, the company provides services in more than 160 countries and regions. Serving over a quarter of the world's population, ZTE is committed to enabling connectivity and trust everywhere.

ZTE has complete, end-to-end products and integrated solutions in the ICT industry. With a full series of wireless, wired, computing power, digital energy, and terminal products, as well as professional communications services, ZTE can flexibly meet the differential demands of global operators and enterprise customers through rapid innovation. The digital economy is now in full swing, and it has become a key driving force for the sustained and stable growth of the global economy. As a world-leading provider of integrated ICT solutions, ZTE is committed to becoming a "Driver of Digital Economy" and promoting the digital transformation around the world with innovative technologies. ZTE keeps strengthening underlying capabilities and scaling up R&D investment to build stronger core competence. As of December 31, 2023, ZTE has filed about 89,500 global patent applications and accumulated around 45,000 granted patents over the years. In terms of chipsets, ZTE has filed nearly 5,000 patent applications and obtained over 2,000 granted patents. In addition, ZTE has won a total of 10 gold awards, 3 silver awards, and 38 excellence awards from the China Patent Awards and 31 awards from the Guangdong Patent Awards.

Adhering to sustainable development around the world, ZTE aims to achieve harmony among society, environment, and stakeholders. With communications technologies, the company strives to enable connectivity for people from every corner of the world. ZTE incorporates the concept of "innovation, convergence, and green" into the full product lifecycle and the whole business process covering R&D, production, logistics, and customer services, making unremitting efforts to reduce global energy consumption and carbon emissions. In addition, the company also conducts public welfare and relief activities to benefit global communities.

ZTE holds membership in the UN Global Compact and the Global Enabling Sustainability Initiative (GeSI), and is a key participant and a pioneer in the Partner2Connect Digital Coalition (P2C) initiated by the International Telecommunication Union (ITU). Since 2009, the company has been releasing sustainability reports/CSR reports to the public for 16 consecutive years. In July 2023, ZTE's A shares and H shares were included in the FTSE4Good Index Series for the eighth time, demonstrating the recognition of the international community for ZTE's ESG practices.



Provides services in more than

160 countries and regions

Serving the world's population

1/4

Has filed about

89,500

global patent applications

Accumulated around

45,000

global granted patents

Has won a total of awards from the China Patent Awards

10 gold awards

3 silver awards

38 excellence awards



Highlights in 2023

Environmental

- Signed the SBTi Commitment Letter in May 2023, becoming the first major communications equipment manufacturer in China to announce participation in the SBTi.
- Increased installed PV capacity by **22** MW, with a YoY growth of **700%**.
- Achieved a **9.7%** YoY decrease in absolute Greenhouse Gas (GHG) emissions (scope 1, 2, and 3) across the value chain.
- Achieved a **14.58%** YoY decrease in the physical intensity of GHG emissions during the use and maintenance phases of the company's sold telecom products.
- Conducted dual-carbon audits of over **150** suppliers.

Social

- The total number of employees reached **72,093** globally.
- Completed the survey of all the **1,030** suppliers involved in the procurement of conflict minerals; and **86.97%** of main suppliers and subcontractors passed onsite CSR audits.
- The total number of registered employee volunteers reached **10,754** and the annual public welfare investment exceeded CNY **26** million.

Governance

- The proportion of female directors in the Board of Directors reached **22.22%**.
- The proportion of independent non-executive directors in all professional committees reached **60%**.
- Secured the ISO 22301 certification for Business Continuity Management (BCM).
- Selected into the first release of S&P Global's *Sustainability Yearbook 2023 (China Edition)*.

Honors and Achievements



Member of the UN Global Compact



Recognized as one of the First P2C Champions by ITU



GeSI member



Selected into the first release of S&P Global's Sustainability Yearbook 2023 (China Edition)



Selected into the FTSE4Good Index Series for the eighth time



Received a score of 16.14 in Sustainability's ESG Risk Rating, with ESG risks further reduced



Both ZTE's A shares and H shares were selected as constituents of the Hang Seng Corporate Sustainability Index Series



Received an "AA" rating in Wind ESG Rating 2023



Received an A rating for leading climate action in CDP Climate Change 2023 Questionnaire



Won EcoVadis Silver Medal in 2023, further improving scores and rankings

Honors and Achievements



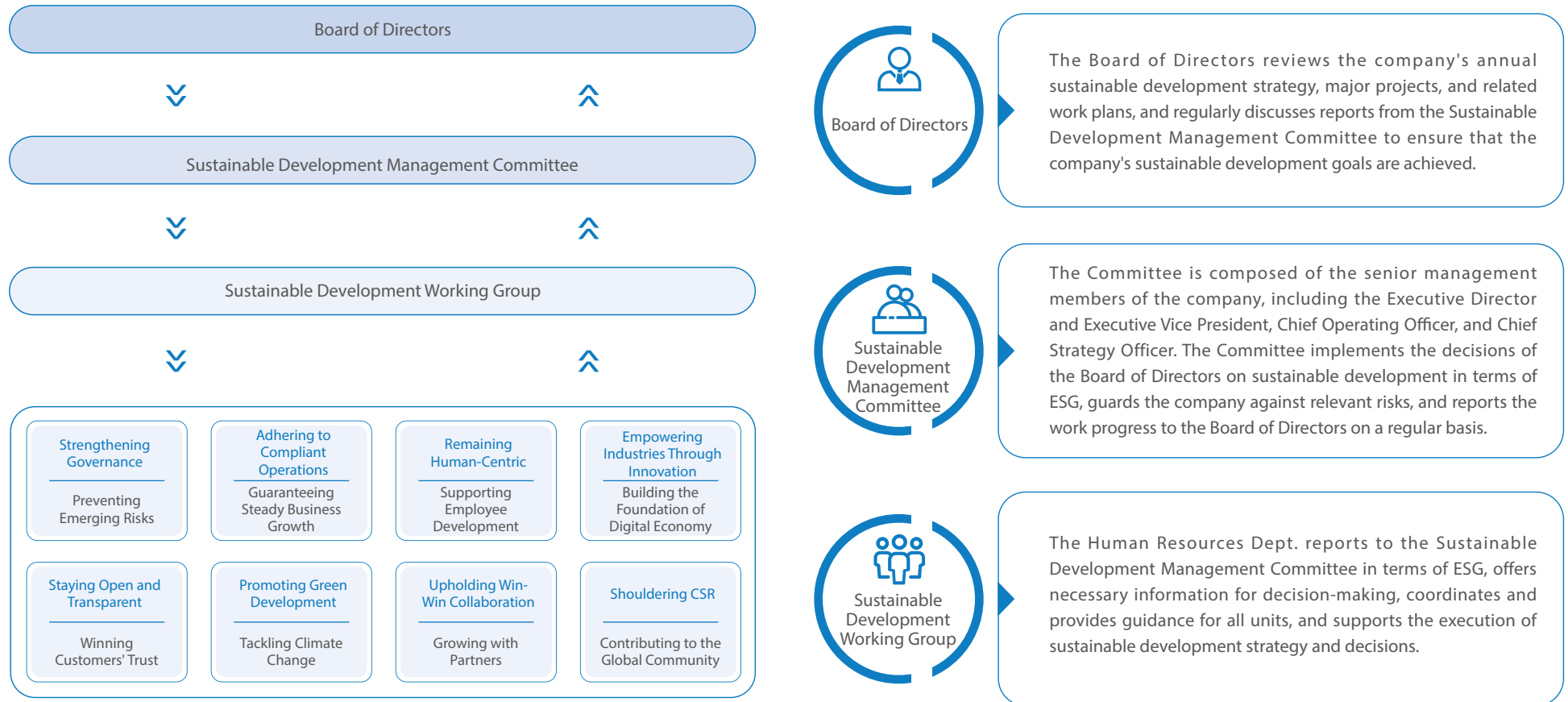
Field	Awarded in	Awarded by	Honor
 Environmental	June 2023	China Academy of Information and Communications Technology (CAICT)	Excellence Award of the first "New Green Cup" Innovation Competition for Empowering Carbon Peaking and Carbon Neutrality in the Information and Communications Industry
	November 2023	Ministry of Industry and Information Technology, China	National Green Supply Chain Management Enterprise
	December 2023	Ministry of Industry and Information Technology, China	National Green Factory for ZTE (Heyuan) Company Limited
 Social	January 2023	Association for Talent Development (ATD)	ATD Excellence in Practice Award for ZTE's "Reshaping Organizational Learning: From Position-Driven to Business-Driven" project
	March 2023	Chinese Society for Talent Development (CSTD)	Talent Development Beacon Program Award - Exemplary Enterprise Learning Design Beacon Program Award
	May 2023	China Metallurgical News	China Excellent Steel Technology and Service Provider (Organization) Brand 2023
	October 2023	Harvard Business Review	Dingge Award – Digital Transformation Pioneer List: Best Practice in Production of the Year for ZTE's innovative practices at ZTE Global 5G Intelligent Manufacturing Base
	October 2023	ATD	Outstanding Talent Development Team Award for ZTE Global Learning and Development Center
	November 2023	Telecom Review	Best Digital Outreach in Asia
	November 2023	LinkedIn	LinkedIn MostIn Awards - Global Talent Magnet Employer
	December 2023	China National Intellectual Property Administration (CNIPA)	China Patent Silver Award
 Governance	December 2023	People's Government of Guangdong Province, China	Guangdong Patent Gold Award Three Guangdong Patent Excellence Awards
	May 2023	Fortune	Fortune China ESG Impact List
	June 2023	Compliance Design	Cybersecurity Risk Compliance Award
	August 2023	Southern Weekly	Outstanding Responsible Enterprise of the Year
	September 2023	Alxa League Administrative Office, and Securities Times	Top 100 Chinese Listed Companies in ESG
	October 2023	UN Global Compact (UNGC)	ZTE's IPTV/OTT Big Video project in Turkey was selected into UNGC's <i>Private Sector Case Studies—On Advancing Corporate Sustainability Towards High Quality Belt and Road Cooperation to Facilitate the Implementation of the Sustainable Development Goals.</i>
	October 2023	China Media Group	Top 30 ESG Excellence Practices in China
	October 2023	BDO	Outstanding ESG Performance of H-Share Companies Award
	October 2023	Times Thinktank	Listed Company ESG Exemplary Enterprise Award
	November 2023	International Data Corporation (IDC)	2023 IDC China Sustainable Development Pioneer Case – Sustainable Social Impact
November 2023	Social Responsibility Conference	"Honor - 2023 Responsibility Gold Award" at the Sixth Social Responsibility Conference	

Sustainability Strategy and Management



Sustainability Strategy and Governance

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



Sustainability Management Structure of ZTE

ZTE is dedicated to promoting global sustainable development. Based on its vision, ZTE regards internal control, compliance, and talent as three cornerstones to strengthen its core competitiveness, and defines five strategic priorities for sustainable development based on industrial trends and the 17 UN SDGs.

Empowering Industries Through Innovation and Building the Foundation of Digital Economy

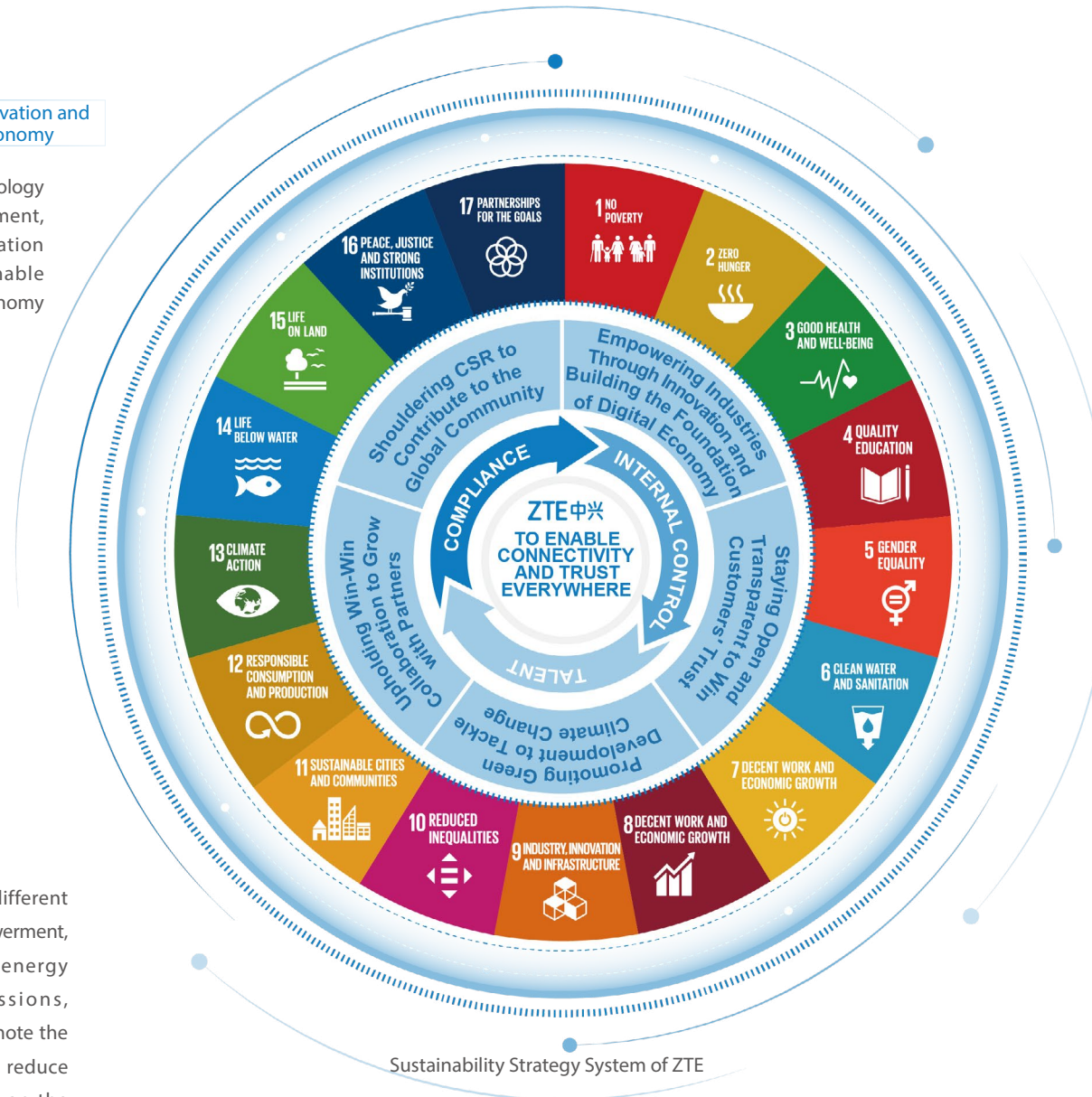
Give full play to our strengths in technology innovation and commercial deployment, to accelerate the digital transformation of industries and promote sustainable development of both society and economy through leading 5G technologies.

Staying Open and Transparent to Win Customers' Trust

Guarantee cybersecurity for customers' business with high-quality products, and promptly address customer demands with superior services.

Promoting Green Development to Tackle Climate Change

Enable the green development of different industries through technology empowerment, effectively control resource and energy consumption, cut carbon emissions, optimize waste management to promote the circular economy, and continuously reduce the impact of business operations on the environment.



Upholding Win-Win Collaboration to Grow with Partners

Establish strategic partnerships with suppliers, promote the sustainable development of partners across the value chain, and continuously support the capability development of partners.

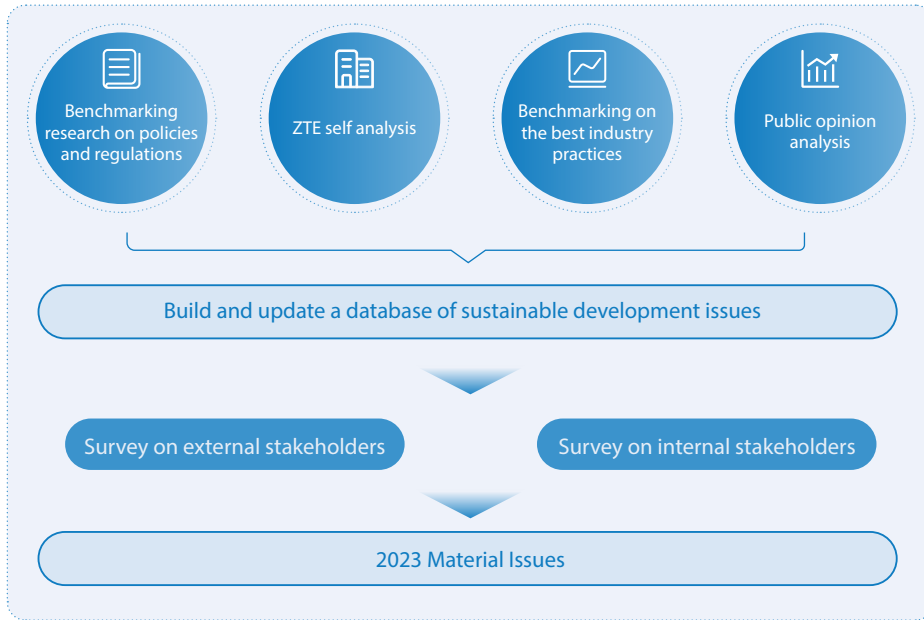
Shouldering CSR to Contribute to the Global Community

Engage in sustainable development of the global community, identify key issues, and contribute to the global community via technologies, capital, and volunteer services.

Materiality Analysis

Materiality Analysis Process

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

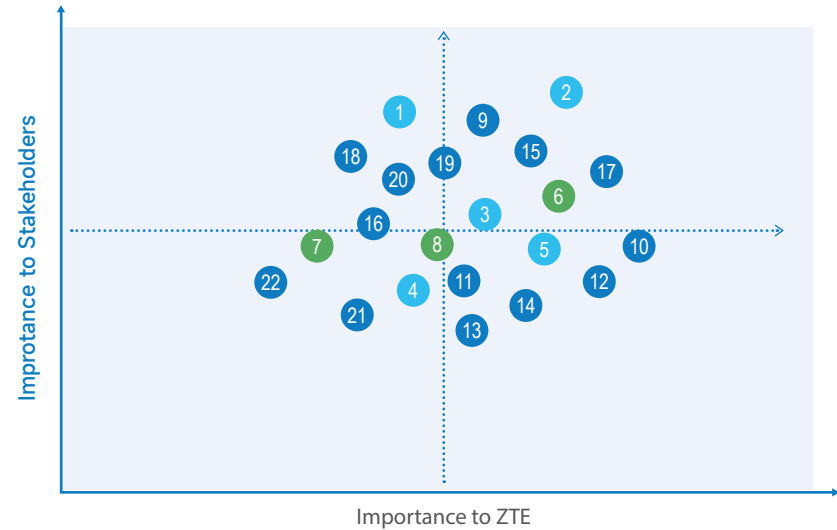


ZTE Materiality Analysis Process

In 2023, we comprehensively analyzed the concerns of external stakeholders through regular communication, industry associations, customer exchanges and reviews, seminars, etc. We also carried out internal employee sustainability assessment on material issues. With the results of internal and external analysis, the company ranked the annual key issues in order of importance. Based on communication and feedback from industry experts, ZTE identified a total of 22 key issues in 2023, and listed "tax transparency", "diversity, equality, and inclusion", and "BCM" separately to better and clearly address the concerns of internal and external stakeholders.

The progress made on material issues in 2023 will be described in subsequent chapters.







ZTE Material Issues Matrix















Category	Material Issues	
 Governance	1 Sustainability management structure 2 Business ethics 3 Internal control and risk management system	4 Tax transparency 5 Internal and external whistleblowing and whistleblower protection
	6 Dual-carbon strategy implementation and promotion 7 Waste/hazard management	8 Contribution to circular economy
	9 Technological innovation and IP protection 10 Labor rights protection 11 Diversity, equality, and inclusion 12 Employee health and safety 13 Employee training and capability building 14 Employee welfare and emergency relief 15 Cybersecurity and quality assurance	16 BCM 17 Privacy protection and data security 18 Industry empowerment and cooperation 19 Customer rights protection 20 Supplier social responsibility management 21 Responsible procurement 22 Public welfare
 Social		

ZTE Material Issues List

Goals and Progress in 2023





Field	Goal	Progress	Related UN SDG
 <p>Strengthening Governance and Preventing Emerging Risks</p>	<ul style="list-style-type: none"> Ensure that corporate governance meets the requirements of regulators and is compliant. Continuously improve business resilience and risk capacity: conduct systematic BCM in major R&D centers and manufacturing bases, empower core suppliers, strengthen risk prevention and early warning capabilities in 20 countries, and improve Business Continuity Plan (BCP) drills and the effectiveness. Further improve ESG performance: obtain higher scores and ratings from EcoVadis, reach the leadership level from CDP, and improve ratings from other international ESG assessment institutions. 	<ul style="list-style-type: none"> In accordance with regulatory requirements, established the Independent Directors' Meeting, which is under proper operation. Secured the ISO 22301 certification for BCM; obtained certification for ZTE Nanjing R&D Center (Jiangjunshan); Newly launched the BCM system in Chengdu R&D Center and Yanjiao R&D Center, covering the company's main manufacturing bases and R&D centers. Provided BCM training for 43 key suppliers, 15 of whom passed the ISO 22301 certification. Conducted risk map management on a regular basis, and collaborated with third parties in real-time risk monitoring in 20 key countries. Conducted 214 joint BCP drills in extreme scenarios such as natural disasters, ransomware, power outages, and war and turmoil to improve effectiveness. Received a higher score and won a silver medal from EcoVadis, ranking top 10% in the industry. Received an upgraded score of "A" from CDP. Received a score of 16.14 from Sustainalytics, demonstrating lower ESG risks. Received a higher score from S&P, and got selected into S&P Global's first release of the <i>Sustainability Yearbook (China Edition) 2023</i>. 	  
 <p>Adhering to Compliant Operations for Steady Business Growth</p>	<ul style="list-style-type: none"> Establish a best-in-class compliance system that enables intuitive, effortless compliance: build an adaptive, effective, and leading anti-bribery compliance management system with continuous optimization, and uphold a "zero tolerance" attitude towards corruption and bribery to ensure business sustainability; continuously improve the data compliance system, enhance the effectiveness, efficiency, and benefits of data compliance; and continue to improve digital export control, and effectively manage export compliance risks to guarantee steady business operations. 	<ul style="list-style-type: none"> More than 40,000 employees completed the compliance perception survey, among which 96.8% agreed that the company had invested sufficient resources in compliance. 100% of employees participated in compliance training. Passed the ISO 37001:2016 certification for anti-bribery management in 38 countries. Passed the annual review of ISO/IEC 27701:2019 certification for the privacy information management system of the company's terminal, 5G, core network, and digital technology product lines and human resources management. Developed the Privacy Compliance Review System (PCRS) for terminal products, with all functions of the system available; published the <i>2023-2024 Export Control Compliance Policy</i>, <i>2023-2024 Export Control Compliance Management Commitment Statement</i>, <i>Data Protection Compliance Commitment Letter</i>, and <i>Anti-Bribery Compliance Commitment Letter</i>, and guaranteed signature of these documents by all employees. Conducted strict investigations and punishment of employees that had committed violations, with 22 employees who had committed corruption and bribery investigated and punished in 2023. 	





Field	Goal	Progress	Related UN SDG
 <p>Remaining Human-Centric and Supporting Employee Development</p>	<ul style="list-style-type: none"> Continue to create a caring and inclusive environment, care for employee health, and support employee development: promote diversity and cross-cultural integration; and build a long-lasting and reliable Environment, Health, and Safety (EHS) management system. 	<ul style="list-style-type: none"> Provided employment support for people with disabilities in China (such as providing jobs at ZTE Changsha Base) and other countries, including Japan, France, Italy, South Africa, and Spain. Implemented the academic qualification improvement project, and provided 115 employees with the opportunity to receive continuing education. Organized the "We Love ZTE" summer camp and invited over 150 employees and their family members from 20 countries to the event, promoting cross-cultural integration. Passed third parties' review of the ISO 45001:2018 certification for Occupational Health and Safety Management System (OHSMS), which covers business in China and 29 other countries. Valued the mental health of employees, and provided mental health training for more than 6,000 employees, with over 200,000 views of the counseling and training contents. 	
 <p>Empowering Industries Through Innovation and Building the Foundation of Digital Economy</p>	<ul style="list-style-type: none"> Close the global digital divide: invest annually in ICT infrastructure construction in the LDCs, LLDCs, and SIDS. Strengthen IP management and maintain high R&D investment to guarantee a leading position in technology and patent. 	<ul style="list-style-type: none"> Participated in network infrastructure construction in Zambia, Bangladesh, South Sudan, Uganda, and other places to promote digitalization in the local regions. Ranked world No. 4 in the number of patent families, as specified in the <i>Research Report on Global 5G Standard Essential Patents and Standard Proposals (2023)</i> released by CAICT; as of 2023, filed over 89,500 patent applications and obtained over 45,000 granted patents globally. 	
 <p>Staying Open and Transparent to Win Customers' Trust</p>	<ul style="list-style-type: none"> Create value for customers and focus on improving customer satisfaction: continuously improve the integrated quality management and reliability management systems to ensure top-level customer satisfaction. Provide trustworthy, end-to-end cybersecurity assurance that covers the full lifecycle of products: continue to improve the cybersecurity management system. 	<ul style="list-style-type: none"> Secured the validity of certifications for different management systems, including ISO 9001, TL 9000, QC 080000, ESD, ISO 45001, ISO 14001, and ISO 22301; conducted 1,372 security tests throughout the year at the ZTE Global Certification and Testing Center, with a pass rate of 100%; and achieved 99.89% and 99.79% customer satisfaction with aftersales services in China and abroad respectively. Received the NESAS CCS-GI certification for 5G NR products; passed the CC EAL3+ certification for the full series of OTN products, covering 10 mainstream products such as the ZXONE 9700/19700, ZXMP M721, and ZXONE 7000 series; and passed the IEC 62443 certification for industrial Internet security with digital energy network management products. Launched the Cybersecurity Lab in Düsseldorf, Germany, further improving ZTE's cybersecurity transparency system. 	

Field	Goal	Progress	Related UN SDG
 <p>Promoting Green Development to Tackle Climate Change</p>	<ul style="list-style-type: none"> Promote green development and fulfill the commitment to the SBTi: achieve operational carbon neutrality in 2040 and comprehensive net zero in 2050; reduce operational scope 1 and 2 emissions by 52% in 2030 against a 2021 baseline; reduce scope 3 emissions (physical intensity) per unit performance of products by 52% in 2030 against a 2021 baseline, without increase of the total emissions. 	<ul style="list-style-type: none"> Signed the SBTi Commitment Letter in May 2023, becoming the first major communications equipment manufacturer in China to announce participation in the SBTi. Achieved a 9.7% YoY decrease of absolute GHG emissions (scope 1, 2, and 3) compared with 2022. Increased installed PV capacity by 22 MW, with a YoY growth of 700%. Developed the product Life Cycle Assessment (LCA) database and output 65 product LCA reports throughout the year. Achieved a 14.58% YoY decrease in the physical intensity of GHG emissions during the use and maintenance phases of the company's sold telecom products, and a 5.12% YoY decrease in the absolute emissions during the full lifecycle of sold terminal products. Enhanced power use transparency with an accuracy rate of 98.7%, enabling the check and verification of power consumption with visualized data. 	
 <p>Upholding Win-Win Collaboration to Grow with Partners</p>	<ul style="list-style-type: none"> Strengthen supply chain resilience and build a healthy and green ecosystem that covers subsuppliers. 	<ul style="list-style-type: none"> All suppliers and subcontractors passed the CSR assessment (via such methods as filling the <i>Supplier CSR Self-Assessment Form</i>); and 86.97% of main suppliers and subcontractors passed onsite CSR audits. Participated in UN Women's training program for female employees with 20 representatives from 10 the first-tier and second-tier core suppliers. Supported the development of small and medium-sized suppliers in South Africa, and achieved Black Economic Empowerment (BEE) level 1 status (the highest level). Completed the survey of all the 1,030 suppliers involved in the procurement of conflict minerals. 	
 <p>Shouldering CSR to Contribute to the Global Community</p>	<ul style="list-style-type: none"> Contribute to society with close attention to the actual needs: focus on public welfare fields such as child education, healthcare, and rural revitalization, and provide high-quality welfare services to disadvantaged groups; stay open and transparent, and maintain a full score from the China Foundation Transparency Index (FTI). 	<ul style="list-style-type: none"> Since its establishment, ZTE Foundation has carried out more than 200 public welfare programs in China and abroad, covering such fields as child education, healthcare, poverty alleviation, and rural revitalization, with a cumulative donation of over CNY 100 million. In 2023, the total number of registered employee volunteers reached 10,754, with a total of 29,024 hours of volunteer service. ZTE Foundation has been receiving full score from the FTI for seven consecutive years. 	

Stakeholder Communication and Engagement

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

Stakeholder Category	Representative	Expectation	Communication Method
 Shareholders and investors	<ul style="list-style-type: none"> Investors 	<ul style="list-style-type: none"> Corporate business and fundamentals Long-term development plans, financial performance, and ESG performance Corporate governance and risk control Communication and interaction with investors 	<ul style="list-style-type: none"> Regular information disclosure General Meeting of Shareholders Investor roadshows and meetings Hotline and mailbox
 Regulators	<ul style="list-style-type: none"> Governments at various levels and competent authorities Shenzhen Stock Exchange Hong Kong Stock Exchange China Securities Regulatory Commission 	<ul style="list-style-type: none"> Compliant operations Dual-carbon strategy and climate change Protection of the rights and interests of stakeholders such as customers and employees Technology ethics Stable product operation Contribution to economic growth 	<ul style="list-style-type: none"> Relevant meetings Industry associations and other institutions
 Customers	<ul style="list-style-type: none"> Relevant operators in China and abroad Consumers 	<ul style="list-style-type: none"> Excellent product performance Information security and privacy protection Green product standards Timely and efficient customer services Overall CSR performance 	<ul style="list-style-type: none"> Presales communication Aftersales services Regular communication (such as customer visits) High-end exhibitions Third-party training Customer review
 Employees	<ul style="list-style-type: none"> All employees 	<ul style="list-style-type: none"> Compensation and benefits Comprehensive capability building Open and transparent career development paths Work-life balance Steady corporate development Healthy and safe workplace 	<ul style="list-style-type: none"> Trade Union Online communication platforms Employee complaint hotline Employee Assistance Program (EAP) Employee representative Face-to-face talks with the senior management and other internal activities

Stakeholder Category	Representative	Expectation	Communication Method
 Employees' families	<ul style="list-style-type: none"> All employees' families 	<ul style="list-style-type: none"> Employee health and safety Employee development 	<ul style="list-style-type: none"> Open day for employee families Activities for caring employees' families EAP
 Suppliers	<ul style="list-style-type: none"> All suppliers 	<ul style="list-style-type: none"> Open and transparent selection procedures Steady financial performance and reasonable payment policies Long-standing and steady partnership Fair, equal, open, and transparent procurement environment 	<ul style="list-style-type: none"> ZTE Global Partners Day Supplier training Onsite review and communication Regular visits High-level exchanges
 Communities	<ul style="list-style-type: none"> Villages and towns around ZTE factories Areas that receive assistance Global community 	<ul style="list-style-type: none"> Contribution to the sustained development of communities Sharing of the outcomes from corporate development 	<ul style="list-style-type: none"> Face-to-face communication Public welfare activities Complaint hotline
 Social organizations (such as media, NGOs, and industry associations)	<ul style="list-style-type: none"> Universities and research institutes, and ESG rating organizations Media NGO Industry associations 	<ul style="list-style-type: none"> Sound partnership Timely sharing of experience and practices Transparent information communication and sharing Common growth across the industry 	<ul style="list-style-type: none"> Press conferences Regular communication and feedback Project collaboration ZTE official website, official accounts on social media, and other public channels

Activities with Stakeholders

February 23-24, 2023

The Sustainable Development Forum under the Background of the “Dual Carbon” Strategy was held in Wuxi. ZTE Chairman Li Zixue was invited to attend and deliver a keynote speech, sharing the practice and thinking of green dual carbon.



September 2023

ZTE President Xu Ziyang delivered a speech at the Sustainable Development Goals digital event organized by the International Telecommunications Union (ITU) and others, explaining the company's determination and efforts to bridge the global digital divide.



September 5, 2023

ZTE Chief Development Officer Cui Li was invited to deliver a keynote speech at the 2023 China International Digital Economy Expo, sharing insights on building digital intelligence resilience.



November 29, 2023

Chen Tong, Director of ZTE's Health and Safety Office, was invited to participate in the “Project to Promote the Career Development of Female Employees in the ICT Industry in Guangdong” launched by the United Nations Women's Office and share practical experiences.



July 6-7, 2023

The AI for Good Global Summit was held in Geneva, Switzerland. ZTE was invited to participate to share the progress of inclusive and human-centered artificial intelligence work.

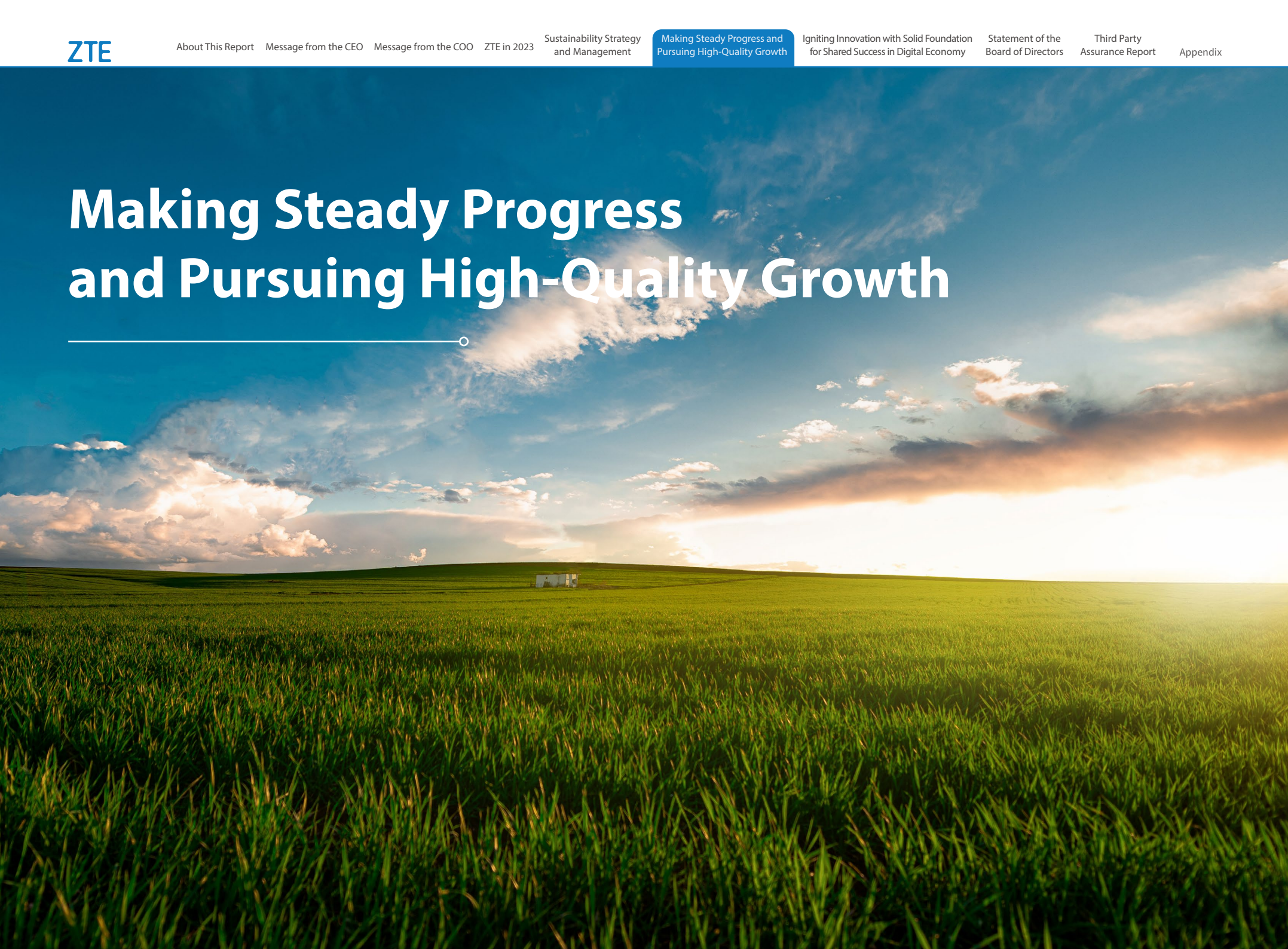


November 8-9, 2023

ZTE's 2024 Global Partner Conference with the theme of "Inspiring the World with Wisdom" was held in Nanjing, with 300 strategic partners from around the world attending.



Making Steady Progress and Pursuing High-Quality Growth



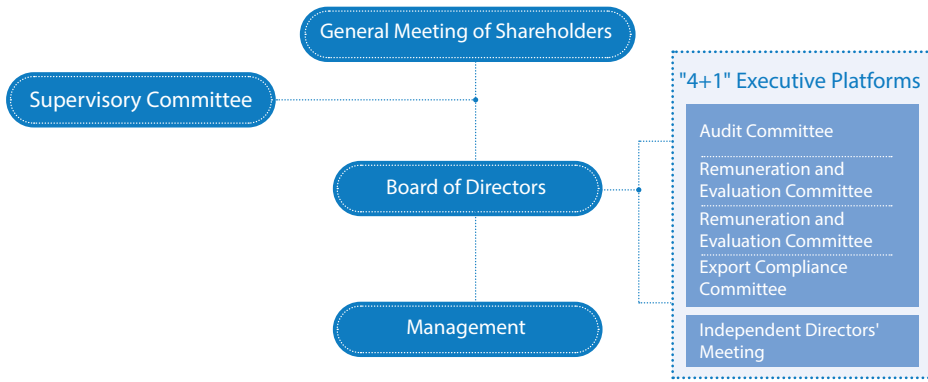
Strengthening Governance and Preventing Emerging Risks

In accordance with the *Company Law of the People's Republic of China*, *Securities Law of the People's Republic of China*, *Code of Corporate Governance for Listed Companies in China*, and other relevant laws and regulations of the China Securities Regulatory Commission (CSRC) as well as advanced experience and rules on corporate governance at home and abroad, ZTE has continuously improved its corporate governance system, standardized operations, and optimized internal control and tax management systems, guaranteeing robust and steady business operations.

Steadily Promoting Corporate Governance

Improving the Governance Structure

ZTE has set up a governance structure consisting of the General Meeting of Shareholders, Board of Directors, Supervisory Committee, and the management. The General Meeting of Shareholders is the company's highest authority, which makes decisions on major issues concerning the company's operations and management. Elected by the General Meeting of Shareholders, the Board of Directors makes decisions on major business and investment plans. Under the Board of Directors are the "4+1" executive platforms, namely, the Remuneration and Evaluation Committee, Audit Committee, Nomination Committee, Export Compliance Committee, and the Independent Directors' Meeting, which conduct prior deliberation on specific matters within the scope of their functions and authorities and provide professional recommendations. The Supervisory Committee directly reports to the General Meeting of Shareholders, and supervises the company's operations and financial status as well as the responsibility fulfillment of directors and senior management members. As the executive authority, the senior management is appointed by the Board of Directors, and manages the company's overall operations. During the reporting period, the governance structure, namely, General Meeting of Shareholders, Board of Directors, Supervisory Committee, and the management, all functioned in accordance with relevant laws. The company's corporate governance practices complied with the provisions of normative documents on governance of listed companies issued by the CSRC.



ZTE's Corporate Governance Structure



In 2023, ZTE established the Independent Directors' Meeting under the Board of Directors based on the latest rules and regulatory requirements for governance. In accordance with the Measures for the Administration of Independent Directors of Listed Companies issued by the CSRC, the company held meetings of independent directors, where all participants were independent non-executive directors. The company's independent non-executive directors perform supervisory duties and have special authority. Specifically, the Independent Directors' Meeting deliberates matters of potential major interest conflicts, such as connected transactions, in advance to the Board of Directors. Independent non-executive directors shall exercise their special authority, such as independently appointing intermediary agencies, and proposing to convene an interim meeting of shareholders or a meeting of directors, with the consent from more than half of all independent directors.

On December 20, 2023, the company's independent non-executive directors held the first Independent Directors' Meeting of the ninth Board of Directors. They discussed and reviewed the company's daily connected transactions of procurement and sales as well as connected transactions related to leasing, checked the transaction prices and agreement terms, and agreed to submit the connected transaction proposals to the Board of Directors for review.

Ensuring Professional Fulfillment of Duties

In terms of the appointment of the members of the Board of Directors, the company has nominated and selected directors in strict accordance with the requirements and procedures stipulated in the *Articles of Association* and the *Working Rules of the Nomination Committee of the Board of Directors*. To promote diversity, ZTE has formulated the *Policy to Promote Diversity on the Board of Directors*. Directors are appointed in consideration of multiple factors, including but not limited to age, gender, cultural and educational background, expertise, skill, and knowledge, to ensure open, fair, independent, and diversified appointment.

In terms of the independence of directors, independent non-executive directors account for the majority of the members in the four committees and act as the convener of meetings, to provide insightful and professional opinions and suggestions for the decision-making of the Board of Directors based on the committees' specific rules. Currently, 60% of the committees' members are independent non-executive directors.

60%

of the committees' members are independent non-executive directors.



ZTE has organized regular training for the Board of Directors in line with the development trends and governance needs. In 2023, the company provided anti-bribery and export compliance training for all directors, with a participation rate of 100%. The company shared information and held lectures on the routine performance of directors' duties with the Board for their efficient and compliant fulfillment of responsibilities.

The company provided anti-bribery and export compliance training for all directors, with a participation rate of **100%**.



Guaranteeing Minority Shareholders' Rights and Interests

ZTE has established a corporate governance structure that guarantees the full exercise of rights and equal status of all shareholders, including the minority ones. In accordance with the *Articles of Association*, a written notice will be given before the general meeting of shareholders, to notify all registered shareholders of the issues to be deliberated as well as the date and venue of the meeting. Shareholders (including their representatives) exercise their voting rights based on the number of their respective voting shares. Shareholders attending the general meeting have the right to one vote for each share held. The company adopts both onsite and online voting for shareholders to participate in the meeting at their convenience. The votes of minority shareholders are disclosed separately in the meeting's resolution announcements to give an adequate account of the views of minority shareholders.

For more information about corporate governance, please refer to the *ZTE Annual Report 2023*.

Fully Preventing and Controlling Operational Risks

In accordance with the *Company Law, Securities Law, Code of Corporate Governance for Listed Companies in China, Basic Norms of Enterprise Internal Control, and Supporting Guidelines for Enterprise Internal Control*, ZTE continuously improves its processes and mechanisms, and consolidates its risk management mechanism.

The company has formulated the *ZTE Risk Management Regulations*, which specifies the risk management responsibilities at different levels. Risk levels are evaluated from seven perspectives, namely, daily operations, laws and regulations, employee health and safety, corporate reputation, product competitiveness, market shares, and financial loss. A closed-loop risk management process is also implemented, which covers risk classification, identification, assessment, response, monitoring, and reporting.

Indicator	Unit	2023
Number of directors	Person	9
Number of male directors	Person	7
Number of female directors	Person	2
Number of directors with legal expertise	Person	2
Number of directors with risk management expertise (including accounting and legal background)	Person	4
Number of directors with accounting expertise	Person	2
Number of independent directors	Person	3

In accordance with the *Internal Control System of ZTE* and *ZTE Risk Management Regulations*, the company reviews and monitors key ESG risk events every year from culture building, key task tracking, and systematic closed-loop tracking. The company develops corresponding control measures, conducts regular and comprehensive inspection to eliminate potential risks, and ensures continuous monitoring to guarantee and improve the effectiveness of the ESG risk management and internal control systems.

Further Strengthening the "Three Lines of Defense"

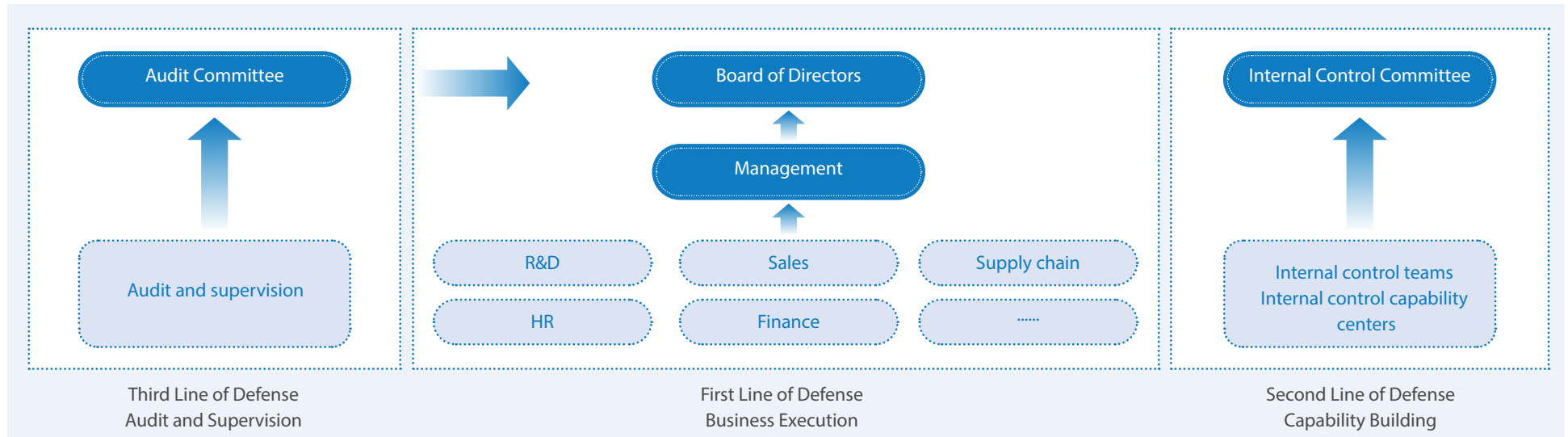
ZTE has established an internal control system consisting of "three lines of defense", which covers the Board of Directors, Audit Committee, Internal Control Committee, Internal Control and Audit, and the internal control teams of business units. The Internal Control Committee is a company-level internal control management organization, which exercises the functions of decision-making, planning, supervision, and guiding of internal control.

When setting new business goals or facing internal and external changes, the company arranges for business units to identify critical and major risks that may affect the fulfillment of goals, and requires each unit to evaluate the possibility and degree of impact of the risks with business experts. In addition, business units are required to formulate risk lists, conduct effective risk control, report the control progress on a monthly basis, and exclude the risks meeting the removal

conditions from the lists after the evaluation and approval of business experts. At the end of every year, each business unit will review the critical or major risks not closed, in terms of their control progress, control effectiveness, and severity changes, and, based on the results of the review, decide on whether the risks shall be included in the next year's risk list for continued control.

Furthermore, the company has conducted internal control publicity and training activities in 2023, such as "Messages from the Management on Internal Control", knowledge sharing across the company, internal control seminars in business units, and case study and knowledge tests, and launched a new round of internal control manager certification.

In accordance with the provisions of the Basic Standard for Enterprise Internal Control and its supporting guidelines and other internal control supervision requirements, combined with the company's internal control system and evaluation methods, and on the basis of daily supervision and special supervision of internal control, ZTE organizes self-assessment of internal control effectiveness every year with all units and internal control capability building teams in different fields, including human resources, CSR, procurement, asset management, sales, R&D, engineering outsourcing, and financial reporting, to guarantee effective risk management and control.



Structure of the "Three Lines of Defense"

Managing and Preventing Technology Risks

As emerging technologies bring benefits to the industry and the public, managing the potential risks of such technologies is crucial. The company has set up the Technical Expert Committee to conduct technology risk management. The committee collects technology risk issues through various channels, and determines, classifies, and discusses the issues for solution formulation based on the timeframe of external risks and their impact on the company. The committee formulates issue tracking schedules, and guarantees closed-loop management of technology risks based on project management.

Case

In AI Development, Being Responsible Is Key



Cui Li

ZTE's Chief Development Officer


Responsible AI is the practice of designing and developing AI systems that are transparent, impartial, accountable, and ethical. As AI systems grow more powerful and pervasive, it is critical to guarantee responsible, secure, and ethical development. On December 8, 2023, Ms. Cui Li, ZTE's Chief Development Officer, was invited to the Fortune Most Powerful Women Summit, and shared ZTE's strategy and practices in responsible AI at the "Building Responsible AI" Roundtable Forum. ZTE seeks to build a responsible AI system from four aspects, namely, security, fairness, transparency, and efficiency, and based on different application scenarios. For example, AI applications targeting the public focus more on security and fairness, while applications for specific fields require accuracy, security, transparency, and efficiency.

Enhancing Organizational Resilience Through BCM

ZTE set up the Business Continuity Management Committee in 2018. The Committee is headed by the COO and serves as the highest decision-making body for business continuity management of the company. The Business Continuity Management Office is established under the Committee to ensure the sustainable and effective operation of the company's BCM system through regular meetings, management reviews, incident management, etc. In 2023, the company focused on 14 key BCM improvement tasks, including key supplier resilience enhancement, identification of risks in key materials and exclusive suppliers, cybersecurity control, action planning for cross-field cybersecurity protection, and optimization of product certification management processes.


International country risk monitoring


Incident management


Emergency drills


BCM training


Supply chain resilience


Digital supply chain

Through the keyword search of information about high or medium-risk countries and high-risk business scenarios, 20 countries were selected as pilot sites for risk monitoring, where business risks were identified and reviewed by management members on a regular basis. Response plans were formulated for the high/medium risks identified. By doing so, the company has effectively improved its capabilities to cope with international country risks.

ZTE optimized mechanisms for incident reporting and cross-field collaboration for emergency response. Our self-developed products such as nomadic base stations, backpack base stations, and Unmanned Aerial Vehicles (UAVs) have been widely used in disaster-stricken areas, effectively supporting disaster relief coordination and restoring local telecommunications services.

Throughout the year, the company organized 214 joint emergency drills for manufacturing bases, covering natural disasters, fires in key warehouses, power rationing and interruptions, lithium battery fires, key IT system interruptions, and denial-of-access attacks. Accordingly, emergency response and business recovery plans were formulated. These practices examined and enhanced the company's capabilities of emergency response and disaster recovery.

The company organized 334 hours of internal and external training and capability building activities on BCM system introduction, incorporation of BCM system requirements into business, incident management, drill management, BCM system building, targeted improvement, etc., covering major manufacturing bases and R&D centers in such cities as Shenzhen, Changsha, Shanghai, Nanjing, Beijing, Xi'an, and Chengdu. Also, we conducted five workshops, and released 18 periodicals and other publicity materials, thus improving employee awareness of operational resilience and contributing to the company's talent development and succession in the BCM field.

ZTE facilitated the certification to ISO 22301 Business Continuity Management of 15 suppliers and provided BCM training for 43 key suppliers, improving the resilience and stability of the supply chain.

To create a more safe, precise, intelligent, reliable, and efficient supply chain, the company further optimized the SPIRE 2.0 strategy. Specifically, in demand and supply management, we applied the Intelligent Customer Collaboration Platform (iCCP) and the Intelligent Supply Coordination Platform (iSCP) throughout the customer communication processes, thereby guaranteeing efficient collaboration. In manufacturing, the ZTE Digital Nebula and "5G + PON" industrial field network enabled intelligent connectivity, digital manufacturing, and intelligent operations. Furthermore, digital twins driven by the integration of data and algorithms were built for production, empowering intelligent decision-making.

In 2023, ZTE secured the ISO 22301 certification for BCM, which was first obtained in 2019. The certification scope covers the company's main manufacturing bases and R&D centers.

Staying Compliant and Transparent in Tax Management

Attaching great importance to tax governance and transparency, ZTE has set up the Global Tax Compliance Committee to coordinate tax compliance management. Led by the company's CFO, the Committee works closely with business teams to ensure that all tax-related activities are carried out in an orderly and compliant manner.

In 2023, ZTE implement tax risk management with focus on the following key aspects:

Examination and review of tax declaration

The company conducted over 300 prior examinations on tax declaration and over 100 joint reviews for annual declaration of core taxes. We stepped up efforts in tax audit management within ZTE and completed the tax audits of several subsidiaries within the Group, thus ensuring tax compliance.

Digital tax management

ZTE promoted the use of digital and electronic invoices, and further the interconnection with the platform of China's State Taxation Administration. An invoice management platform for international business is also underway and planned to be implemented in pilot countries in 2024.

Full coordination between accounting and tax management

The company implemented regular management of tax account reconciliation and resolved the unidentified tax discrepancy in historical business activities of key business units within the Group, thus effectively consolidating our global tax assets.

Comprehensive management of income taxes

The company made consistent efforts in studying the OECD's Two-Pillar Solution (reallocation of taxing rights and determination of the global minimum corporate income tax rate), so as to get prepared for new tax policies. Meanwhile, ZTE continued to standardize the business entitled to China's tax preferential policies and further intensified the implementation of weighted deductions of R&D expenses.

Comprehensive management of transfer pricing by overseas subsidiaries

ZTE conducted comprehensive reviews to inspect whether management measures and regulations on transfer pricing were reasonably formulated and effectively implemented by overseas business units. Potential risks were put under closed-loop management, and the training and publicity in this regard were also strengthened. Currently, some subsidiaries have initiated Bilateral Advance Pricing Arrangements (BAPA).

Additionally, the company's Taxation Capability Center has been actively engaged in the interpretation and analysis of the latest global fiscal and tax policies, and maintaining dynamic communication with internal and external organizations, thereby providing strong support for the company's tax compliance.

Information on fiscal and tax policies

New fiscal and tax policies closely related to the company's business were analyzed within three workdays after their release. In 2023, dozens of policies were interpreted, which guaranteed an in-depth understanding of tax policies for sound business operations.

Internal and external training

In addition to the capability building activities held within the Tax Affairs Management Team, training was organized for financial personnel in overseas business units once a month, publicity of typical tax cases was conducted at least once a quarter, dozens of special training sessions were delivered to business units, and extensive exchanges on tax-related hot topics were held with China's State Administration of Taxation and third-party professional organizations. In the meantime, a tax research team was set up to formulate targeted and feasible action plans for nearly 20 issues based on the company's actual business activities.

ZTE has been graded "**A-level**" in tax credit rating for years in succession, signifying recognition from regulatory agencies for its tax management capabilities.

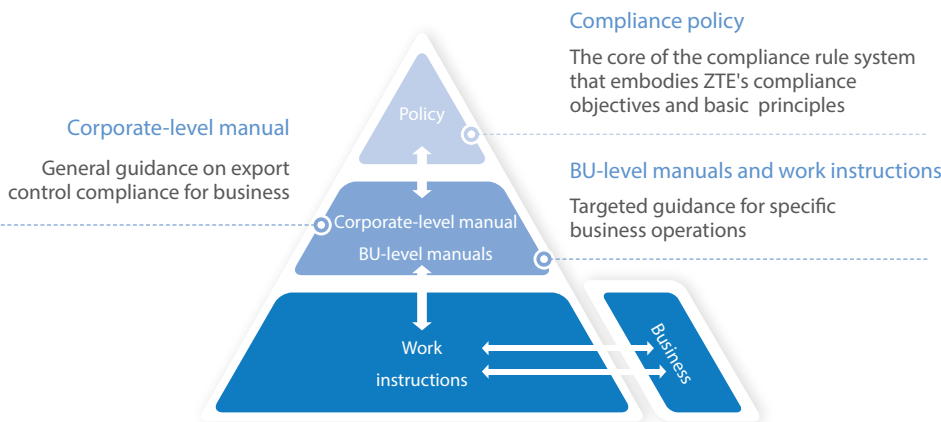
Adhering to Compliance in Operations for Steady Business Growth

ZTE has always been committed to maintaining high standard of ethics and integrity as well as conducting business in an ethical, legal, and compliant manner. In 2023, we consistently practiced the idea of "compliance creates value", optimized the compliance system, and improved corporate compliance management, aiming to build a healthy and sustainable enterprise ecosystem.

Strengthening Compliance Operations and Management

Optimizing the Compliance Rule System


To build a best-in-class compliance system that enables effortless, intuitive compliance, ZTE's Compliance Management Committee has been established as the company's supreme deliberative and decision-making body for compliance matters. The Committee consists of the Chairman, CEO, EVPs, SVPs, Acting CCO, Acting CLO, and heads of several business units. Every quarter, the Committee reports to the Board of Directors and holds meetings to review and make decisions on policies and major issues in areas such as the compliance management system, export control compliance, anti-bribery compliance, and data compliance.



ZTE's Compliance Rule System

The company has established a mechanism for constantly tracking the updates on external laws and regulations. That is the basis for our timely, orderly, efficient, closed-loop response to regulatory changes that may greatly impact the company's business, and prompt incorporation of relevant requirements into internal compliance control rules.

In 2023, ZTE optimized compliance rules for better user experience and compliance services, closer alignment between rules and business development, and higher efficiency. With these efforts, we have been well on the way towards a best-in-class compliance system that enables effortless, intuitive compliance.



Co-building of rules from the bottom up

- ZTE maintained a long-standing mechanism to collect optimization suggestions through multiple channels. In 2023, through the analysis of over 700 suggestions, 25 special projects and 15 sub-projects were initiated for rule optimization. All the special projects were handled and completed rapidly, resulting in systematic and comprehensive optimization in terms of business pain points solving, suggestion collection and response, and co-building of compliance rules.



Visualization of rules from the top down

- ZTE comprehensively reviewed the compliance rule system, sorted out applicable compliance obligations in external laws and regulations, identified specific business risks and the corresponding management status, optimized control rules and KCPs, and implemented 86 suggestions.
- ZTE published compliance rules accessible to all employees. The rules cover all the KCPs formulated based on compliance obligations, compliance policies, compliance manuals, compliance guidelines, business regulations, IT systems, training courseware, and publicity materials. In this way, we have achieved more comprehensive compliance risk identification, more effective and efficient compliance control, reduced management costs, and improved employee experience.

The company reviews the *ZTE Business Code of Conduct* every two years. In February 2023, based on the review results, the company comprehensively updated the *ZTE Business Code of Conduct* and conducted company-wide training in key fields such as export control, anti-bribery, data compliance.

At the same time, the company promotes the digitalization of compliance systems and continues to incorporate compliance requirements into business systems.



Transparent Policies

- A new version of the [portal for the ZTE Global Public Policy](#) was launched with better layout, higher usability, and more contents.



Digital Tools

- The company has put into use party screening tools for compliance risk identification, which cover 32 business scenarios in five fields, namely sales, supply chain, engineering services, finance, and R&D. Such tools have helped reduce party screening time by 16% and labor used by 90%.
- Based on the company's low-code platform, apps were rapidly developed and launched for compliance request management, ECC screening, and compliance rectification progress tracking, etc., substantially improving the efficiency of daily compliance management.



Self-Developed Compliance System

- In 2023, the Export Control Screening System (ECSS) developed by ZTE passed Shenzhen's level-3 certification for classified protection of cybersecurity and was selected as an outstanding case of software with leading quality and efficiency by CAICT, fully testifying to the security and reliability of the ECSS system.
- ZTE has deployed the ECSS system independently and connected it with business processes and systems comprehensively to achieve systematic and automatic export compliance control, further enhancing our compliance digitalization level. At the same time, it showcased the powerful capabilities of ECSS in providing services for large enterprises in complex scenarios with large data volume.
- The ECSS system has also been offered to Sanechips Technology Co., Ltd. in the SaaS mode to help it achieve systematic export control. By the end of 2023, the ECSS had been applied by 10 Chinese enterprises (some of which are ZTE's subsidiaries) for automatic and digital compliance management, demonstrating its capability to provide low-cost and high-efficiency compliance services for more small and medium enterprises.



Compliance Risk Monitoring Platform

- ZTE has established a compliance risk monitoring platform, through which we continuously monitor business processes and the implementation of compliance KCPCs, thus keeping a close eye on key risk indicators and ensuring effective and early risk prevention. With data modeling, data analysis, and big data mining and analysis technologies, the company conducted effortless and efficient compliance inspections in a targeted manner, enabling intelligent, efficient, and low-cost compliance management. In 2023, we launched the online monitoring of 23 sets of risk indicators and 17 sets of inspection models for suspicious tickets.

In 2023, the company has put into use party screening tools for compliance risk identification, which cover

32 business scenarios | in **5** field



have helped reduce party screening time by

16 % | **90** %



In 2023, we launched

the online monitoring of **23** sets of risk indicators | and **17** sets of inspection models for suspicious tickets



Anti-Monopoly Compliance

In accordance with the *ZTE Business Code of Conduct*, all units and employees of ZTE are required to strictly abide by the relevant provisions of the *Anti-Monopoly Law of the People's Republic of China* and avoid engaging, either alone or with partners, in any monopoly practices. Such practices include market division based on agreements or any other collusive practices, fixed or restricted resale pricing, collusive bidding, bundling sales, abuse of market dominance, and failure to declare the concentration of business operators. In investigations by anti-monopoly law enforcement agencies, full cooperation should be provided without any resistance or obstruction. In overseas business activities, it is necessary to understand and comply with the local competition laws and regulations.

Compliance Culture Building



All employees of ZTE are required to participate in compliance training organized by the company. The company developed a variety of courses, including compliance awareness courses suitable for employees, as well as dedicated courses on key fields and key business scenarios, thereby enhancing employees' compliance capabilities and awareness. For different positions that involve different working scenarios and compliance risks, ZTE also tailored compliance training plans and released the plans through the internal online learning platform.

In 2023, ZTE's compliance training covered 100% of employees, with over 50,000 employees participating in the corporate-level training through the online learning platform, and machinists and other workers receiving training organized by the corresponding business units. The company also stepped up efforts in developing compliance training courses in local languages. Through the online learning platform, more than 300 local employees attended the compliance training in 17 languages, such as Spanish, French, Burmese, Bengali, Sri Lankan, Hindi, and Vietnamese, with a completion rate of 100%.

After the completion of the annual compliance training and examination for all employees in 2023, a company-wide survey was conducted to collect employees' feedback on course usefulness, course quality, etc. Based on the feedback, improvements will be made in the compliance training in 2024.



In 2023, more than 40,000 employees of the company completed the compliance perception survey questionnaire. Through the analysis of employee feedback, the company qualitatively and quantitatively understood employees' perception of compliance building, which provided a basis for formulating, improving, and optimizing relevant policies in a targeted manner for better compliance system building. According to the survey results, 96.8% of employees believed that the management members in their departments had invested sufficient resources in compliance and set a good example for employees.



The company is committed to enhancing recognition of compliance culture from top down, that is, promoting the fulfillment of the management commitment from the Chairman of the Board of Directors, the senior management, and management members of business units. Meanwhile, all business units are encouraged to conduct compliance awareness raising activities based on violation cases. In 2023, a total of five activities in this regard were held.

In addition, the company conducted 16 publicity activities on compliance audits among all employees throughout the year. In this process, the contents of which included typical compliance cases, whistleblower protection measures, anti-retaliation policies, and whistleblowing based on good faith and reasonable evidence. Moreover, the company organized a survey on employees' perception of compliance audit (the company's third line of defense in compliance) and, based on the survey results, formulated targeted measures for improvement and optimization.



Since 2019, ZTE has been organizing the selection of best compliance practices in business units every year, aiming to constantly strengthen the company's compliance governance through improvements based on benchmarking against best practices. In 2023, the company selected more than 50 exemplary compliance practices, the management methodologies and problem-solving ideas of which provided valuable insights for improving ZTE's compliance governance maturity.



Compliance Practice Sharing

Participation in External Exchanges

ZTE has been actively engaging in external exchanges to share the company's achievements in legal compliance research and practices, contributing to mutual growth with industry partners.

In February 2023, the "2023 Export Control Compliance Forum" co-organized by ZTE was held in Beijing. As a platform for exchanges about export control compliance among enterprises, this forum was intended to help build an export control compliance ecosystem. More than 600 guests from government agencies, enterprises, universities, industry associations attended the forum;

In May 2023, ZTE joined the Shenzhen Corporate Compliance Association (SCCA). Serving as Chair of the Association, ZTE will strive to promote corporate compliance in Shenzhen and nationwide;

In July 2023, ZTE attended the forum on high-quality development of legal services for foreign-related enterprises hosted by the Department of Commerce of Guangdong Province. At the forum, ZTE's spokesperson delivered a keynote speech themed "Facilitating Modernization of Corporate Governance Capabilities with High-Quality Compliance";

In October 2023, the WorldECR Export Controls and Sanctions Forum was held in London. ZTE's Chief Export Compliance Officer delivered a keynote speech at the forum to share compliance building experience with global partners;

In November 2023, ZTE held its 4th Multinational Corporation Trade Compliance Symposium in Shenzhen. Attended by nearly 700 guests from government agencies, enterprises, universities, institutions, and law firms, this symposium provided a high-quality communication platform for industry experts and institutions, thereby enhancing mutual trust among industry partners.



ZTE's 4th Multinational Corporation Trade Compliance Symposium

Promotion of Industry Development

ZTE always plays an active role in industry research and professional knowledge sharing to promote compliance practices in industries.

-  In 2023, with focus on key and difficult business scenarios, the Global Law and Policy Research Institute of ZTE published more than 60 deep research reports, short commentaries, and articles about legal trends. In this way, we not only improved the company's business practices but also provided unique insights into industry development.
-  As of December 2023, "Compliance Trivia", a WeChat official account of ZTE for compliance knowledge sharing, has published a total of 757 articles, of which more than 350 were ZTE's original research results. These articles contained various contents, such as updates on laws of regulations inside and outside China, compliance enforcement cases, original compliance research results, best compliance practices, compliance exchange activities, covering topics of export control, anti-bribery, and data compliance, anti-monopoly, legal affairs, intellectual property rights, and other fields.
-  Through systematic review on nearly five years of experience in compliance system building, ZTE compiled and published the book *Compliance Creates Value — ZTE's Compliance Building*, sharing useful compliance experience and setting an example for enterprises in China.
-  The company participated in the compilation of *Shenzhen Enterprise Data Compliance Guidelines*, and thereby shared ZTE's experience in data protection compliance system building, and internal system design and risk control, contributing to industry development in compliance.

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Firmly Curbing Bribery and Corruption

Optimization of the Anti-Corruption System

-  As specified in the *ZTE Business Code of Conduct*, the *Anti-Bribery Compliance Policy*, and the *ZTE Anti-Bribery Compliance Manual*, the company always holds a "zero tolerance" attitude towards corruption and bribery, remains committed to high standards of business ethics, and abides by applicable local anti-bribery and anti-corruption laws and regulations when conducting business activities.
-  To guarantee standardized and regulation-based anti-corruption and anti-bribery work, the company has formulated a series of rules and regulations, such as the *Code of Conduct for ZTE Employees*, *Accountability Management Regulations*, and *Handling and Investigation of ZTE Whistleblowing Job Specification*. These rules and regulations prohibit any form of corruption and malpractice and provide comprehensive guidelines on anti-bribery risks. In 2023, the company revised the *Anti-Bribery Compliance Policy* and the *ZTE Anti-Bribery Compliance Manual*, as well as updated several anti-bribery compliance management regulations, including the *Regulations on Anti-Bribery Compliance Management Regarding Business Travel Provided to External Parties*, *Regulations on Anti-Bribery Compliance Management of Gifts and Hospitality*, and *Regulation on Anti-Bribery Compliance in Commercial Sponsorship*. Hierarchical and targeted control was implemented to improve the effectiveness and efficiency of anti-bribery compliance system management.
-  In November 2023, ZTE successfully passed the re-certification audit of the company's anti-bribery management system by the British Standards Institution and maintained the ISO 37001:2016 Anti-Bribery Management System certification that covered our business operations in 38 countries.
-  The company has set up Internal Control and Audit, a level-2 unit, to independently conduct auditing, inspection, and supervision. Internal Control and Audit takes charge of anti-corruption management and directly reports to the Board of Directors without interference from any other departments or personnel, which guarantee the independence, objectivity, and authoritativeness of anti-corruption management, auditing, inspection, and supervision. Moreover, Internal Control and Audit reports to the Board of Directors and the Audit Committee quarterly on internal control, risk assessment, audit and supervision, and anti-corruption work.

Maintained the ISO 37001:2016 certification for anti-bribery management in

38 countries.



ZTE's Corruption and Malpractice Whistleblowing Channels

To engage all employees and stakeholders in supervision, the company has built special whistleblowing channels to encourage employees, partners, and any other parties to report corruption, bribery, and other violations that may damage the interests of the company.

- Email: audit@zte.com.cn
- Hotline: +86-0755-26771199
- Website: www.zte.com.cn ("Whistleblowing")

The company has been proactively fighting against corruption and strictly cracking down on any violations, to strengthen work ethics among employees, and foster a culture of integrity. Employees committing violations will be handled in strict accordance with rules and regulations. Cases that are suspected of crimes will be handed over to judicial authorities. In 2023, the company investigated and dealt with 22 employees with misconduct.

Additionally, ZTE introduced industry-leading risk assessment system tools developed by third-party professional agencies to conduct standardized and intelligent anti-bribery risk assessments.

Furthermore, the company joined several external associations such as the Trust and Integrity Enterprise Alliance and the Enterprise Anti-Fraud Alliance, endeavoring to improve integrity system building, enhance anti-fraud capabilities, and strengthen risk prevention.

In August 2023, our 4th "Month of Integrity Culture" project won the "Best Innovation Project Award" (for the integrity and compliance management of private enterprises) granted by Shanghai Law Society and East China University of Political Science and Law.

Continuous Improvement of the Supervision Mechanism

In 2023, the company carried out anti-bribery compliance risk assessments in eight countries, while continuing the annual anti-bribery compliance audit. To monitor and control anti-bribery compliance risks, ZTE conducted spot audits on its global business in terms of business partners, procurement transactions, charitable donations, offering travel, gifts, and hospitality to external

parties, and other key risky fields. In addition, the company conducted country-specific audits on nine subsidiaries around the world, for a comprehensive and deep understanding of the company's compliance risks as well as for timely rectification of the relevant problems.

In 2023

the company carried out anti-bribery compliance risk assessments in

8 countries

conducted country-specific audits on

9 subsidiaries

Capability Building and Training

The company always attaches great importance to promoting integrity among employees and fostering a culture of integrity. Internal control regulations, violation cases, and information relevant laws and regulations are released on various internal platforms such as zMail (internal mail system) and iCenter (internal one-stop collaborative work platform). These efforts are aimed to constantly raise employees' awareness of integrity and self-discipline.

In 2023, ZTE conducted internal anti-corruption publicity 22 times through various platforms, with a total of more than 300,000 views. In the annual internal control and integrity exams for all employees, which was designed to verify and improve the training effectiveness, we had 46,318 participants, whose pass rate was 100%.

In the anti-bribery field, the company released the Letter of Commitment on Anti-Bribery Compliance, which was required to be signed by all employees. Throughout the year, 56 times of internal publicity about anti-bribery compliance were conducted among all employees or personnel in key positions, which covered trending topics, scenario-based cases, as well as policies and regulations. With these efforts, we strengthened employees' awareness of anti-bribery compliance and build a better compliance culture.

In 2023, the company provided multiple training sessions online and offline for board members, managers at all levels, personnel in key positions, and business partners.

In 2023

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whose pass rate was

100%



In 2023, the company provided multiple training sessions online and offline for board members, managers at all levels, personnel in key positions, and business partners.

- Anti-bribery training and export compliance training were provided for all members of the Board of Directors
- The Compliance Management Committee organized anti-bribery and export control compliance training for the CEO, all EVPs, and SVPs.
- Management teams participated in the corporate-level anti-bribery compliance training through the internal online learning platform.
- The company carried out multiple targeted training sessions for personnel in key positions, such as compliance review, finance, engineering services, and marketing. The training focused on contents including anti-bribery compliance regulation updates, scenario-based guidelines, and interpretation of compliance policies of customers.
- The company provided anti-bribery compliance training for more than 80 business partners.

External Exchanges on Anti-Corruption

ZTE actively participated in external industry exchanges and summits on anti-corruption in 2023.

- In October, the company attended the "10th Anti-Bribery and Anti-Corruption Compliance Greater Bay Area Summit" hosted by Bizwhy;
- In December, the company participated in the "3rd Member Representative Assembly and Special Meeting on Enterprise Risk Governance" hosted by the Guangdong Enterprise Institute for Internal Controls (GEIC), during which ZTE's spokesperson delivered a keynote speech on "Analysis of Chinese Anti-Bribery Law Enforcement Trends and Exploration of Corporate Compliance".

Indicators Related to Anti-Corruption and Anti-Bribery Compliance	Unit	2023
Number of corruption lawsuits initiated and concluded against ZTE	Case	0
Number of ZTE employees with valid court judgments for duty-related crimes this year	Person	0
Number of anti-bribery due diligence investigations into business partners (including intermediaries)	/	90
Number of compliance directors/managers in the Anti-Commercial Bribery Compliance Dept.	Person	15
Number of compliance directors/managers in BU compliance teams	Person	165
Percentage of members of the Board of Directors participating in anti-corruption and anti-commercial bribery training	%	100
Percentage of senior management members participating in anti-corruption and anti-commercial bribery training	%	100
Total sessions of anti-corruption and anti-commercial bribery training provided for general employees	Person	25
Total number of employees participating in anti-corruption and anti-commercial bribery training	Person	94,084
Percentage of employees participating in the anti-corruption and anti-bribery training	%	100
Anti-bribery courses	Course	26
Full-time employees participating in the training	Person	64,148
Outsourced employees participating in the training	Person	29,925

Reinforcing the Export Control Compliance System

Export Control Compliance Rules and Policies

ZTE pays close attention to changes in external rules by, on a daily basis, collecting dynamics of export controls and economic sanctions in countries subject to major regulations worldwide. Possible impacts on the company's business are analyzed in detail, so that they can be dealt with in a timely and comprehensive manner.

In accordance with the latest laws and regulations as well as the company's internal compliance requirements, ZTE updates its export control compliance policy, management commitment statement, export control compliance manuals, and the corresponding training materials and guidelines every year to ensure the effective implementation of compliance requirements. In 2023, the company released the [2023-2024 ZTE Export Control Compliance Policy](#) and the [2023-2024 ZTE Management's Statement of Commitment on Export Control Compliance Management Statement](#), which were signed by 100% of ZTE employees.

In terms of training and certification of Export Control Classification Number (ECCN) experts, in 2023, a total of 88 employees got certified as level-1 ECCN classification experts, 2 employees as level-2, and 2 employees as level-3.

efficiently identified compliance risks in company's various business scenarios, which also served as an important basis for updating and adjusting the *ZTE Global Compliance Manuals for Export Controls* and *Economic Sanctions*. The company has developed a tool for identifying parties involved in compliance risks, further facilitating assessments of export control compliance risks in transactions between specific parties and ZTE, that is, to create effortless and intuitive compliance while reducing costs and increasing efficiency for the company.

Furthermore, the company has standardized the processes for the special assessments of export control compliance risks. In 2023, the company implemented seven special risk assessments of external export control compliance policies, and developed systematic and standard procedures for emergency drills for relevant risks.

Enhancing Data Security and Privacy Protection

Tracking and Interpretation of External Rules and Regulations

The company attaches great importance to research on laws and regulations related to data security and privacy protection. In 2023, we tracked more than 120 updates on global legislation and law enforcement, as well as conducted special research on laws and regulations related to data procurement, generative AI, cross-border data transfer, data exports from China, and important data management, etc.

At the same time, the company plays an active part in the formulation of China's national laws and industry standards. In 2023, the company provided suggestions on over 10 legislative drafts for the legislative authorities. In addition, ZTE was invited to the "Standards Week" activities held by the National Technical Committee 260 on Cybersecurity of Standards Administration of China, during which we actively shared our insights. The company also engaged in the formulation of local regulations such as the *Guidelines on Data Compliance for Shenzhen Enterprises* and *Regulations on Data Transaction Compliance Assessment of Shenzhen*. With these efforts, we expected to promote the rule of law for data compliance in digital economy era.

In 2023

the company released newly export control compliance documents, which were signed by **100%** of ZTE employees

a total of **88** employees got certified as level-1 ECCN classification experts



Export Control Risk Assessment

The company actively explores lightweight, systemic data analysis models for export control risk assessment, in an effort to support precise investment and control of compliance resources and optimization of export control compliance control. In 2023, in addition to interviews and document collection, the company innovated the risk assessment methods by sorting out external export control compliance requirements and relevant business scenarios. In such manner, we

In 2023

we tracked more than **120** updates on global legislation and law enforcement

provided suggestions on over **10** legislative drafts for the legislative authorities



Optimization of Regulations and Procedures

The company has formulated the *ZTE Compliance Manuals for Data Protection*, including the corporate-level manual and nine BU-level manuals, all of which are applicable to the company, its employees, and its contractors. The BU-level manuals specify the compliance requirements for business scenarios based on the corporate-level manual, providing guidelines on the building, implementation, assessment, and maintenance of ZTE's data compliance system. As a result, systemic risks in data compliance are reduced, and employees have a better understanding of data compliance requirements.

For key fields of data compliance, the company has implemented controls through multiple regulations, including *Regulation on Identification of Important Data*, *Regulations on Data Protection Impact Assessment*, *Personal Data Breach Response Process*, and *Process of Responding to Data Subject Rights Requests*.

Regarding the key compliance obligations about data export, the company has formulated the *Regulation on Compliance Management for Cross-Border Data Transfer* and *Guide to Compliance Controls for Transferring Data to External Parties*, as well as standardized the process for compliance risk identification, assessment, and control during data export.

To cope with data compliance risks related to the company's new business and technologies, we have formulated and improved risk-oriented compliance guidelines on such scenarios as data transaction, algorithm filing, data crawling control, and cross-border transfer of network data.

In accordance with the control requirements for cross-border data transfer of different countries/regions, the company has optimized country-specific guidelines on differentiated control. In such manner, we are able to conduct business activities with adherence to the local laws and regulations, while mitigating the difficulties in business execution caused by the "one-size-fits-all" control measures.

Risk Assessment and Due Diligence

The company comprehensively conducts risk assessment, compliance governance, and compliance capability building, including timely assessment of new business scenarios, thereby guaranteeing compliant operations.

In data protection compliance, the company has been fulfilling its obligations to conduct data export risk assessment and comply with relevant requirements for data export declaration, thus ensuring data export compliance.

Case

Promoting Industry Development with Steady Progress in Privacy Compliance Management of Terminal Products

In 2023, ZTE launched the Privacy Compliance Review System, the company's first system of its kind, enabling online privacy compliance reviews of different types of products including information systems, whole device products, MBB products, smart home products, and wearable devices. PCRS was developed based on the idea of Privacy by Design (PbD) and highly rated during the ISO 27701 certification, providing strong protection for the privacy of terminal products.

Additionally, a terminal product security expert of the company was invited to deliver a keynote speech themed "Automatic Compliance Management of Terminal Product Privacy" at the QECOn Global Software Quality & Efficiency Conference. One of our terminal product security experts was also hired as an expert of the Cloud Security Alliance (CSA). The project (formulation of the *2023 Report on Data Security Platform Based on Mythical Creatures Matrix*) this expert participated in was awarded the "CSA GCR 2023 Outstanding Project".



Compliance Commitment and Training

In 2023, the company released the Letter of Commitment on Data Protection Compliance and had it signed by all employees. Meanwhile, we improved and updated the data compliance course system. In addition to overall quality improvement, the courses were classified and assigned to different positions in a targeted manner, and 16 courses were customized according to compliance risks, key positions, and business scenarios.

- General courses such as the *Basics of Data Compliance* intended for all employees were optimized to be more informative, enjoyable, and readable.

- Special courses such as *Basic Principles of Data Processing, Data Protection Agreement Review, Privacy Notification and Settings, App Privacy Protection Compliance, and Cross-border Data Transfer* were revised and optimized.

Expansion of Product Privacy Certification

ZTE pays continuous attention to authoritative certifications in the industry. In 2023, the company successfully renewed the ISO/IEC 27701:2019 certification for its terminal, 5G, core network, and digital technology product lines, as well as its human resource management. The certification was a testament to ZTE's capabilities to provide global customers with more secure, reliable, and compliant products and solutions.

Moreover, ZTE has passed the EU's ePrivacy and U.S. TRUSTe certifications, both of which are globally authoritative certifications for privacy protection. These achievements demonstrate ZTE's world-leading privacy protection technologies and management practices in the business field of smart terminals, which will help consumers enter the digital era with greater ease and calm.



Improving the Whistleblowing System

End-to-End Whistleblowing Management

The company has formulated a set of rules and regulations on compliance whistleblowing, including the *General Rules for Compliance Audit and Violation Investigation, Regulations on Compliance Investigations, and Regulations on Compliance Reporting*, as well as processes and guidelines on internal compliance auditing, such as those on compliance whistleblowing reports management, export control risk screening and pre-investigation of compliance whistleblowing reports, and assessment of rewards for compliance whistleblowing.

Whistleblowing Reports Handling Process

Receipt of Whistleblowing Reports

- Internal: The whistleblowing report administrators check the whistleblowing channels at least once a day to guarantee that all reports are received without omission.
- External: The whistleblowing report administrators are notified by email, and the receipt time of the emails is regarded as that of the reports.

Registration of Whistleblowing Reports

- Except for special circumstances, all reports received through whistleblowing channels are registered in the LCM system within three workdays from the date of receipt.

Handling of Whistleblowing Reports

- After reports are registered, the administrators determine the fields the reports belong to (export control, anti-bribery, and data compliance, internal control and audit, CSR, etc.), and hand them over to the corresponding departments for handling.

Pre-Investigation into Whistleblowing Reports

- Among the reports qualified for acceptance, for those that cannot be determined whether they meet the criteria for case filing, the Director of the Compliance Audit Dept. assigns investigators to conduct a pre-investigation within two workdays.

Formal Investigation into Whistleblowing Reports

- For reports meeting the criteria for case filing, investigators conduct investigation in accordance with the assignment of the Director of the Compliance Audit Dept. and the processes specified in the Regulations on Compliance Investigations.

ZTE's Whistleblowing Channels

External Compliance Whistleblowing Channels

External channels mainly refer to the third-party compliance whistleblowing platforms, including website, email, and hotlines, which are managed by independent third-party law firms. Among them, the website and email support Chinese, English, and 15 other languages.

- Website: <http://www.tip-offs.com.cn/ZTE>
- Email: ZTEWhistleblowing@tip-offs.com.cn
- Hotline: 400-0707-099 (Chinese mainland); +86-21-3313-8584 (overseas countries/regions, Hong Kong, Macao, and Taiwan)

Internal Compliance Whistleblowing Channels

Internal channels include ZTE's internal compliance whistleblowing email and the LCM system.

- Email: complianceaudit@zte.com.cn
- LCM system: <http://lcm.zte.com.cn>, [Compliance Audit](#) > Report Violations
- Postal address: Compliance Audit Dept., Floor 26, ZTE R&D Building, No. 55, Hi-Tech Road South, Nanshan District, Shenzhen

Throughout 2023, ZTE received 154 reports from various compliance whistleblowing channels, all of which were effectively handled. A total of 11 anti-bribery compliance cases were closed and corresponding disciplinary actions were taken against the personnel involved. In such way, we have safeguarded value for the company through compliance.

The company encourages whistleblowing based on good faith and rewards the whistleblowers who report with their real names, so as to continuously improve the effectiveness of compliance control. By the end of 2023, tens of thousands of Chinese yuan of awards and multiple letters of appreciation had been sent out.

Whistleblower Protection

In ZTE's *Regulation on Compliance Reporting and the Regulations on Protection and Rewarding of Real-Name Whistleblowers*, whistleblowing information protection measures and anti-retaliation policies are explicitly stipulated. Whistleblowing information includes the information about the whistleblowers and their reports. Keeping the information reported by whistleblowers confidential is the primary principle that ZTE upholds in handling such information.

Be it real-name or anonymous reporting, the company assigns dedicated personnel to handle and keep confidential all the personal information involved in the investigations. All the phone call records are encrypted and stored on a third-party server, which will be retrieved through the application only when they are needed for the investigations. Each application will be recorded and archived for five years. Meanwhile, all whistleblowing information in paper form is stored in designated places and can be viewed only by authorized personnel when it is needed for investigations. Access to the whistleblowing documents will be authorized based on the "data minimization" principle after the Conflict of Interest (COI) assessment.

ZTE resolutely protects whistleblowers' rights and interests, and takes a zero-tolerance attitude towards retaliation of any form. Retaliation of any form will be deemed as a severe violation of ZTE's compliance policies, and the person concerned will be severely punished or even be dismissed. Retaliatory behaviors include but are not limited to threatening, insulting, or defaming any whistleblower, purposely making difficulties for or suppressing any whistleblower in promotion, job arrangement, or performance assessment, and disapproving of or delaying the handling of any reasonable application filed by any whistleblower.

In 2023

ZTE received

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A total of

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Remaining Human-Centric and Supporting Employee Development

ZTE always regards talent as one of our strategic cornerstones. Committed to "respecting each other", one of our core values, we take comprehensive actions to enhance employees' sense of security, belonging, achievement, and honor. Specifically, we provide employees with equal career opportunities, protect employees' mental and physical health through various measures, create a friendly, transparent, and honest communication environment for better employee experience, and build an open, inclusive, and harmonious atmosphere that accommodates diverse needs. In addition, we keep strengthening talent development and offer employees different career paths to help them grow and realize value.

Protecting Employees' Rights and Interests

Equity and Fairness in the Workplace

ZTE respects all human rights specified in international instruments, such as the *Ten Principles of the UN Global Compact*, *Universal Declaration of Human Rights*, and *ILO Declaration on Fundamental Principles and Rights at Work*, and complies with the laws and regulations of the countries and regions where we operate. On this basis, the company formulated the [ZTE Human Rights and Labor Rights Policy](#) to ensure equal opportunities in terms of employment, promotion, training, and occupational guidance, with zero tolerance toward any form of discrimination based on age, gender, disability, sexual orientation, belief, etc.

We always respect and endeavor to meet the needs of employees regardless of their countries and regions, beliefs, cultures, and lifestyles. At ZTE, any kind of forced labor is forbidden, and every employee provides work of their own accord and has the legitimate right to terminate their employment relationships. In 2023, no forced labor was found in ZTE.

ZTE takes a series of measures, including identity verification via the recruitment system and ID card reading during the admission procedures, and regular reviews of employee identities. The company formulated the *Regulations for the Special Protection of Female and Juvenile Workers*, specifying the minor protection measures such as periodic medical examinations and reasonable job arrangements. Remedial measures have also been put in place to provide maximum protection for children in case they are accidentally employed by the company. In 2023, no child labor was found in ZTE.

Case

Support for the Employment of Persons with Disabilities

The company supports the employment of persons with disabilities by providing suitable jobs for them in ZTE Changsha Base and other offices in China, Japan, France, and Italy, etc. Through comprehensive analysis from such aspects as selection, training, use, and retention, various measures have been taken to protect the physical and mental health of employees with disabilities. To be specific, we provide interviewers with anti-discrimination training, which contained skills to avoid discrimination during interviews, organize multiple forms of training activities based on a thorough analysis of employees' needs, formulate special safety emergency response mechanisms for rapid problem-solving, offer customized office tools, and keep improving the company's facilities to make them more accessible.

In South Africa, from 2018 to 2023, ZTE CORPORATION SOUTH AFRICA (PROPRIETARY) LIMITED provided employment support for 44 employees with disabilities, with a total investment of about ZAR 2.64 million (about CNY 1 million).

In Spain, ZTE ESPANA SL works closely with the Adecco Group Foundation on the employment of persons with disabilities. Through job training and digital schools, persons with disabilities acquire job skills and are able to adapt to work environments. Meanwhile, public activities are held to raise disability awareness, so as to create a more favorable external environment.



Diversity and Equity in Recruitment

The company makes consistent efforts to improve processes and regulations on recruitment and admission management, such as the *Onboarding Management Process for Employees from Social Recruitment* and the *Management Regulations for the Campus Recruitment*. Also, the *Recruiter and Interview Management Process* is implemented, which stipulates that equal opportunities for interviews are provided for all applicants, regardless of race, gender, religion, disability, or sexual orientation. For standardized and compliant employment in the production and manufacturing field, the company applies the five-step method for internal control, namely "organizational building, risk assessment, regulation formulation, implementation inspection, as well as rectification and accountability", and implement mechanisms for monthly self-inspections and self-corrections, semi-annual reviews, and annual comprehensive audits.

ZTE has a comprehensive recruitment system. We have launched differentiated recruitment programs for fresh graduates, experienced professionals, and production and manufacturing workers respectively. Job seekers can obtain recruitment information through online channels (including ZTE's recruitment website, WeChat official accounts and video accounts, and Bilibili accounts), or offline recruitment activities, and submit job applications in accordance with relevant processes.

In 2023, the company built a strong talent team by recruiting fresh graduates, international students, and personnel for key positions. We collaborated with renowned universities in many countries, including Indonesia, the Philippines, Italy, Spain, and Austria, fostering a talent acquisition ecosystem covering local colleges, customers, and partners. The continuous introduction and retention of talent from around the world have significantly contributed to the company's "high-quality growth".

Organizational Optimization of the Trade Union

ZTE's Trade Union Committee has developed into an organization consisting of the Trade Union and different levels of branches in different places, gathering a group of part-time staff with professional expertise and enthusiasm for public welfare. Under the Trade Union Committee, there are six specialized committees (Fund Inspection Committee, Women Worker's Committee, Assistance Review Committee, Labor Protection Supervision and Inspection Committee, Labor Law Enforcement Supervision Committee, and Proposal Committee), consisting of 341 employee representatives. Membership in the Trade Union is voluntary.

Under the Trade Union
Committee there are

6 specialized committees

consisting of

341

employee representatives

In 2023, the Trade Union Committee held the Member Representative Congress twice and the Employee Representative Congress nine times, at which a number of the company's rules, regulations, and work reports were reviewed. Through proposals from representatives, zService (internal one-stop service platform), email, and hotlines, employees' requirements were collected and addressed in a timely and effective manner.

Branches of the Trade Union were also established for representative offices in such countries as Germany, France, and Spain. Among them, members of the branch in Germany have signed collective agreements that specified working hours, holidays, meals, and other issues related to employees' rights and interests.

Protection of Employees' Health and Safety

ZTE endeavors to create a sustainable, healthy, and safe environment with a health and safety culture incorporating "Love and Responsibility". To this end, we have been working with customers and partners to enhance health and safety awareness as well as our management level.

Health and Safety System and Organizational Structure

ZTE's Health and Safety Committee is composed of the Director of the Committee, the corporate-level health and safety director, and the health and safety director of each level-2 business unit. In addition, a Health and Safety Office is also established under the Committee. The Director of the Committee is served by the company's Executive Director and Executive Vice President in charge of human resources management. The health and safety director of each level-2 business unit is responsible for the health and safety management in their respective units. A health and safety manager is assigned to each level-2, level-3, and level-4 business unit, who assists the Health and Safety Office in implementing health and safety management of each business team.

To provide guidance on health and safety management for each department, ZTE has formulated a series of policies and documents, including the *Management Regulations on the Organizational Structure and Operating Mechanism of the Health and Safety Committee*, *Regulations on the Management of Fire Protection*, *Occupational Health Management Regulations*, *Regulations on Hazard Identification and Risk Grading Management and Control*, *Management Regulations for the Inspection of Health and Safety and the Check and Governance of Potential Hazard*, *Regulations on Health and Safety Training Management*, *Regulations on Investment in Production Safety*

The Trade Union Committee
held the Member Representative
Congress

2 times

and the Employee
Representative Congress

9 times

Assurance, Management Regulations on Ergonomic, Health and Safety Behavior Requirements and Rewarding and Punishment Regulations, Regulations on Emergency Preparedness and Response Management, and Process for the Reporting and Management of Occupational Health and Safety Accidents. Meanwhile, we have mapped out multiple goals, such as zero deaths and zero occupational disease accidents, the building of a culture featuring proactive health and safety management and practices by 2025, and the achievement of systematic health and safety management (industry-leading level) by 2030.

The company continuously improves the health and safety system. In 2023, ZTE passed the third-party audit for certification to ISO 45001:2018 Occupational Health and Safety Management Systems, which covered all our production and operations sites in China and 29 other countries.

Investigation and Rectification of Safety Hazards

In accordance with the Management Regulations for the Inspection of Health and Safety and the Check and Governance of Potential Hazard, ZTE conducts safety hazard investigations on production and operations sites every year. In 2023, the company completed 23 corporate-level regular inspections and spot checks, identifying a total of 198 safety hazards, of which 183 have been rectified and the remaining will be rectified in 2024 as scheduled.

The company updates and publicizes the ZTE Health and Safety Risk Map and ZTE Equipment Medium- and High-risk Map on a regular basis to identify health and safety risks, providing useful tools to check for health and safety hazards.

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Case

ZTE Health and Safety Risk Map

The ZTE Health and Safety Risk Map is a tool used by the company to dynamically identify risks involved with different scenarios and equipment, and mark the risk levels based on relevant laws and regulations. With such a tool, we can rapidly check and identify major risks for easier onsite inspections and risk control in daily work.

The company has identified nine categories of high-risk scenarios, namely hazardous chemicals, special equipment, high-temperature aging test chambers, confined spaces, high voltage power distribution rooms, lithium battery storage, radiation producing devices, equipment battery charging areas, and equipment with batteries. Key information about the locations, responsible business units, status, and responsible persons involved are also specified in the risk map.

High-risk equipment includes various special equipment (except elevators) and radiation producing devices, while medium-risk equipment includes various high-temperature aging test chambers, incubators, reflow ovens, wave soldering machines, and some kitchen equipment. Information such as the equipment name, location, quantity, responsible person, and service life can also be found in the risk map.

In 2023, the company sorted out and graded all its battery equipment, and included the related information into the ZTE Health and Safety Risk Map, which was updated on a quarterly basis. Special inspections were conducted on the laboratories with large consumption of lithium batteries and the lithium battery storage projects. For new fuel cell projects, the company identified safety risks and formulated corresponding control measures.

Health and Safety Emergency Management

The company regularly conducts health and safety drills. We have established emergency response coordination and operation mechanisms for our industrial parks and formulated emergency response plans for our manufacturing bases and R&D centers in China, both of which have been filed with governments in line with regulatory requirements. In 2023, the company conducted 41 building evacuation drills, 236 health and safety drills in key sites, and 141 special drills, effectively improving the health and safety emergency response capabilities of manufacturing bases in Shenzhen, Nanjing, Shanghai, Xi'an, Changsha, etc.

In accordance with the relevant requirements of fire protection laws and regulations, the company always adheres to the policy of "devoting major efforts into prevention and combining fire prevention with firefighting". Together with the Fire Safety Committee, we are making constant progress in fire safety risk investigations, emergency drills, and rectifications of safety problems.

We have divided our office areas into normal-fire-risk areas and high-fire-risk areas with differentiated control measures being adopted. Comprehensive inspections are also conducted to identify and eliminate fire hazards.

We conduct fire safety training and emergency drills on a regularly basis. In 2023, 433 fire safety training sessions and 384 emergency drills were carried out, which enhanced the fire safety awareness and capabilities of all employees and established a safer workplace.

We have hired a third-party institution to conduct an overall assessment of the fire safety management in five industrial parks, including Shenzhen Hi-Tech Industrial Park. Meanwhile, the company organizes skill certification and appraisal for full-time and part-time fire safety management personnel, aiming to improve the capabilities of frontline management members in an all-around manner.



Health and Safety Awareness of Employees

ZTE provides regular health and safety training for all employees in different positions. Before taking up their posts, employees must complete the safety training held by the company, department, and section/office/team to be equipped with the knowledge and skills for safe operation and emergency handling.

The company formulates and updates a health and safety training plan annually in accordance with the latest health and safety laws and regulations as well as the business development needs. Based on the annual health and safety training plan, each department organizes health and safety training on a regular basis. Before implementing new processes or technologies or using new equipment and materials, each department conducts dedicated health and safety training for relevant personnel.

In professional development, qualification, and certification for health and safety management, the year 2023 witnessed the participation of 20 health and safety directors in the annual training in laws and regulations, 563 management members in charge of production safety in the annual health and safety training, and a total of 101 employees in training for China's Certified Safety Engineer Examination online or offline, among whom 22 took the examination and 11 obtained the certificate. Besides, 108 employees completed the retraining for the American Heart Association (AHA) certification (a total of 169 employees with the AHA certificate), and 200 more employees (1,936 in total) received the first aid certificate, and 40 more employees (153 in total) obtained the ISO 45001 internal auditor certificate.

In terms of awareness enhancement, the company has released health and safety training videos through the internal learning platform, so that employees can take the courses at any time. In 2023, the company released the videos of Personal Safety Training for International Travels and Defensive Driving Training, aiming to improve the safety awareness and prevention capabilities of the personnel who work or travel abroad. In addition, ZTE launched the video of Accident Investigation and Root Cause Analysis Training, so as to improve the accident investigation capabilities of health and safety management personnel and investigators. A series of training videos on laws and regulations were also rolled out to enhance the safety and compliance awareness of management members and health and safety management personnel.

In 2023

22

employees took the China's Certified Safety Engineer Examination

and

200 more employees

(**1,936** in total)

received the first aid certificate

and

40

more employees obtained the ISO 45001 internal auditor certificate

Case

Fire Safety Month for Fire Protection Education at ZTE Premises in China

For "Fire Safety Month" (November) in 2023, ZTE carried out fire prevention publicity and education activities themed "Prevention First, Life First" in 19 industrial parks in China. These activities were conducted online and offline, covering administrative units in different industrial parks, Supply Chain offices in Shenzhen, offices of the Mobile Device Division in Shanghai, offices of Domestic Sales, etc., enhancing employees' initiative to learn about firefighting.

To be specific, different units held 67 special training sessions related to fire protection, with a total of more than 6,700 participants. Through case studies, fire videos, and firefighting knowledge sharing, employees' fire safety awareness has been greatly increased.

Furthermore, fire drills were conducted, in collaboration with local fire agencies, in 19 industrial parks and employee apartments in China. Covering multiple scenarios such as high-altitude rescue, firefighting, personnel evacuation and escape, a total of 51 drills were held with more than 27,600 participants.

In 2023
more than
27,600
employees participants
attended the fire drill

carried out fire prevention
publicity and education
activities in

19
industrial parks in China

more than
6,700 participants
attended specialized training
related to fire protection



Indicator of Health and Safety Activities and Training	Unit	2023
Number of participants in the "Ankang Cup" Health and Safety Competition	Person-time	29,654
Number of safety drills	/	418
Percentage of employees participating in safety training	%	100

Effective Communication with Employees

ZTE always values the voice of employees. As such, the company has established and constantly improved the channels and mechanisms for communication with employees, allowing them to express their opinions and demands through the Trade Union emails, zService, Trade Union hotlines, and employee representative proposals. In 2023, ZTE organized more than 450 meetings for exchanges between senior management teams and frontline employees. At these meetings, problems concerned by most employees were collected, 92% of which had been closed by the end of 2023, and the rest will be tracked until they are resolved.

ZTE organized more than
450 employee meetings

92%
of problems concerned by
most employees had been
closed by the end of 2023

Different units of ZTE have established online and offline communication channels, providing information about admission, training, work, life, team building, and resignation. Through the communication events organized by business teams, divisions, departments, and HR teams, the company is able to quickly and efficiently help employees solve problems encountered at work or in life.

In addition, in case of any unfair treatment in the process of hiring, admission, salary determination and adjustment, promotion and position change, training and learning, daily work, or resignation, employees can submit a complaint through telephone, email, intranet, and other channels provided by the company, or report the issues to the Human Resources Dept. The complaint handler of each channel will file the complaint truthfully and transfer the information to the special team for investigation into the reported issue or into the organization involved. The special team will investigate the reported issues fairly and impartially within one month depending on the complexity of the issues. The company strictly keeps complainants' information confidential in accordance with the *Regulations on Protection and Rewarding of Real-Name Whistleblowers*.

Case

Digital Operations for Efficient Communication Channels for Employees

As ZTE's "one-stop service platform" with multiple modules, zService has become the company's important communication channel. In 2023, zService received more than 15,000 suggestions and reached a user satisfaction rate of 92%.

zService received more than

15,000

suggestions

In 2023, each operations management department launched more than 10 best practice collection activities (rewards provided) for global employees through zService. Over 2,000 best practices were collected, covering optimization of organizational structure and processes, technology-driven carbon reduction, innovative solutions, product user experience improvement, office software efficiency improvement, energy conservation, and emission reduction.

reached a user satisfaction rate of

92%

The company has established multiple chat groups, where administrators arrange for timely response to the requests or improvement proposals submitted by employees. High-value proposals will be recorded and followed up until they are fully addressed.

In 2023, based on the result of the employee engagement survey of 2022, ZTE took a series of measures to improve workflows in a targeted manner and encourage open communication and idea pooling. As indicated in the survey results of 2023, an increase has been achieved in workflow efficiency and communication climate.

Protection of Female Employees' Rights and Interests

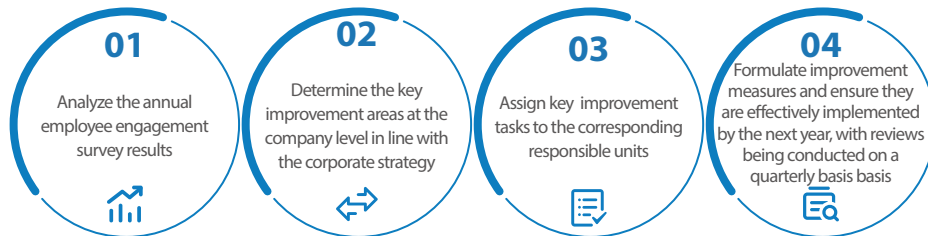
Under the guidance of the Women Worker's Committee, ZTE conducts various activities to provide support for the physical and mental health of female employees and address their demands.

ZTE has 27 policy documents that specify the relevant rights and interests of female employees from different aspects, such as gender equality, equal pay for equal work, protection during pregnancy, maternity leave, and breastfeeding leave, as well as physical examination, promoting the common development of female employees and the company.

To fully meet the demands of female employees, the company makes a great effort in implementing the "Care for Female Employees" initiative, with focus on key issues such as prevention of sexual harassment in the workplace, babysitting services during school breaks, physical and mental health, marriage and love life, and family relationships. By doing so, we strive to solve problems for female employees in a practical manner.

Improvement of Employee Engagement

ZTE carries out the employee engagement survey among all employees every year to listen to employees' voice. On this basis, the company responds to their needs and expectations through real actions and thus motivates employees to achieve better work results.



Process for Employee Engagement Survey and Corresponding Improvement

In terms of stress relief, the company provides female employees with online and offline care service through the EAP system, offering effective emotional reassurance.

ZTE has 30 baby care rooms equipped with refrigerators, water dispensers, and hand washing stations, which not only provide support for breastfeeding employees but also offer platforms for exchanging parenting experience and relieving stress.

Moreover, the company arranges a free physical examination for all employees annually. For female employees, additional examination is provided for gynecological disease, including breast/cervical cancer. In 2023, around 18,000 female employees took the breast/cervical cancer screening tests.

Over the past six years, the Trade Union Committee of ZTE has helped 155 economically disadvantaged female employees and provided relief funds totaling CNY 2.01 million to those suffering from serious illnesses or accidents and their family members.

In November 2023, ZTE COLOMBIA received the honor of "En Igualdad" (Gender Equality Seal), an award given to public and private entities that have declared their commitment to gender equality in Bogotá, Colombia. The honor has recognized ZTE COLOMBIA for its efforts in effectively implementing initiatives for closing the gender gap as well as fostering a workplace free from gender discrimination and stereotypes.

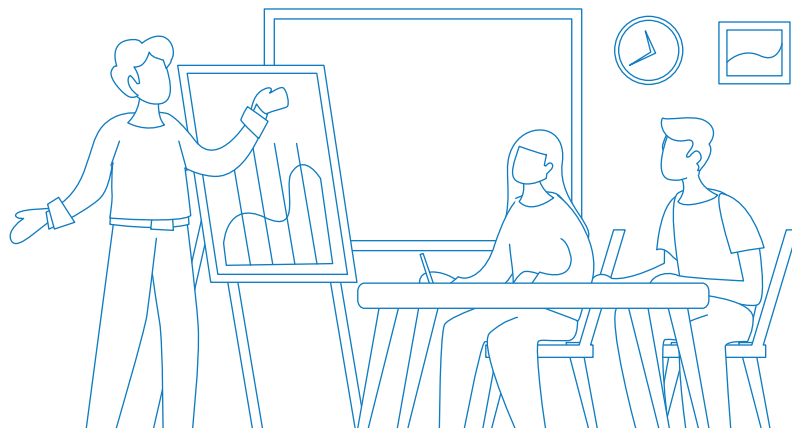


Building a Talent Development Mechanism

ZTE provides employees with three career development paths: managerial, professional, and project management, and has established a mechanism for building leading talent teams at different levels, thus allowing talent to gain new capabilities and obtain promotion opportunities as well.

Cultivating Talent in a Comprehensive Way

Employee growth plays a vital role in the company's sustainable development. With comprehensive career development and capability center systems, various forms of talent training programs and personalized training plans have been carried out for employees. In addition, great importance is attached to learning process management, practice-based learning, and effectiveness evaluation. By doing so, employees' motivation and creativity have been greatly strengthened.



Training for New Employees

The new employee training program helps new employees understand ZTE's corporate culture, improve communication skills, and prepare for their workplace roles.

For graduates

The company has a three-level training system, which consists of culture introduction, professional training, and mentorship. With such system, the new employees get familiar with the company's profile, vision and mission, and business philosophy, and acquire professional skills required for their roles. In 2023, the new employee training program team added typical office scenario-based role plays in the curriculum, helping new employees effectively adapt to their workplace roles through mindset and behavior changes. Based on the new employee capability model, the company tailored courses and practical activities for each business field. In this way, at the stage of training, new employees can quickly develop competence through "learning by practicing, practicing for learning".

For new employees in production positions

ZTE's onboarding program includes training in corporate culture, basic know-how on quality and production safety, and the Code of Conduct for Employees. While for training in operation in product lines, a mentor is assigned for each new employee. In 2023, new production employees successively completed 13 theoretical courses, onsite practice, and end-of-probation skill evaluation.

Training for Employees in Production Positions

For employees in production positions, the company provides training courses, operation practice, and competency assessment to ensure systematic training of employees.

ZTE Class

The company has worked with a number of colleges and universities in China in setting up the "ZTE Class" of electronics and information and communications engineering nationwide. By 2023, 108 ZTE classes have been set for nearly 4,000 students, cultivating a large number of technical talents for ZTE and the communications industry as well.

Skill training site

To guarantee that production employees master relevant job skills, ZTE selected key positions that require high technical skills and a long training cycle, and, correspondingly, built 27 skill training sites for relevant employees to carry out practice and improve and test their skills. In 2023, about 2,000 new employees of the production line completed practical training on the designated sites with a pass rate of 100%.

ZTE Manufacturing Technology College

The ZTE Manufacturing Technology College is an internal institution that focuses on the cultivation and capability enhancement of high-end technical talent in electronic manufacturing. Currently, lectures are organized by dedicated personnel in ZTE's five major manufacturing bases. In 2023, a total of 345 students were enrolled and 316 graduated. In total, 1,012 hours of lectures were delivered, and all primary and intermediate classes were completed on site.

Qualification certification and training

The company encourages employees to obtain vocational qualifications, such as the Project Management Professional (PMP) certification, Certified Safety Engineer (CSE), first aid certification, and certificate for special operations, and the certification expenses can be reimbursed. Up to now, ZTE has supported 3,015 employees in obtaining vocational qualifications. Among them, 577 employees are female, which account for 19% of the total.

Further education

The company provides opportunities for employees to receive further education. Over the past three years, the company has been collaborating with 12 junior colleges and 7 undergraduate schools, and a total of over 1,000 employees applied for admission. 115 employees were enrolled in 2023, among which 25 (21.74%) are female. In addition, the company has established close partnerships with Heyuan Polytechnic, Guangdong Nanhua Vocational College of Industry and Commerce, Guangdong Vocational College of Posts and Telecommunication, and Guangzhou Nanyang Polytechnic College in providing employees with opportunities to accomplish further education while on the job. In 2023, 290 employees joined the company's further education project to study in these four institutions.

Basic CSR knowledge training

In 2023, the company provided basic CSR knowledge training sessions at its five manufacturing bases. The training covered overall introduction to CSR, human and labor rights, health and safety, environmental protection, and business ethics. More than 10,000 employees participated in the training, accounting for around 90% of the total employees at the manufacturing bases.

Cultivation of R&D and Technical Talent

For the cultivation of R&D and technical talent, the company provides all-around programs, including the "Blue Sword" program, ZTE Youth Awards, Training program for Young leading talent, and Lectures by Experts.

"Blue Sword" program

In 2023, the company brought in a number of outstanding master and PhD graduates from well-known universities in China as "Blue Sword" talent and included them in a special training program, which provided two mentors (one for professional capabilities and one for career development) and dedicated training sessions, and assigned challenging tasks. In this way, the talent can have exchanges with both ZTE's chief scientists and senior experts in core business fields, and also with the big names from the industry. For "Blue Sword" talent, ZTE also conducts ongoing training, meetings with top executives, and team building activities in various cities. Today, dozens of "Blue Sword" talent have become senior experts or management members, leading teams in overcoming technical difficulties, and publishing papers and patents. They have won numerous awards in and outside the company.

ZTE Youth Awards

In order to promote the growth of young talents and encourage young R&D personnel to make continuous breakthroughs, the company set up the "ZTE Youth Awards" in 2019. The award winners of each year will be given commendations along with material rewards (the reward rules may differ from year to year). In 2023, a total of 186 employees were awarded, registering an increase of 11 persons compared to that in 2022. Special training budgets are offered to award winners, so as to encourage them to participate in external training and bring experience to the company. A dedicated online learning space is in place, proving learning materials about technologies, management, and projects for the young talents.

Training program for Young Leading Talent

From fields of key technologies, the company selects young leading talent from outstanding young technical experts, and assigns a mentor for each of them to help them, through both training and practice, lead teams in tackling problems. In 2023, there were 23 new young leading talent and 21 of them were appointed as level-6 experts or management members. The company encourages mentors and mentees in this program to deliver lectures, and 11 of them took the podium to share cutting-edge knowledge with ZTE employees. Meanwhile, through the Young Leading Talent Training Camp and the Second Young Leading Talent Sports Games, the talent can have more exchanges with external experts and professors. In 2023, ZTE's young leading talent made major technological breakthroughs in 43 projects, with more than 10 projects winning awards in and outside the company.

Lectures by Experts

As the tech leaders in corresponding fields, the level-6 and level-7 experts are encouraged to give lectures for all employees. In 2023, over 20 experts gave lectures to share research outcomes, including the latest technologies, industry trends, and insights into market, and over 4,500 employees attended the lectures.

Institute of Information Technology

The Institution of Information Technology was established in 2014 subordinate to ZTE Global Learning and Development Center (GLDC). The institute aims to improve the IT capabilities of R&D personnel, promote the integration of IT and CT, and contribute to the company's technological leadership. In 2023, the institute held 23 forums, six technology-relevant activities, including ZTE Technology Conference 2023, Innovation Day, ZTE Strategy Forum, Seminar on Frontier Data, Computing, LLM Technology co-held with the China Computer Federation (CCF), Competition for System Product Capability Enhancement, and Competition for Best Practice of Cybersecurity Capability Enhancement. Furthermore, one premium lecture was held, where internal and external academics, professors, and technical experts were invited as speakers. The company also launched a project for book publication, and in 2023, three professional publications were released, respectively the Application of IoT Technology, Digital Network Management and Application, and Performance Optimization of Products with Android OS. The Institute of Information Technology also participated in the compilation and release of two external standards, respectively the BizDevSecOps Capability Maturity Model Standard and Information Technology Service - Digital Transformation - Maturity Model and Assessment. In addition, the company has established a learning group for Qualification Certificate of Computer and Software Technology Proficiency, which is operated by the group members themselves, and 61 employees obtained this certificate in 2023.

Building the Management Team

Training program for frontline management members

This training program is designed to improve the key capabilities of frontline management members, so as to support the fulfillment of ZTE's strategic goals. In 2023, ZTE held intensive training sessions in each level-2 unit, which involved more than 2,300 trainees.

Leadership Training Sessions

With the theme of "Forging Ahead with Entrepreneurial Spirit", the 2023 Leadership Training Sessions enabled management members to inherit and pass on the pioneering and hard work spirit, strengthen leadership skill learning, and build up capabilities to tackle challenges. In 2023, a total of 19 leadership training sessions were delivered, with over 1,100 management members joining the sessions.

Developing International Talent Teams

In 2023, ZTE provided 12 professional training programs for Chinese and overseas employees in the three major business fields, namely sales, marketing, and engineering services. For key overseas employees, the company also launched the frontline management member training program.

In the marketing field, the "ACE in Marketing" online training program was held, which facilitated the exchanges between overseas employees and experts in the headquarters, and conveyed the latest solutions and experience for cross-country operations. Throughout 2023, 113 live-streaming sessions were delivered, attended by over 2,000 overseas marketing employees.

In business fields of engineering, technical solutions, and service, seven training programs were organized for key overseas talent and technical delivery personnel, external capability enhancement programs were also launched, such as operation of overseas local communities.

Training program for key overseas talent and technical delivery personnel

In 2023, a total of over 70 training sessions were held in the forms of professional training, lectures, camps, and mentorship-based practice, covering over 700 overseas employees.

Operation of overseas local communities

The company is dedicated to building professional communities to deliver high-quality lectures locally and enhance the cohesion of overseas units. Involving more than 3,500 employees from local partners, over 250 capability enhancement activities were held in 2023, including lectures by part-time trainers, promotion of high-quality courses, lectures in local languages and lectures delivered by full-time lecturers, and skill transfer by local expert team.

By virtue of the capability enhancement activities held in overseas countries and regions, local customer service engineers are able to provide better services for customers.



Case

Training Program for Frontline Employees in Key Countries

To provide better support for the front line and promote the cultivation of local talent, ZTE focused on the frontline business demands, especially those in key countries. With the collaborations among the Integrated Solutions Dept., SPMO Team, Market Planning Team, and product lines, the "M-Training" activities were held, where management members and high position-level experts delivered high-quality lectures on different topics, e.g., insights into ICT industry, product solutions, project bidding skills, and customer-based solutions. A total of over 100 employees from different countries participated in the training, and multiple local employees obtained the certification of ZTE's Solution Chief Engineer (SCE) for sales projects.

Performance Appraisals, Incentives, and Talent Retention

To promote employees' career development and encourage them to improve work performance, ZTE has established a comprehensive performance appraisal and communication mechanism.

Employee Performance Management

The employee performance management sticks to the principles of closed-loop management, equality, fairness, and openness. The company organizes the formulation of the Employee Performance Plan every half year, requiring management members and employees to communicate with each other and complete the performance plan together. The plan shall be publicized within the department.

The *Employee Performance Management Process* provides detailed requirements for the annual performance appraisal cycle. The appraisal is carried out once every year for employees in product lines and once every half year for other employees. All employees working in their positions for over one month after the probationary period are included in the appraisal. An employee's performance is appraised from the aspects of personal performance, compliance performance, attitude and behavior, and competence, with personal performance being the focus.

During performance appraisals, the head of each department shall have formal communication with employees about their performance. After the performance appraisal results are released and if employees do not agree with the results, or think that the appraisal was not carried out in a fair or compliant manner, they can file an appeal, which will be handled by the Human Resources Dept., and the handling result will be provided in a timely manner. For employees who fail to

get good results in appraisals, the management of the department should provide guidance on fulfilling performance goals and on formulating clear performance improvement plans, and help employees to improve their performance continuously. The results of employee performance appraisals will be applied in promotions, pay raise, bonus allocation, etc.

Incentive Mechanism

In 2023, the company stuck to the principle of "value contributor-oriented", and built an incentive mechanism that prioritizes personal performance and contributions. In this way, employees were encouraged to create values, keep sharing, and shoulder responsibilities. With talent review and performance appraisals, the top value contributors were identified for targeted incentive allocation.

For different groups of employees, short- and mid-term incentives such as precise pay raise, differential incentives, three-year incentive plan, and stock options are given in a targeted way; For young leading talent, in addition to short- and mid-term incentives, shares are granted to stimulate employees' enthusiasm, which in turn contribute to the company's business growth. For new employees, the company launched the incentives for new employees in 2021, promoting the rapid engagement and growth of new blood.

In 2023, as the conditions for the first-phase payout were met in the "Three-Year Incentive Plan 2022–2024", the company fulfilled the incentive rewards for the recipients. In addition, the company issued a certain quantity of more shares to better motivate and retain employees with high potential and outstanding performance.

In addition to material incentives, the company has established a comprehensive honorary incentive and commendation system, and set up awards for individuals such as the Gold and Silver Awards, Hard-Working and Innovative Pioneers, Gold and Silver Mentors, and Outstanding Graduate, as well as awards for teams such as the President's Honor Award, ZTE Special Contribution Awards, ZTE Excellent Operation Awards, and Honorary Team Awards. These honors aim to motivate employees to stay cooperative, pragmatic, professional, and responsible, and strive to be value contributors. In addition, the company has set up professional awards such as the Excellent Quality Awards, Product Solution Innovation Awards, and Scientific and Technological Innovation Progress Awards to encourage frontline business personnel to make continuous breakthroughs and innovations, and therefore improve the competitiveness and influence of the company's core technologies and products. Among the above awards, Gold and Silver Awards, as the highest honor for role models, have a history of 15 years. To date, more than 400 employees who made outstanding contributions, have won this award, and have achieved further development since.

In 2023, all the honorary titles of an employee were visualized in the employee's personal profile on iCenter (internal one-stop collaborative work platform), so that employees can have a stronger sense of honor for their achievements.

Number of Awarded Employees	Unit	2023
ZTE Gold & Silver Awards	Person	37
Annual Hard-Working and Innovative Pioneers	Person	136
Outstanding Graduate of the Year	Person	60
Gold and Silver Mentor	Person	30

Talent Retention

To provide employees with clear career development paths, ZTE has issued the *Management Process for Employee Position Appointment* with detailed requirements for position appointment. The company has also developed a professional development channel for employees based on the national standards for professional skill certification, and a special channel for leading talent. Each business unit regularly organizes employee position appraisals and appointment, and provides national vocational skill certificates and subsidies for qualified employees, so as to motivate and retain outstanding talent.

ZTE encourages the internal position transfer of employees for their development, and has established a one-stop information sharing platform for internal recruitment and transfer. With the special allocation mechanism, employees may opt to transfer to positions and fields where they are more needed by the company.

In addition, for employees not reaching the legal retirement age but can no longer undertake the position due to health or other reasons, the company has issued the *Employee Early Retirement Management Process* for exit.

Employee Care and Welfare

ZTE is committed to its employees' work-life balance, and strives to provide a healthy and comfortable workplace.

Employee Welfare Improvement

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

Supplementing employee insurance

In addition to the social insurance and housing provident funds, ZTE also purchases comprehensive accident insurance for employees on duty, and provides channels for employees to purchase other commercial insurances covering compensation for medical treatment due to accidents, as well as accidental or non-accidental death. For employees based in overseas countries/regions or on long-term overseas business travel, the company purchases international travel insurances covering compensation for medical treatment overseas and in China and for accidental death.

Flexible working hours

Currently, about 50% of employees in ZTE adopt the flexible working hour with a maximum 90 minutes shift. In this way, employees can better balance their life and work.

Facilities for convenient life

ZTE offers free dormitories to employees who meet relevant requirements. The dormitories are available with bathrooms and balconies, air conditioners, washing machines, water dispensers, water heaters, etc. ZTE also provides free shuttle buses for employees to commute to and from work.

Activities in spare time

ZTE provides employees with venues for various leisure activities, including basketball courts, rooms for yoga, dance, and table tennis, football fields, badminton courts, gyms, pantries, and activity centers (a total area of 1,700 square meters).

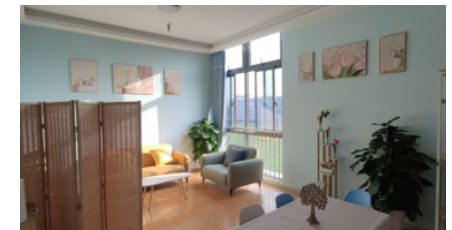


ZTE's Employee Welfare System

Mental Health Services for Employees

ZTE attaches great importance to employees' mental health. The company's EAP covers 14 office areas, enabling employees to receive face-to-face and remote counseling, as well as counseling in external institutions. In 2023, counseling services were provided for 1,520 times.

In 2023, the company released contents related to counseling and mental health on its internal platform, with over 200,000 views of the contents by more than 15,000 employees. Moreover, more than 6,000 employees attended the mental health training held by ZTE in 2023.



Counseling Room in ZTE Nanjing Binjiang Base



Activity on the Mental Health Day



"We Love ZTE" Summer Camp

Enriching Employees' Cultural Life

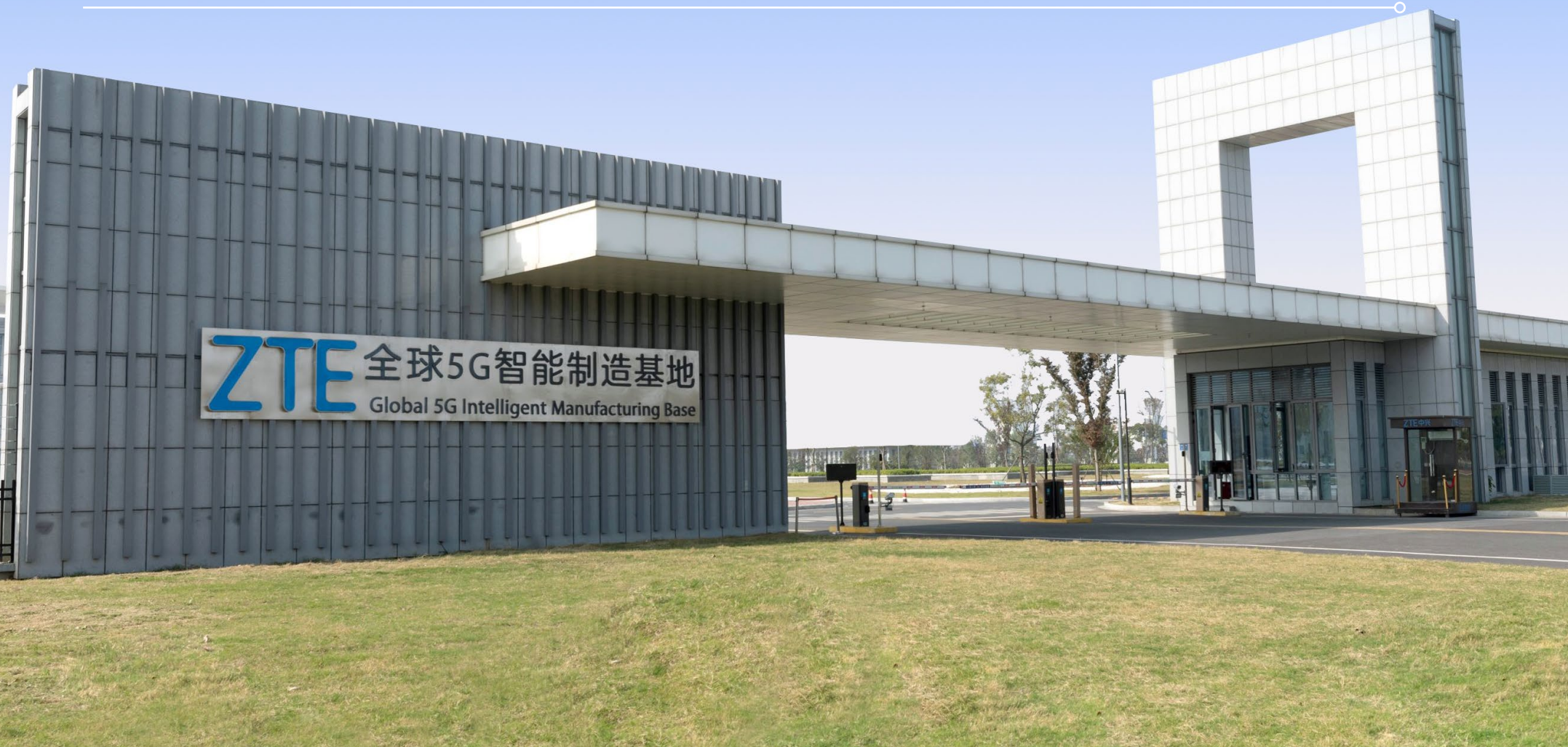
On a global scale, the company organizes a series of cultural exchange activities to build cohesive international teams and enrich employees' cultural life. In 2023, the 4th International Sales "We Love ZTE" Summer Camp was successfully held. More than 150 persons, including overseas employees from 20 countries/regions, together with their families, and family members of Chinese employees working overseas, gathered at ZTE headquarters in Shenzhen. The Summer Camp has promoted cultural integration and strengthened the ties between employees all around the world.

Moreover, the company holds activities with respect to the local culture and customs in overseas units, such as activities for the Easter and Christmas in Europe, as well as Festa Junina and the Three King's Day in Americas, creating a cultural atmosphere that features inclusiveness and mutual respect.

In China, a series of sports and cultural activities are available for employees. In May and September 2023, the company organized a fair and concert at the ZTE Wuhan R&D Center and ZTE Yanjiao R&D Center, and more than 90% of the employees and management members joined the activities. For more immersive experience for employees, the concert titled "Music for You" went on live streaming.

Additionally, the company held the first singing contest in Shenzhen themed "Singing for a New Era", which attracted the active participation of many employees. Nearly 100 employees signed up for the contest, and a total of 23,000 employees participated in the voting during auditions. More than 450 employees attended the semi-finals and finals at the scene to cheer for the contestants. The live streaming of the semi-final and final had approximately 51,000 views with 170,000 likes.

Igniting Innovation with Solid Foundation for Shared Success in Digital Economy



Empowering Industries Through Innovation and Driving the Digital Economy

As a global leading provider of integrated communications and information solutions, ZTE is dedicated to innovations and empowerment of digital technologies, and actively engages in industrial digitization and intelligent manufacturing. While continuously strengthening our capabilities for digital and intelligent innovations, we are joining hands with industry partners to promote the convergence of the physical and digital worlds for the high-quality development of society.



Case

ZTE Reaffirmed its Commitment to P2C Digital Coalition, and Contributed to the Global Digital Transformation

The P2C Digital Coalition was launched by ITU to foster meaningful connectivity and digital transformation in the hardest-to-connect communities, with a focus on, but not limited to, LDCs, LLDCs, and SIDS.



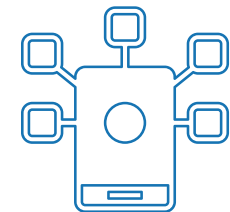
In 2023, invited by ITU, ZTE participated in the celebration of the 55th World Telecommunication and Information Society Day (WTISD) in Geneva, Switzerland. On the event, ZTE again emphasized its commitment to the P2C Digital Coalition initiated by ITU: to provide information and communications infrastructure every year for LDCs, LLDCs and SIDS, so as to help bridge the global digital divide.

In Zambia, ZTE partnered with MTN in building the first ultra-100G optical backbone network in the southern part of the country and continued to build the most advanced digital communications network with the best user experience.

In Bangladesh, ZTE signed a cooperation agreement with the local telecom operator, Banglalink to build wireless networks on the 2.3 GHz spectrum, achieving continuous improvement in network speed and coverage throughout the country.

In South Sudan, through our digital training programs, hundreds of students from the University of Juba majoring in electrical engineering and telecommunications engineering received 5G communications technology training and internship opportunities. Such programs have helped the students master digital skills and then contribute to the country's digital transformation.

In Uganda, ZTE partnered with the Opco of a multinational operator to provide O&M services focusing on user experience. As a result, the operator's 4G traffic increased by over 80%, its network coverage reached 78.4% of the population, and the number of data service users increased by about 25%, with the connectivity experience of the local people greatly enhanced.



Building Digital and Intelligent Capability

Continuous Innovation in Underlying Technologies

While increasing investment in main business fields such as chipset, algorithm, architecture, database, and OS, ZTE has made great efforts in the R&D and innovation of AI, cloud computing, and big data in 2023, aiming to provide better products and services for its global customers.

Large AI model	With the telecommunication large model, the intelligent assistant can respond to users' prompts, thus helping users to complete service tasks and providing solutions and guidance for operation. In terms of standards, ZTE became one of the first members of IEEE's working group for large AI model standards;
Application scenarios of Integrated Sensing and Communication (ISAC)	ZTE first completed the testing of the base station for ISAC networks on low frequency band. The company rolled out the industry's first ISAC-powered 5G loV solution, and completed the network performance verification on the Uu interface which proved ZTE's active participation in building the industry ecosystem.
Distributed software bus for mobile devices	System testing has been completed. Currently, the system is available for commercial use, with industry-leading screen projecting performance and the average latency of less than 80 ms in the FHD mode;
Cybersecurity	The company has applied intrinsic security technologies to its switches and mobile devices, and completed the first testing for future networks with intrinsic security in China, which was recognized by the CAICT and China Unicom;
Optical modulator	The core performance indicators of ZTE's optical modulator, including the modulation bandwidth and efficiency, have reached the top level in the industry.

In 2023

ZTE released a total of	were authored by ZTE exclusively	with ZTE being the leading author	with ZTE as a co-author
72 white papers	17 white papers	15 white papers	40 white papers

Case The *White Paper on the Technology Trend of Digital Infrastructures* by ZTE

As a driver of digital economy, ZTE compiled the *White Paper on the Technology Trend of Digital Infrastructures* based on its own and partners' research results on underlying and cutting-edge technologies in recent years. The white paper describes and discusses specific technology trends from the perspective of "wider connections, stronger computing power, and more than intelligence".

In September 2023, ZTE held the Third Future IP Network Development Forum and signed and released the *White Paper for the Evolution of Future IP Network Technology 3.0* with CAICT, China Mobile, China Unicom, and China Telecom. The white paper explained the scenario requirements, architecture, key technologies, and testing and verification of the Enhanced Deterministic Network (EDN).

ZTE has built leading laboratory capabilities. The 5G Global Innovation Center, ZTE Digital Nebula Alliance (ZDNA) Center, and CloudLab are important platforms for ZTE to research and implement innovative solutions for industries. In 2023, the three laboratories focused on developing innovative industry solutions. Specifically, the ZDNA Center accomplished the formulation and testing of over 60 innovative solutions, and the CloudLab completed the verification of more than 200 cloud-related solutions.

In addition, based on close collaborations with external parties, ZTE established a collaborative laboratory in 2023, to promote the development of reliability technologies in the industry. Up to now, the company has established 11 collaborative laboratories with major universities and research institutes in China for joint technology pre-research, industry empowerment, and talent cultivation.

Promoting Industry-University-Institute Cooperation in a Steady Manner

The journals *ZTE Technologies* and *ZTE Communications* serve as platforms for academic exchanges, exploration into industry trends, and release of research outcomes. In 2023, based on these platforms, ZTE held a series of academic conferences and exchange events with universities, such as the 2023 Seminar on Communications Technology Trends, so as to promote technical exchanges and resource coordination.

In 2023, *ZTE Technologies* was listed in A Guide to the Core Journals of China for the first time and the China Science and Technology Paper and Citation Database (CSTPCD) again. Meanwhile, *ZTE Communications* was included once again into World Journal Clout Index (WJCI) of Scientific and Technological Periodicals, demonstrating stronger global influence.

In 2023, the company continued its cooperation with universities, including the Summer Practice Camp on Standardization and the course *Introduction to ICT Industry Standardization* with Southeast University, the course *Introduction to 5G Communications Technology Standardization* with Xidian University, two courses for professional and standardized education with Xidian University and Xi'an University of Posts and Telecommunications, and exchange on *Cooperative Cultivation of Standardization Talents* with China Jiliang University.

Case

Industry-University-Institute Collaborative Innovation Forum & 2023 ZTE Industry-University-Institute Cooperation Forum and Annual Session

In April 2023, the Industry-University-Institute Collaborative Innovation Forum & 2023 ZTE Industry-University-Institute Cooperation Forum and Annual Session co-sponsored by ZTE and the Science and Technology Daily was held in Huangshan City, Anhui Province. More than 130 guests from over 30 universities and research institutes in China attended the forum and had a heated discussion on new models of industry-university-institute cooperation and new opportunities for collaborative innovation in the era of the digital economy. Leaders from Beijing University of Posts and Telecommunications, Southeast University, and others made keynote speeches. This forum reflected the importance that the industry and academia attach to industry-university-institute cooperation and has effectively promoted the development of industry-university-institute cooperation in the ICT industry.

Strengthening Intellectual Property Management

As a major participant and contributor in global 5G technology research and standards activities, ZTE has continuously declared its 5G-related SEPs to the ETSI. In the *Research Report on Global 5G-related SEPs and Standard Proposals (2023)* published by the CAICT, ZTE ranked the fourth in the world in terms of its proportion in the global effective patent families

Intensifying IP Risk Management

ZTE has integrated intellectual property factors into the planning of its business strategy, and used patent portfolio strategies to reduce competitive risks, to protect its vital technological innovations and lay a solid foundation for core competitiveness improvement based on relevant patent assets.

Risk identification in daily business collaboration

ZTE has developed business guidelines for intellectual property issues in daily business collaboration to facilitate risk identification and inspection, conducted special reviews on important and complex issues, and carried out risk assessments of key issues including patent ownership, licensing, maintenance, and guarantee, so as to lower or eliminate patent-related risks.

Risk identification and control in specific scenarios

ZTE has released risk management regulations and guidelines for specific business scenarios, such as exhibitions, to ensure risk identification and control before and during business activities.

Risk response and proactive rights protection

ZTE has established systematic standards for timely and scientific risks analysis, formulation of countermeasures, proper process management, and timely reporting of risks through the whole process until the case is appropriately closed.

Enhancing Planning for Patent Portfolios and Implementation

With active participation in standards formulation and R&D related to its main business, ZTE have also made great efforts in the implementation of SEPs.

ZTE has reserved more than 5,000 3GPP 5G patent families as SEPs, which guarantees ZTE's leading position in terms of products and technologies. The company's 5G SEPs have been fully applied in the company's 5G base stations, core network devices, mobile devices, and also extensively applied in the industry.

In addition, the company has carried out systematic and professional training to improve patent awareness. In 2023, ZTE's Intellectual Property Dept. held nearly 30 regular exchanges, 35 training sessions for new employees, four lectures given by senior experts, four capability enhancement sessions by management members, and nearly 10 professional exchanges with major law firms.

In 2023,ZTE's Intellectual Property Dept. held nearly

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Unleashing New Productive Forces with Phygital Innovations

Boosting new productive forces is key to high-quality development. The company has continuously explored key scenarios of digital life to create new value, enhancing people's sense of happiness. Effective solutions have been tailored to promote the digital transformation of verticals. We have guaranteed operational security for specific industries by leveraging information technologies, and helped improve public management based on big data. In addition, new technologies are applied to address pain points in daily life and industry development, giving rise to new productive forces and gathering new momentum for high-quality development.

Boosting the Digital and Intelligent Transformation of Industries

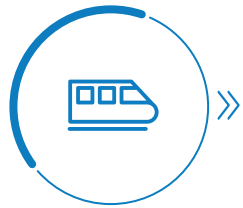
As the driving force for new industrialization, digital and intelligent technologies play a critical role in modern manufacturing. For traditional industries, new ICT technologies, including 5G, industrial Internet, and AI, play a crucial role to empower the digital transformation of every process and element of production.



Indicator Related to Patents	Unit	2021	2022	2023
Total number of global patents that have been applied for	1,000 pcs	8.4+	8.5+	8.95+
Total number of global patents that have been granted	1,000 pcs	3.8	4.3	4.5+
Total number of first batch of 3GPP 5G SEPs declared to ETSI	Family	4,100	4,800	5,200

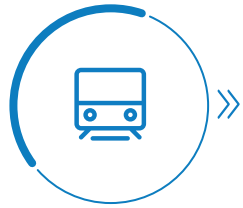
Empowering Smart Transportation

In 2023, with a focus on verticals including urban rail, railways, ports, and automotive electronics, ZTE provided ICT infrastructure and foundational platform services such as 5G, cloud computing, and big data, to promote the automated production and digital transformation of customers in the transportation sector and ecosystem partners.



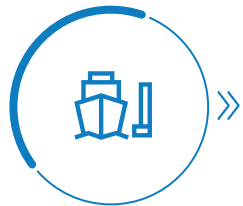
For urban rails

ZTE built a digital foundation for Qingdao Metro, which consists of a fully-decoupled production cloud platform for Qingdao Metro Line 6 and a group-level big data center, thus meeting the requirements of performance, timeliness, and security in the production of urban rails. The project was selected into the 2023 Fortune Most Influential IoT Innovations List and ICT China (2023) Cases.



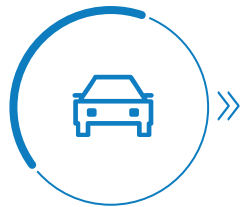
For railways

based on the end-to-end autonomous and controllable cloud platform featuring full stack, dual cores, and lightweight, ZTE has built an intelligent Railway Communication Cloud platform for Beijing-Guangzhou high-speed railway, which increased the speed from 300 km per hour to 350 km per hour and significantly improved the communications efficiency and reliability along the railway.



For ports

ZTE joined hands with China Telecom in providing 5G private networks for the remote control over gantry cranes in the Yantian Port. In addition, ZTE deployed a data platform and ZTE Digital Nebula at Qinhuangdao Port to improve its data application efficiency and management capabilities.



For automotive electronics

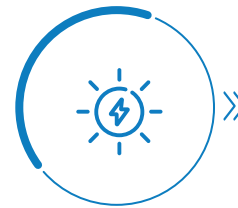
ZTE rolled out China's first automotive-grade 5G module, namely R16 ZM9300, based on an in-house modem. This module is applied in the project for vehicle communications terminal platform of the GAC R&D Center, and the first vehicle model equipped with the ZM9300 module is expected to be put into mass production in 2024.

Digital and Intelligent Transformation of Industry



In the field of electronics manufacturing

ZTE has built the Global 5G Intelligent Manufacturing Base in Binjiang, Nanjing to seek higher efficiency at lower cost with the support of the 5G industrial Internet. In the manufacturing base, technologies such as robots, Automated Guided Vehicle (AGV), digital twin, machine vision, AI, and XR are extensively used in 110 innovative 5G industrial applications under 24 categories. In ZTE's Xi'an Manufacturing Base, an automated surface mount technology (SMT) production line has been established, enabling fully lights-out and intelligent manufacturing. At present, ZTE's Xi'an Manufacturing Base and Binjiang Manufacturing Base have been selected into the "5G Factory" Directory of the MIIT.



In the field of photovoltaic equipment manufacturing

for key procedures such as silicon transportation and recycling of empty barrels, 5G-enabled naturally navigated AGVs are used on a large scale for customers, and docked with the Manufacturing Equipment System (MES). Running 24/7, the AGVs take up more than 98% of the material transportation and recycling of empty barrels, contributing to the building of an efficient, pragmatic, and intelligent logistics system.

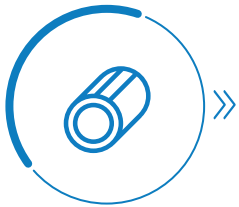


In the field of New Energy Vehicle (NEV) manufacturing

ZTE has put into use Simultaneous Localization and Mapping (SLAM)-based AGVs with laser sensors on a large scale for the first time in the complex environment of car factories. The use of such AGVs has improved the material distribution efficiency in the assembly workshop by 33%, saved an average of CNY 1.4 million yearly in the logistics department, and reduced the loss rate of equipment in turnover to less than 1‰.

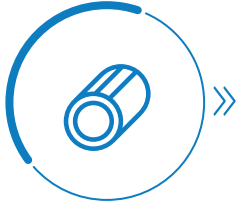
Steel Metallurgy Business

Based on the industrial field network + ZTE Digital Nebula, ZTE is committed to empowering the digital and intelligent transformation of the metallurgical industry. By adopting digital and intelligent technologies in production, ZTE has ensured safe production, improved the power efficiency, and supported the high-quality and green development of the metallurgical industry in an all-round manner.



Together with ANSTEEL

ZTE launched a series of smart applications for different scenarios, including monitoring of roller table motor, security in the conveyor belt corridor, and 5G-powered one-click steel making, and built the first 4.9GHz industrial private network in China. In addition, the first 5G-based smart and unmanned transportation of hot metal was achieved at ANSTEEL's base in Bayuquan District, which has become a benchmark in hot metal transportation for Chinese steel companies.



Together with Nanjing Iron & Steel Group

ZTE rolled out the solution of "Cloud Architecture + Cloud PC" for the office scenario, commanding and scheduling scenario, and scenario of centralized control of steel bar production. This solution covered all automation scenarios from L1 to L4, and ensured data security and efficient O&M.



Innovations and Application of Metaverse

Based on the integration of network and multi-media technologies, we launched ZTE XRExplore for one-stop and all-scenario metaverse experience, and promoted the application and innovation of XR in such fields as culture, tourism, and new media to boost industrial digital transformation and the development of digital economy.

In September 2023, the 19th Asian Games was held in Hangzhou with intelligence being one of the core concepts. Using ZTE XRExplore as the technological foundation, the company brought refreshing game-watching experiences and guaranteed reliable communications during the game.

Case

Building a Digital and Intelligent Belt and Road with Innovative Technologies

In 2023, under the guidance of China's Belt and Road Initiative, ZTE provided high-quality digital and intelligent infrastructure with cutting-edge technologies for relevant countries and regions, greatly contributing to the Digital Belt and Road Initiative.

In Thailand, ZTE collaborated with TRUE in establishing the True & ZTE Innovation Center to explore the digital economy development in Thailand. Through innovations in technology, services, digitalization, and business models, we have been providing advanced digital solutions for Thai society and enterprises.

In Indonesia, ZTE worked with Telkomsel to promote the 5G-powered digital transformation of local pillar industries. In Gorontalo, Sulawesi Utara, the company completed the testing of the coverage of 5G networks in the maritime area based on the 2.3GHz frequency band for ultra-long-distance transmission, providing a solid digital foundation for 5G-based smart fishery industry in the region.

In the Philippines, ZTE, through various digital delivery methods, delivered the 4G and 5G full-turnkey network construction project, making a record of the fastest commercial launch of communications network in the local area and helping upgrade the communications facilities in the Philippines.

In Turkey, ZTE exclusively undertook the Internet Protocol TV (IPTV) and the Over the Top (OTT) big video projects for Turk Telekom, which was selected into the Private Sector Case Studies on Advancing Corporate Sustainability Towards High Quality Belt and Road Cooperation to Facilitate the Implementation of the Sustainable Development Goals.

Ensuring Business Security and Reliability

For industries such as electric power, mining, metallurgy, and finance, 5G technology not only significantly improves operational efficiency, but also enables safe and stable operations required by the industries.



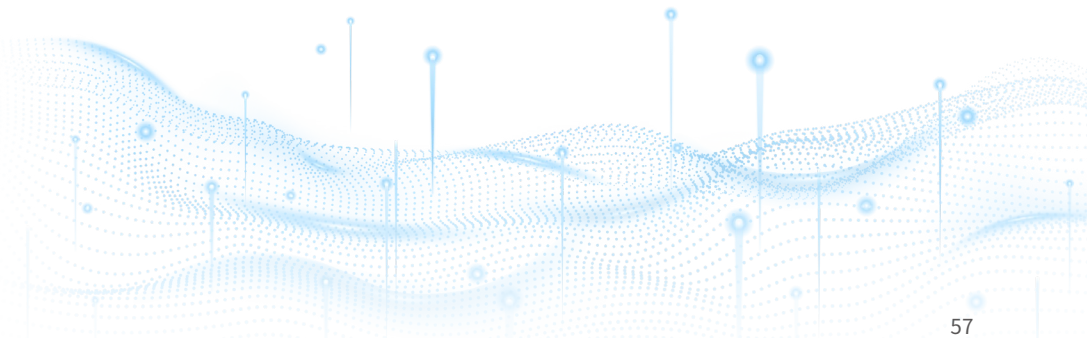
Building New Electric Power Systems with Great Safety and Reliability

In the electric power industry, based on the 5G precision cloud and network solution and ZTE Digital Nebula, ZTE has built basic capabilities for digitalization in the electronic power industry, and launched digital solutions for power grids and power generation, to help achieve the goal of building new electric power systems. In terms of power grids, ZTE has been providing digital solutions of communications networks, integrated data networks, wireless virtual private networks, and transmission and transformation stations for electric power scheduling. With these solutions, ZTE has facilitated innovations in power grid-related technologies and maintained business stability. For power generation, ZTE used its digital capabilities to help make both traditional and renewable power generation cleaner and greener, and build smart power plants.

- In Shandong province, ZTE joined hands with State Grid Shandong Electric Power Company in the construction of China's first pilot 5G network for electric power within the province, and completed the deployment of 5G private networks for electric power in 16 cities. With 5G, we helped improve the efficiency in access to the last-mile distribution network, achieving safe, stable, and reliable operation of power grids. The project won the 1st prize in the 5G-based Application Design Competition and was selected into the Top 10 Cases at the 2023 World 5G Convention.

- In Guangdong province, to guarantee last-mile communications in power generation, transmission, transformation, distribution, and use, ZTE partnered with China Southern Power Grid and China Mobile Guangdong in 5G network verification in 54 power business scenarios, and correspondingly formulated 5G security evaluation reports covering device-level, network-level, application-level, and penetration testing. Together we completed the construction of the largest demonstration area of 5G digital power grid in China.

- In Yunnan province, ZTE worked with China Huaneng Group and China Mobile Yunnan in addressing problems in the Nuozhadu Hydropower Station, including the large production area, complex scenarios, high difficulty and investment in inspection and O&M of dams, underground factories, and underwater equipment. To this end, the team built an industrial IoT and data transmission network that adapt to the complex environment of the power plants, and applied technologies such as IoT, big data, AI, cloud computing, and edge computing. These technologies enabled high-speed transmission of HD video data in power plants, precise positioning of personnel, remote control of robots, and centralized application development, advancing the digital and intelligent transformation of the power plants.





Ensuring Safe Operations in Mining

Faced with challenges in the industry, such as safety accidents in coal mines, inefficient operations, and excessive energy consumption, ZTE, by virtue of the cutting-edge digital technologies, came out with the end-to-end 5G precision cloud and network solutions to ensure safe production in mines, reduce operational power consumption, and promote high-quality development of its ecosystem partners.

- The industrial Internet platform based on ZTE Digital Nebula for mining industry adopts a unified architecture for the integration of multi-source heterogeneous data and comprehensive intelligent control. As a digital foundation for the mining and energy industry, the platform enables predictive maintenance and full lifecycle management to improve data flow efficiency and ensure equipment and operation safety.
- For individual workers in mines, ZTE provides a set of equipment that includes 5G helmets and bracelets powered by AR, which enables positioning, scheduling, video communications, and vital sign monitoring. Moreover, with the 5G Rich Communication Suite (RCS) solution for mining, functions such as scheduling, personnel positioning, emergency broadcasting, and safety monitoring were achieved to ensure the safety of mine workers.

- For working scenarios in underground mines such as tunneling and mechanized mining, ZTE has built the 5G industrial field network with intrinsic security (IS) based on 5G IS base stations, underground Mini5GC, and low-power consumption 5G modules, which ensures the safe operation in mines. In Shaanxi province, ZTE together with Huangling Mining Group achieved the intelligent fully-mechanized mining powered by 5G wireless networks for the first time in China, which helped reduce the overall costs by 25% and increased production efficiency by 40%. The project was awarded as an "Excellent Project for Digitalization and Industrialization of the Coal Industry" by the China National Coal Association (CNCA).

In February 2023, at the Mobile World Congress 2023 in Barcelona (MWC Barcelona 2023), ZTE and its partners were awarded the GSMA 5G Energy Challenge Award for the "5G+Smart Mine" project.

In November 2023, at the finals of the 6th "Bloom Cup" 5G Application Collection Competition hosted by the MIIT, the "5G Empowering Intelligent Production in Coal Mining" project of ZTE and its partners won the first prize, which was the only project in the coal industry that won the first prize.

Safeguarding Financial Stability and Reliability

Security and reliability are the top priority for the financial industry. Based on more than 20 years of experience in database R&D, ZTE has launched the financial-class distributed database GoldenDB for transaction scenarios. With a multi-region and multi-center architecture, GoldenDB, featuring high reliability, realizes a Recovery Point Objective (RPO) of zero within a city, improving the operation stability and risk resilience in the financial industry and protecting people's property and data privacy.

As of 2023, GoldenDB has secured the sound operations of CITIC Bank's core business for over

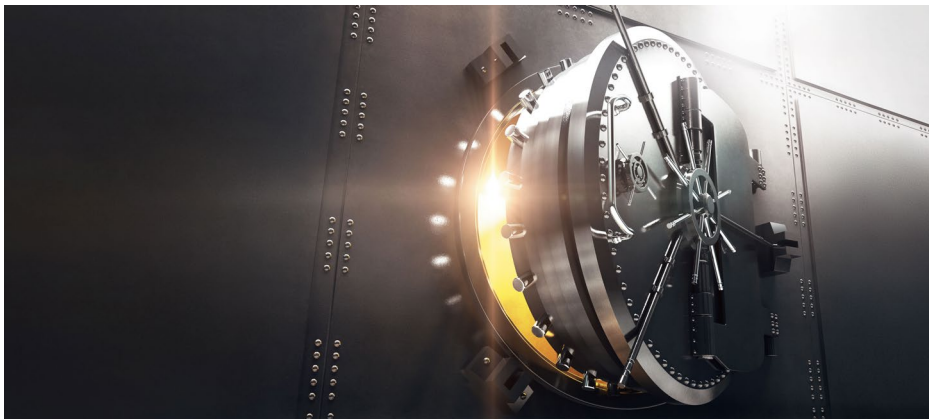
4 years

with the service availability of up to

99.9999%

- With the deployment of GoldenDB, the China Construction Bank's financial service information systems can adapt to scenarios that require higher reliability.

In 2023, with GoldenDB, ZTE participated in the launch of 15 financial industry projects and white papers, formulation of 10 national standards on transactional databases for the financial industry, and development of nine industrial testing regulations. As one of the founding members of the collaborative laboratory for distributed databases, ZTE shares typical scenarios of financial business verification as well as key technologies and testing methods for distributed databases, driving the technological innovation in the financial industry.



Improving Public Wellbeing with Digital and Intelligent Technologies

Contributing to Urban Security

In 2023, ZTE actively engaged in the urban critical infrastructure projects for digital transformation, promoting the infrastructure construction in Kunshan, Nanjing, and Changsha.

In Kunshan, with the goal of building a highly resilient city, ZTE, based on its cloud network foundation and digital platform, built a comprehensive security monitoring platform for urban critical infrastructures with underlying capabilities such as video management, big data, GIS, and AI. The platform integrates security data, including the municipal administration data, sensor data, monitoring data, and early warning data, and is embedded with multiple risk assessment and early warning models, reducing the occurrence of safety accidents by more than 50% through its efficient operations. This project won the "Outstanding Case - Digital Government and Smart City Innovations" on the Smart China Annual Conference 2023 and the "2023 China's Leading City Lifeline Security Solution Provider Award" on the 25th CHTF China Smart City Expo.



Emergency Rescue

With the Space-Air-Ground Integrated Network (SAGIN) and UAVs for emergency communications, ZTE has contributed greatly to the enhancement of capabilities for responding to emergencies such as natural disasters, thus enabling rapid recovery of communications after disasters and protecting people's lives and property.

In October 2023, the "Verification of UAV Rescue in the Scenario of Road Disruption, Power Outage, and Network Interruption on the Plateau" was held at the Shangri-La Lake Test Site at an altitude of 3,626 meters. In the verification, ZTE delivered an outstanding performance with its emergency communications system powered by large-load, long-endurance UAV. It was the only system in the verifications that was equipped with public network base stations, private networks for Professional Digital Trunking (PDT), mesh networks, and satellite relays. Such system guarantees full-process communications for affected people and emergency rescue teams and supports all-element emergency rescue command.

In addition, ZTE, in cooperation with the Department of Emergency Management of Guangdong province, completed the world's first emergency communications rehearsal with base station on the long-endurance, large-load UAV, and delivered outstanding performance in the 2023 National Competition for Emergency Communications Rehearsal in Fuzhou, Fujian province, winning applause from all present experts.

Vitalizing Rural Areas with Digital and Intelligent Tools

At present, China has a rural population of about 500 million, so rural revitalization is deemed as an important foundation for building a modernized economy. ZTE attaches great importance to rural network construction, and has been contributing its efforts to network planning, construction, optimization, and maintenance. With the aim of building digital villages, ZTE has been unwaveringly promoting low-frequency 5G networks. To date, ZTE has built a total of 70,000 base stations for the low-frequency 5G networks.

In the Honghe Hani and Yi Autonomous Prefecture of Yunnan province, ZTE has been dedicated to the construction of wireless and transport networks together with China Mobile for many years, laying a solid foundation for the information technology development in this area. So far, ZTE's 4G/5G sites have been built in 13 cities and counties within the Prefecture, bringing seamless wireless coverage with digital infrastructure and advancing the industrial digitalization in the area.

In Ganzhou city, Jiangxi province, ZTE has partnered with operators in building more than 2,000 smart orchards and a big data center for the branding of navel oranges of southern Jiangxi, with advanced technologies such as 5G, cloud computing, IoT, and blockchain. Powered by 5G

technologies, the smart orchards have achieved a 30% decrease in the water and electricity costs of growing navel oranges, and a 20% increase in the economic benefits.

In Zunyi city, Guizhou province, ZTE has worked with operators in building 5G networks. In key tourist attractions, with Huamao Village being a typical one, full 5G coverage has been achieved. The 5G-based HD video transmission technology allows tourists to better know about the local culture and tourism resources, thus promoting the development of the tourism industry in Zunyi.

Up to now, the company has launched more than 40 paired assistance projects in Heilongjiang, Sichuan, Gansu, and other provinces, which are public welfare projects mainly for rural digital transformation, industrial development, living environment improvement, and consumption boosting. Via the projects, ZTE is dedicated to leveraging its professional strengths to contribute to rural revitalization.

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Empowering Environment Protection with Digital Technologies

With digital and intelligent technologies, there will be more possibilities for us to balance economic growth with environmental sustainability. Namely, technologies will be powerful tools to help achieve a high level of environment protection and high-quality development.

Advancing Smart Water Management

Using its key strengths and capabilities, ZTE provides networks for sensing, information services, and emergency response in water management, thus achieving smart water management. In 2023, the company released a water management solution based on digital twinning and ZTE Digital Nebula 2.0 that flexibly and rapidly responded to demands in different scenarios, offering reliable products and trustworthy technologies to the industry.

In the cloud platform project for water management of Taihu Lake, ZTE reinforced the foundation for the building of a water management system based on digital twinning for the Taihu Basin Authority of Ministry of Water Resources. The project has made it possible to build a digital twinning platform driven by data, model, and knowledge, and promoted high-quality development of the water resource management in Taihu Lake.

In Hubei province, ZTE participated in the project for intelligent scheduling and control of water resources in northern Hubei, which laid a foundation for achieving digital mapping, accurate simulation, and advanced simulation and deduction throughout the process of control over gate station equipment.

Providing Support for Biodiversity Conservation

From May to July every year, tens of thousands of Tibetan antelopes, a species under first-class state protection in China, migrate long distances to Zonag Lake, known as a "delivery room for Tibetan antelopes", to give birth. The lake is in the hinterland of Hoh Xil National Nature Reserve of Qinghai. In the past, due to the extreme environment and a dearth of communications signals, biodiversity conservation workers had to travel long distances in the wilderness, and entering the nature reserve meant isolation and helplessness.

In June 2023, ZTE and its partners, including the Three-River-Source National Park, China Mobile Qinghai, and China Tower, started operations of the first 5G base station at the protection station near Zonag Lake. With large bandwidth and long-distance microwave relay, the maximum distance between two nodes exceeded 57 kilometers. All equipment at the site is powered by solar energy, which can withstand a wind as strong as force 11 and a temperature as low as -50°C . The base station has connected China's largest uninhabited land, also the UNESCO Natural World Heritage with the highest altitude and the richest wildlife resources, to the world through 5G, opening a new chapter in animal protection and ecological monitoring. On this basis, the national reserve will be managed in a more effective and scientific way, and a more comprehensive protection and research mechanism will be formulated.

From July to September 2023, ZTE organized the project themed "Protecting Hoh Xil with Digital Technologies", hoping to raise the public awareness about environmental protection and biodiversity conservation. This project, as an outstanding case for promoting animal protection and fostering ecological civilization, was successfully selected as a public relations case of the year at the Conference of China Public Relations for Development in December 2023.



Offering Green Computing Power

ZTE's new-generation Data Centers (DCs) feature low carbon and energy saving, fast and easy deployment, smart management, and great security and reliability. The full-scenario liquid-cooling DC solution incorporates all cooling procedures, enables high adaptability to climates across China, and achieves unified management of both air and liquid cooling. With these advantages, the solution is capable of bridging the last mile for liquid-cooling system deployment, enabling the end-to-end capabilities for data centers, and also accelerating the development of the digital economy.

Case

ZTE's End-to-End Liquid Cooling Solution

On November 7, the "Light of Internet" Expo of 2023 World Internet Conference kicked off in Wuzhen, Zhejiang province, where ZTE unveiled its new-generation full-scenario liquid-cooling DC solution. By enabling green and energy saving, fast and easy deployment, smart management, and great security and reliability, the solution can help build high-quality DCs, thereby promoting global sustainable development.

In the cooling solution, ZTE reuses the former water-cooling system (the in-row air conditioner and backboard air conditioner can be used as the air-conditioning terminals) and indirect evaporative cooling system to build a primary side of the liquid-cooling system. In addition, the "liquid cooling + air cooling" mode improves cooling efficiency, and reduces the overall Power Usage Effectiveness (PUE) to as low as 1.13, satisfying the cooling needs of the high power equipment for intelligent computing while effectively lowering costs.

Staying Open and Transparent to Win Customers' Trust

As a world-leading provider of integrated ICT solutions, ZTE enables customers around the world to enjoy secure and reliable network connections and digital lives by providing them with secure and trustworthy products and services.

Making Every Effort to Guarantee Cybersecurity

ZTE has established a risk-oriented cybersecurity governance system covering the entire product lifecycles, and always regards security as the highest priority in product R&D and delivery. The company abides by applicable laws and regulations, complies with industry standards, and respects customer demands. Taking "Security in DNA, Trust Through Transparency" as its vision for cybersecurity, ZTE is committed to delivering secure and trustworthy products and services to customers, to enable connectivity and trust everywhere.

Cybersecurity Governance Structure

ZTE has adopted a security governance structure based on the Three Lines Model, and established a security organization independent of frontline units to avoid conflicts of interest. With the execution and inspection by business units as the first line, independent security assessments as the second line, and independent security audits as the third line, the security of ZTE's products and services is guaranteed from multiple aspects and levels. In addition, the Board of Directors supervises and guides the Cyber Security Committee (CSC) in the cybersecurity governance work, and Internal Control and Audit regularly reports the security audit results to the Board of Directors or Audit Committee.

As the decision-making body for cybersecurity, the CSC is responsible for developing the company's cybersecurity strategies, coordinating resources, determining the strategic directions and goals for cybersecurity, reviewing cybersecurity plans, and making decisions on major issues related to cybersecurity. In particular, the senior management, as standing committee members of the CSC, actively engage in cybersecurity governance.



Effective Implementation of Comprehensive Measures

To comprehensively evaluate the cybersecurity strategy execution under a well-established governance structure, ZTE checked its processes and regulations against its cybersecurity strategies, and made continuous improvements accordingly in 2022, and conducted the check again to assess the improvement effectiveness.

In terms of new technologies, the company identifies new technology stacks based on business development needs, and arranges for frontline experts to formulate security specifications and technical requirements, providing guidance and support for the R&D of new technologies. Moreover, practical guidance is provided on layered threat modeling for products and projects involving new technologies, thus architecture-level security analysis capabilities are enhanced.

In line with its cybersecurity strategies, the company has formulated the Basic Requirements for Suppliers in Cybersecurity, which specifies a total of 87 requirements for 10 major areas, such as suppliers' security organizations and personnel, environmental safety, technical security management, technical security baselines, and security of third-party components. In 2024, these requirements will be integrated into the published *Supplier Security Agreement* for implementation.

Increasing Cybersecurity Certifications

Facing new legislation on cybersecurity in China and overseas, ZTE remains highly perceptive and conducts timely analysis and research, to ensure that applicable cybersecurity governance requirements are incorporated into the company's cybersecurity strategies and regulations, and security technology requirements are integrated into the company's cybersecurity technology stacks, which are followed and used by the product lines.

Moreover, the company obtained various security certifications for its products in 2023.

- With its 5G NR gNodeB, ZTE became the first 5G equipment vendor that was granted the certificate of NESAS CCS-GI by the BSI (Certificate ID: BSI-DSZ-NESAS-0002-2022).

- The company obtained the CC EAL3+ certificate for its whole series of OTN products, including the ZXONE 9700/19700 series, ZXMP M721 series, and ZXONE 7000 series.

- ZTE obtained the IEC 62443 certificate for its digital energy network management products.

Building of Transparent Cybersecurity Labs Globally

Global cybersecurity labs are important organizations for ZTE's cybersecurity governance. Currently, the company has established global cybersecurity labs in Germany, Italy, and China (Nanjing), establishing an all-round cybersecurity testing system, fulfilling the security vision of "Trust Through Transparency".

In 2023, the company built a new cybersecurity lab in Dusseldorf, Germany, which can support penetration testing, document query, source code query, technical exchanges, etc. Since its establishment, the lab has received many visits from local customers and industry organizations, facilitating technical exchanges and collaborations.

Meanwhile, the cybersecurity lab in Italy provides customers with product penetration testing and source code auditing, covering 5G products, home terminals, and mobile phones. Some of the tests are under the independent supervision of the National Inter-University Consortium for Telecommunications (CNIT).

Case

ZTE Participated in the ITASEC for Cybersecurity Enhancement

From May 2 to 5, 2023, the Italian Conference on Cybersecurity (ITASEC) was successfully held in Bari, Italy. The conference was organized by the Cyber Security National Laboratory of the National Inter-University Consortium for Informatics (CINI), and received strong support from the National Cybersecurity Agency (ACN). Against the backdrop of digital transformation and complex international landscape, the conference focused on how to enhance resilience and better respond to cybersecurity risks. ZTE representative delivered a keynote speech on capability enhancement through hardware penetration testing, and also provided a series of cybersecurity training for the Sapienza University of Rome and the University of L'Aquila, partners of the ITASEC, to help enhance their security capabilities.

As ZTE's cybersecurity portal in China, the Nanjing Lab has been providing services and exchange platforms for operators, regulators, partners, and other stakeholders. In 2023, a number of wireless and wired products passed the security tests in the lab, including the Common Criteria EAL4+ certification testing, code security auditing of Accelerated Security Certification (BSZ), and third-party penetration testing by Chinese security companies.

In addition, ZTE has established cybersecurity transparency centers in Brussels and Turkey, which meet the requirements for source code query and document query, making it easier for customers, regulators, and stakeholders to assess the security of ZTE's products.

Influence in the Cybersecurity Industry

ZTE actively participates in technical exchanges on the quality and security of communications products as well as the formulation of industry standards.

In China, ZTE serves as the leader of the Cybersecurity Working Group of the Network and Data Security Technical Committee under the China Communications Standards Association (CCSA), deeply engaged in the formulation of multiple industry standards and national standards. ZTE serves as the vice chair of the Industrial Internet Technical Committee, actively participating in the development of the industrial Internet security framework and management system, data security requirements, and requirements for security assurance platforms. Furthermore, ZTE has actively made contributions to the formulation of national standards led by the National Technical Committee 260 on Cybersecurity of Standardization Administration of China. These national standards widely cover identification and authorization, communication security, information security assessment, information security management, and big data security.

Case

ZTE Initiated the Development of Cybersecurity Industry Standards in China

From November 14 to 16, 2023, the eighth meeting of the Security Fundamentals and Industry Support Working Group (WG1) of the Network and Data Security Technical Committee (TC8) under the CCSA was held in Shanghai. The meeting reviewed and approved the project initiation for the formulation of the industry standard Basic Requirements for Security Strategies Throughout ICT Product Lifecycle led by ZTE, which would fill the gaps in China's standards regarding organizational cybersecurity strategies.



Globally, ZTE actively engages in major international standards organizations such as 3GPP, ITU-T, ETSI, GTI, and GSMA. At 3GPP, ZTE serves as the chair of the RAN WG3 and vice chair of the CT WG4, and acts as the rapporteur for the 5G application security work item AKMA_GBA_DTLS of the 3GPP SA WG3. At ITU-T, ZTE not only chairs the focus groups FG-ML5G and FG-AN, but also leads and participates in the development of multiple standards at SG17. ZTE plays an important role in formulating standards on product network access certification by ESTI, technical security standards on TD-LTE by GTI, and security certification standards by GSMA. In addition, two security experts of ZTE have joined and continuously worked on the GSMA Coordinated Vulnerability Disclosure Panel of Experts (GSMA CVD PoE).

Case

ZTE Successfully Initiated the Standardization Project on 5G Network Asset Security Risk Analysis at ITU-T

From August 29 to September 8, 2023, the fourth plenary meeting on the 2022–2024 research cycle of SG17 of ITU Telecommunication Standardization Sector (ITU-T) was held in Goyang, South Korea. More than 300 experts from 39 countries around the world attended the meeting to jointly promote international standardization work in many fields such as cybersecurity, security architecture, and telecommunication cybersecurity. During the meeting, the X.5gsec-asra: *Guidelines and Technical Requirements for 5G Network Asset Security Risk Analysis*, a standardization project on 5G network asset security risk analysis led by ZTE and jointly promoted by China Telecom and China Mobile, was successfully initiated. This standardization project focused on operators' needs for asset security risk analysis during 5G network operations. Leveraging the company's products and solutions for 5G network asset security management, ZTE proposed practical technical requirements and suggestions on methods to effectively guide 5G network security O&M and cybersecurity product R&D, safeguarding the secure operations of 5G networks.

Last December, we released the [2023 ZTE Cybersecurity White Paper](#). It highlighted hot topics in the security industry, such as security by design, third-party component management, secure delivery, incident response, and vulnerability management. It described, throughout the business flows, ZTE's security governance practices, as well as digital infrastructure supporting the product lifecycle. With this whitepaper released, ZTE's cybersecurity governance principles and good practices of security assurance were unveiled to the whole industry from the perspective of a telecom equipment provider.

Improving Control of Hazardous Substances

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



Benchmarking Against the Latest Global Standards

The company pays consistent and close attention to global regulations on the control of hazardous substances in electronic products, and analyzes and shares any updates internally. On this basis, impacts of such regulations on ZTE are assessed, so that corresponding strategies are developed to ensure product compliance. In 2023, the company interpreted the EU regulations on batteries, as well as exemptions and new substance restrictions under the Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS) Directive, and conducted relevant sampling inspections. In addition, the company developed online maps for global certifications and environmental protection to visualize the legal and regulatory requirements of each country and simplify the compliance control processes for hazardous substances in products.

In 2023, the company revised and released five enterprise standards on environmental protection, including the *Requirements for Eco-Labels*, *Regulations on Submitting SCIP Dossiers for ZTE Products*, *Management Process for Hazardous Substances in the Production of Green Products*, and *Requirements for Banned and Restricted Hazardous Substances*. These documents are aimed to ensure that the relevant standards of the hazardous substances management system comply with applicable laws and regulations and facilitate the implementation of internal countermeasures.

Meanwhile, the company has improved the High Performance Product Development (HPPD) process, adding the file preparation requirements for LCA, Waste Electrical and Electronic Equipment (WEEE), and Substances of Concern in Articles as Such or in Complex Objects/Products

(SCIP) to ensure "green design" of products. ZTE has conducted risk identification on auxiliary materials and procedures in production, revised the regulations on production process control, and specified the requirements for "green production".

The company has continuously increased investment in hazardous substance detection. Specifically, we introduced an automated X-Ray Fluorescence (XRF) testing platform to our environmental protection lab, to enhance testing automation and capacity. In particular, the Heyuan Base and Changsha Base have been equipped with testing capabilities for rapid detection of phthalates, effectively intercepting hazardous substances in incoming materials. Meanwhile, the company continuously carries out first article inspections and routine sampling inspections for environmental protection, and enhances spot checks on high-risk materials based on the risk levels of hazardous substances in materials from suppliers.

Furthermore, the company conducted inter-experimental comparisons to improve phthalate detection skills in collaboration with external laboratories and among its own environmental protection lab and production bases.

To strengthen control of hazardous substances, in 2023, the company organized training for relevant employees in key positions and granted 281 employees with the QC 080000 internal auditor training certificates, enhancing their understanding of QC 080000, and promoted knowledge about hazardous substances through video courses and interactive games.

Enhancing Supply Chain Environmental Protection

To improve the environmental protection management capabilities of supply chain partners, ZTE has formed an audit mechanism of "risk identification > risk confirmation > risk reduction > risk elimination" to carry out environmental protection risk assessment on all suppliers. In 2023, all of ZTE's high-risk suppliers signed the *Commitment Letter for Environmental Protection*. In addition, the company delivered two training sessions to suppliers on supplier management requirements, environmental protection system building, and detection methods for hazardous substances, improving their capabilities in controlling hazardous substances, and publicized cases on environmental protection to 5,022 suppliers.

Contributing to Common Growth of the Industry

While ensuring compliance with laws and regulations on hazardous substances, ZTE has also actively participated in the formulation of China's and international standards. Last year, the company contributed to the development of multiple industry standards for hazardous or restricted substance detection, such as the GB/T39560.12, GB/T 33352, and IEC 62321-12, the latter being released on March 10, 2023.

To promote the standardization of test reports and facilitate the collection and exchange of test data, the company actively engaged in the formulation of group standards *Testing Report on Hazardous Substance in Electrical and Electronic Products—Requirement for the Content and Data Format of Digital Documents* and *Testing Report on Hazardous Substance in Electrical and Electronic Products—Exchange Interface of Electronic Documents*. As a member of the China Working Group on Pollution Prevention Standards for Electrical and Electronic Products, ZTE has provided many constructive suggestions for the development of pollution prevention and control of electronic products. In 2023, at the first meeting of the third session of the China Working Group on Pollution Prevention Standards for Electrical and Electronic Products, ZTE was awarded the honor of "China RoHS Standardization Star".



Strengthening the Quality Management System

Since its foundation, ZTE has always been regarding quality as a cornerstone of its survival and development. Guided by its quality policies and strategies and supported by its quality culture, ZTE continuously improves its quality management system by building core capabilities throughout business processes. On this basis, ZTE has built a digital, intelligent, and simplified quality management system for sustainable growth.

Promoting Quality System Building

Through management system certifications and audits, ZTE makes constant efforts to obtain more certifications. In 2023, ZTE completed various certifications/supervision audits, including ISO 9001, TL 9000, QC 080000, ESD, ISO 45001, ISO 14001, and ISO 22301. The certified locations included the company's main R&D centers and manufacturing bases in Shenzhen, Beijing, Changsha, Nanjing, Wuhan, Shanghai, Chongqing, Xi'an, and Heyuan, and the certifications covered the company's main product categories.

In 2023, the company improved its quality reward and punishment mechanism and released the updated *Quality Accountability Management Process* and the *Management Process for Quality Red and Black Lists*, refining provisions on accountability and strengthening penalties for major quality incidents, quality and integrity violations, and non-compliance with quality requirements.

Also in 2023, the company completed and passed all external audits of its quality management system.



Safeguarding the Health and Safety of Users

The company has established a reliability strategy (including safety regulations) throughout product lifecycles and formulated the *Product Development—Reliability Process*, *Reliability Management Regulations*, *Management Regulations on Reliability Test Requirements*, as well as a series of *Technical Requirements for Product Reliability*. These regulations have specified the environmental adaptability indicators (for storage, transportation, and usage), EMC indicators (for both living and non-living environments), safety indicators (for electric shock protection, energy protection, fire protection, overheating protection, mechanical protection, radiation protection, and chemical heatstroke prevention), and lightning protection indicators, to ensure product reliability and safeguard the health and safety of users.

Additionally, ZTE Global Certification and Testing Center takes the lead in the research on and introduction of safety regulations and standards, conducts safety technology screening and technology research, and formulates and revises enterprise standards. Meanwhile, the center determines safety indicators based on product application scenarios and assists in design implementation. On this basis, the center conducts product safety tests at all stages such as R&D, pilot production, certification, and routine testing, issues test reports, and solves safety issues throughout product lifecycles.

Adhering to the principle of incorporating the concept of safety design into the initial stage of equipment development to prevent possible hazards, in 2023, the company's products achieved zero major safety accidents at customers' sites. In addition, ZTE Global Certification and Testing Center conducted 1,372 safety tests throughout the year with a test pass rate of 100%, and the products complied with the latest Chinese safety standards such as GB 4943.1-2022 and international standards such as IEC/EN 62368-1. The company completed nearly 800 product certification projects throughout 2023, which covered major countries and regions around the world, providing quality assurance for global users.

ZTE Global Certification and Testing Center conducted

1,372

safety tests throughout the year

with a test pass rate of

100%

The labels, instructions, and safety protection requirements on the equipment accurately describe the sources and locations of potential hazardous energy that can cause health and safety problems. This enables users to take specific actions to minimize the possibility of hazardous energy entering human bodies, thus reducing health and safety risks. As such, ZTE delivers relevant information, including possible health and safety risks and countermeasures, to users through equipment certification labels, instructions, and product manuals.

Continuously Fostering a Quality Culture

The key to achieving the company's quality goals is that every employee regards themselves as the quality ambassador and enforces high standards for delivery in every process. To this end, it is necessary to foster a quality culture with the engagement of all employees.

So far, ZTE has built an interactive platform that covers all employees for the comprehensive promotion of quality culture, including events such as the Quality Week, internal communication meetings, online roadshows by the Quality Capability Center, Quality Month, and Quality Summit. In the Quality Month of 2023, the company planned and carried out systematic activities for quality capability and culture improvement under the theme of "Do It Right the First Time, Do It Right All the Time."



Fulfilling the Promise of "Doing it Right Every Time"

The company's eight executives have spoken out at the start of Quality Month. The executives discussed how quality drives business and how culture transforms performance based on their business. They have accumulated over 100,000 readings in their studies.



Reading the Book on "Doing It Right Every Time"

The company promoted a book for all employees: "From Following to Surpassing - ZTE's 'Intelligent Simplicity' Digital Quality Management Model". Around the content of the book, a challenge game is organized. More than 100 departments and over 6,000 people have participated.



Building the Capability of "Doing It Right Every Time"

Through cross-domain shaing/communication meetings, the company selects quality breakthroughs and high-quality courses. This promotes exchange and excellent learning resources, consolidates organizational knowledge, and strengthens the improvement of organizational capabilities.



Promoting the Idea of "Doing It Right Every Time"

Through a series of activities such as Learning Week and the online tour of the Quality Capability Center, a good quality culture atmosphere of "everyone creates quality, everyone learns quality" is created.



Embracing the Future of "Doing It Right Every Time"

On September 8, the third ZTE Communication Quality Summit, themed "Hand in Hand for Creation, Quality Leads the Future", was held in Shenzhen and received a positive response.



Case

ZTE 3rd Quality Summit Successfully Held

On September 8, 2023, ZTE 3rd Quality Summit, themed "Towards a Shared Future with High Quality", was held in Shenzhen, China. At the summit, participants exchanged views on hot topics such as quality management, reliability management, industrial chain collaboration, and material quality improvement, and jointly explored the changes and opportunities of quality management in the digital era. This summit had a total of 155 attendees at the site and 1,022 terminals connected online, including 105 international employees. Moreover, the summit was broadcast live through ZTE's official account, with more than 5,200 views and an internal and external satisfaction rate of 98%.

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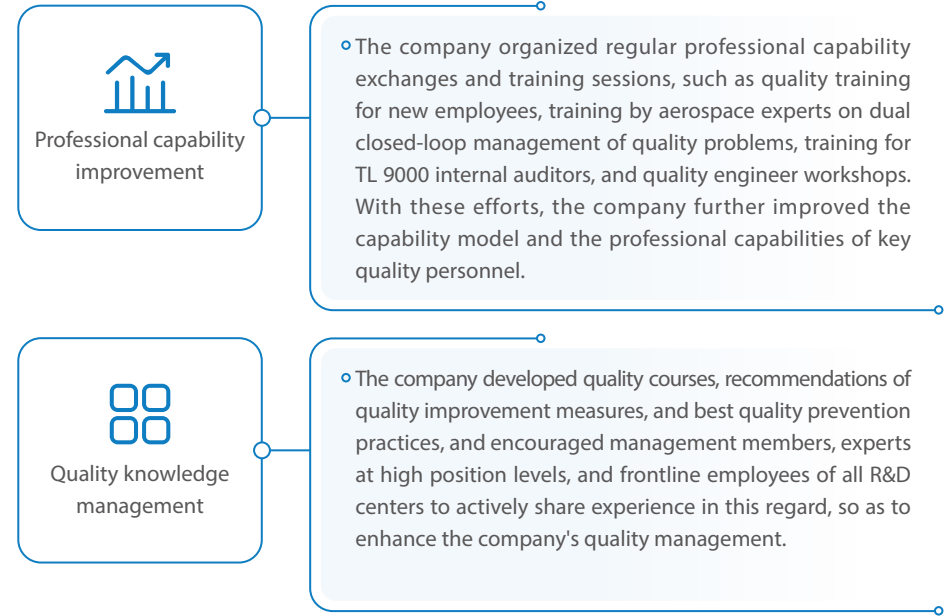
98%

As an influential quality-themed event, ZTE Quality Summit has been successfully held for three years. This event has become an important communication bridge between the company and its customers, partners, and industry experts, contributing corporate insights to the high-quality development of the global economy.



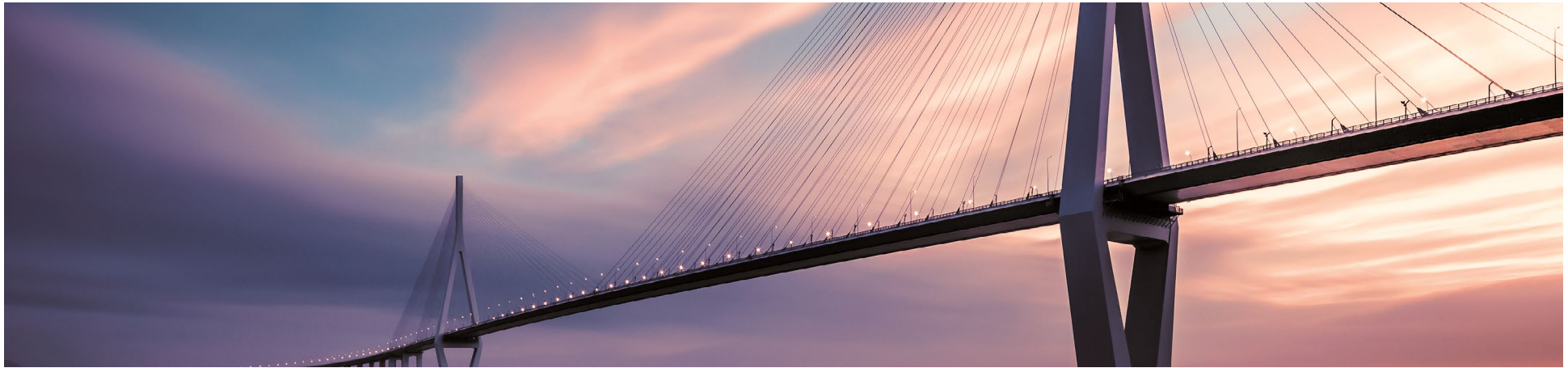
Constantly Improving Quality Capabilities

In 2023, the company focused on improving quality prevention capabilities in key processes, with both internal and external factors taken into account, while enhancing the quality capabilities and awareness of employees in key positions.



The company actively collaborated with external organizations and organized more than twenty exchange activities in 2023, facilitating communication with stakeholders.





Case

ZTE's Awards Related to Quality Management

In July 2023, ZTE won six awards at the 2023 China Quality Innovation and Quality Improvement Achievements Exchange Activities organized by the China Association for Quality.

In September 2023, the company won one Gold Award, two Silver Awards, and three Bronze Awards at the 2023 Shenzhen QCC Achievement Presentation Contest organized by the Shenzhen Association for Quality.

In October 2023, the company won two first prizes and one second prize at the 2023 Excellent Quality Activities (EQA) organized by the Guangdong Quality Development Association.

In November 2023, ZTE won two Gold Awards, one Silver Award, and one Bronze Award at the Five-Subject Innovation and Quality Technology Achievement Presentation Contest Among Shenzhen Workers organized by the Shenzhen Association for Quality.

In November 2023, two ZTE employees were granted the Shenzhen Outstanding Quality Professional and Shenzhen Quality Craftsmanship Award respectively by the Shenzhen Association for Quality.

Enabling Capability Improvement of Customers

In 2023, the company continued to provide training for Chinese operators, with the number of trainees exceeding 15,000 trainees throughout the year. For the middle and top managers of Chinese operators, the company provided high-end training sessions to systematically improve their technological and transformational leadership capabilities, and expanded the resource pool of trainers consisting of ZTE's management members, prominent university professors, and industry-renowned scholars. The company offered training services to a total of more than 1,000 middle and top managers in 2023, contributing to the digital transformation and high-quality development of Chinese operators.

As for international customers, in 2023, more than 4,000 trainees from over 50 countries around the world participated in the company's training in wireless, wired, and core network products and technologies, as well as telecom industry trends and project management.

In 2023, the company also invited visits from various industry organizations, well-known universities, public service organizations, and senior management of enterprises, to enhance their understanding and trust towards ZTE. Over 70 high-quality events were held, covering more than 2,000 customers.

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more than
4,000
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customers participated in
the company's training

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Responding Rapidly to Customer Demands

ZTE always puts customers first. We have proposed the branding idea of "Ultimate Services". That is, to go beyond industry standards and customer expectations, and ensure zero negative feedback on services, and zero complaints from customers. With the strategic goal of achieving win-win success, ZTE is committed to delivering high-quality projects, networks, and services, and providing ultimate network experience for global operators and industry customers.

Improving the Global Service System

To efficiently meet customer demands, ZTE established a Global Customer Support Center (GCSC) in October 2002, along with 3 sub-centers, 5 Regional Customer Support Centers (RCSCs), and 40 Local Customer Support Centers (LCSCs). These have formed a three-level supporting service cloud platform, covering global operations and providing customers with technical support services around the clock in multiple languages.

In addition, ZTE has 1 global repair center, 3 repair sub-centers, 12 local repair centers, 1 central spare parts warehouse, 9 regional spare parts warehouses, and over 500 local spare parts warehouses, providing customers with comprehensive and fast hardware support services.

In terms of delivery, ZTE has a professional network delivery team of more than 10,000 members and collaborates with more than 2,500 partners around the world. As of June 2023, the company had delivered more than 220,000 projects and deployed more than 5.7 million sites globally. With more than 140,000 kilometers of optical cables constructed and more than 510,000 kilometers maintained, the company provided more than 21 million users with optical fiber broadband. Joining hands with more than 500 operators in over 160 countries and regions around the world, ZTE is providing high-quality networks and efficient services for more than 2 billion users around the world.

ZTE has a professional network delivery team of more than

10,000 members

collaborates with more than

2,500

partners around the world

Indicator Related to Complaints and Customer Satisfaction		Unit	2023
Total number of complaints		/	64
Among them	Valid complaints	/	11
	Invalid complaints	/	53
Piece of feedback received by the Global Customer Service Center from Chinese users		Piece	102
Piece of feedback received by the Global Customer Service Center from international users		Piece	90
Percentage of promptly-handled and closed-on-schedule complaints - China		%	99.83
Percentage of promptly-handled and closed-on-schedule complaints - International		%	99.72
Rate of customer satisfaction for after-sales services - China		%	99.89
Rate of customer satisfaction for after-sales services - International		%	99.79

Consistently Improving Service Quality

ZTE has incorporated its compliance policies, principles, and work instructions into key control points in project and business processes. In 2023, the company developed a map of internal control risks for global services, to identify and control risks in business fields such as engineering outsourcing, engineering delivery, engineering quality, PMO, service delivery, technology delivery, engineering bidding, finance, and HR, thus ensuring safe, stable, compliant, and sustainable operations.

Taking into consideration the various demands of global customers, ZTE has launched a variety of maintenance services, such as quality inspection, onsite technical training, and network optimization. Meanwhile, the company has established a comprehensive online service system based on its technical support website at support.zte.com.cn.

Leveraging big data and AI, ZTE has implemented integrated management of complex networks and user experience on its self-developed Operation Support System (OSS) and VMAX big data analysis platform. Using AI technologies, the company has conducted equipment and network data analysis to predict and give warnings of potential faults, and ensure early intervention of O&M personnel, thus improving network reliability and stability.

Case

ZTE Contributed to Network Optimization in Thailand with Ultimate Services

As the network equipment and solution provider for AIS in northeastern Thailand, ZTE adheres to the idea of "Ultimate Service" and is committed to providing AIS with the best services and solutions to ensure the leading position of AIS in network quality and technology in northeastern Thailand. There are seven different standards in the existing networks of AIS: GSM, UMTS, FDD LTE, TDD LTE, NB-IoT, FDD NR, and TDD NR. Therefore, the network architecture is extremely complex, which poses great challenges to network O&M. Considering the characteristics of the network architecture, ZTE has deployed an intelligent network optimization platform together with AIS. This platform has functions such as Alarm Automation eXpert (AAX), Equipment Failure Prediction (EFP), Automatic Antenna Pattern Control (AAPC), Network Quality Insight (NQI), and TopN quality deviation analysis, significantly boosting O&M efficiency in corresponding scenarios.

Responding to Emergencies with High Efficiency

With regard to special communications support for major incidents such as sudden natural disasters, ZTE provides emergency communications support through safe, stable, and high-quality networks to enable sound network operation, creating value for customers.

In 2023, in response to the floods and geological disasters caused by Typhoon Doksuri, ZTE immediately activated the typhoon BCM emergency response and communications support plan, mobilized nearly 500 onsite and backend technical engineers, more than 20,000 communications spare parts, and multiple emergency support vehicles to support the disaster-stricken areas in Fujian and Beijing. With these efforts, the company has provided solid support for operators by recovering and guaranteeing communications in disaster areas.



Promoting Green Development to Tackle Climate Change

ZTE actively responds to global initiatives for green and low-carbon development. In May 2023, the company announced its engagement in the SBTi, becoming the first large telecom equipment company in China to make such a commitment. ZTE constantly focuses on scenario-based reduction of operational carbon, building of new energy infrastructure, supplier dual-carbon management, improvement of product energy efficiency, and building and enhancement of team capabilities, to ensure that we can fulfill our science-based targets and promote global sustainable development.

Strengthening Scientific Management

As an important player in the global ICT industry, ZTE is highly concerned about global climate change. The company continuously promotes green operations, and actively contributes its ICT core capabilities to the industry's green development.

Optimizing Organizational Structure and Processes

ZTE's dual-carbon strategy implementation project team (hereinafter referred to as "the dual-carbon team") is a corporate-level project team led by the Chief Strategy Officer. The dual-carbon team, under the Enterprise Development Dept., consists of core sub-teams and supporting teams. Its members are from the carbon reduction teams in multiple fields, including R&D, product operation, marketing, supply chain, administration, operations management, and human resources. The dual-carbon team has become the major organization support for the company's energy conservation and carbon reduction efforts. In 2023, the company conducted a comprehensive analysis of its overall carbon emissions, risks, and opportunities, and optimized the organizational structure of the dual-carbon team accordingly:

- Focusing on the primary sources of its carbon emissions, the company has established the industrial park power conservation sub-team, supply chain carbon reduction sub-team, and product carbon reduction sub-team, and strengthened their responsibilities for energy conservation, carbon reduction, and efficiency improvement.
- The carbon reduction product sub-team has been newly set up as an important pioneer and enabler, responsible for reserving, planning, and researching carbon reduction technologies, products, and solutions based on digital and intelligent innovations.



To better implement the company's dual-carbon strategy, in 2023, ZTE formed a special task list every week based on the problems, required support, and decision-making points in the dual-carbon strategy implementation process. And the tasks were communicated and tracked through internal systems until they were closed. The dual-carbon team reports to the CSO at least every two months. For major risks that may arise during project implementation and key matters to be decided (such as the commitment to science-based targets, and dual-carbon budget planning), the dual-carbon team promptly reports to the company's Chairman and Operation Management Committee (Members include the CEO, EVPs, and CFO.) for decision-making.

Improving Risk and Opportunity Analysis

ZTE has established a company-wide risk management process that involves multiple departments. The process involves the identification, assessment, and response to climate-related risks and opportunities, including direct operations, as well as downstream and upstream processes.

In addition, the company has formulated the *ZTE Strategic Risk Management Guide*, *Regulations on Risk Assessment and BCM Strategy Management*, and *ZTE Risk Management Regulations* to standardize and provide guidance on the company-wide risk management processes, in which climate-related risks and opportunities are incorporated.

The sustainable development team and the dual-carbon team coordinate and promote the identification, assessment, and response to company-wide climate risks and opportunities.

In 2023, based on research into external trends, analysis and interpretation of policies, and communication and research with internal and external stakeholders, ZTE identified climate-related risks and opportunities from the perspectives of technology, reputation, and market, analyzed their importance and possible impacts, and took measures accordingly.

For details on risks and opportunities posed by climate change, refer to the [ZTE CDP Climate Change Questionnaire](#).

Fulfilling Science-Based Targets

In May 2023, ZTE submitted a letter of commitment to join the SBTi. In accordance with the requirements of the science-based targets and the results of its own carbon footprint verification and scenario analysis, the company has set the following targets:

Scope 1 & 2: Taking 2021 as the base year, ZTE aims to reduce scope 1 & 2 carbon emissions by 52% by 2030.

Scope 3: ZTE aims to reduce carbon emissions per product unit by 52% by 2030 (using physical intensity methods) with no increase in the total amount.

ZTE aims to achieve operational carbon neutrality by 2040 and net-zero emissions by 2050.

The above targets have been submitted to the SBTi in Q4 2023, and are currently under review and verification by SBTi.

Following the established goals and paths, ZTE has been making solid steps to fulfill its science-based targets by continuously promoting green operations, green supply chain, and green digital infrastructure, and green empowerment.

In 2023, ZTE achieved a 9.7% year-on-year reduction in absolute emissions (scope 1+2+3) throughout the value chain. Compared with 2022, the physical intensity of GHG emissions of telecom products sold by ZTE in the use and maintenance phase was 14.58% lower, and the full-lifecycle absolute emissions of terminal products sold by ZTE were 5.12% lower.

In 2023

achieved a
9.7%

YoY decrease in absolute Greenhouse Gas (GHG) emissions (scope 1, 2, and 3) across the value chain

the physical intensity of GHG emissions of telecom products sold by ZTE in the use and maintenance phase was

14.58% lower

the full-lifecycle absolute emissions of terminal products sold by ZTE were

5.12% lower

Green Operations

Through a combination of technological innovation solutions and scientific management systems, ZTE ceaselessly improves energy efficiency, reduces waste emissions, and makes reasonable and efficient use of resources in daily operations, practicing all-round low-carbon operations.

Energy Efficiency and Structure Optimization

ZTE strictly complies with national and regional energy laws and regulations and related policies. The company also keeps promoting the building of energy management centers, and development of energy management solutions based on "IoT + IT" for online monitoring, analyzing, and controlling all energy consumption in each industrial park. So far, ZTE has built energy management centers in 21 industrial parks in 13 regions. In 2023, the company's electricity and carbon visualization apps for industrial parks achieved an accuracy rate of over 98%, providing real-time multi-dimensional data support for the realization of energy-saving goals.

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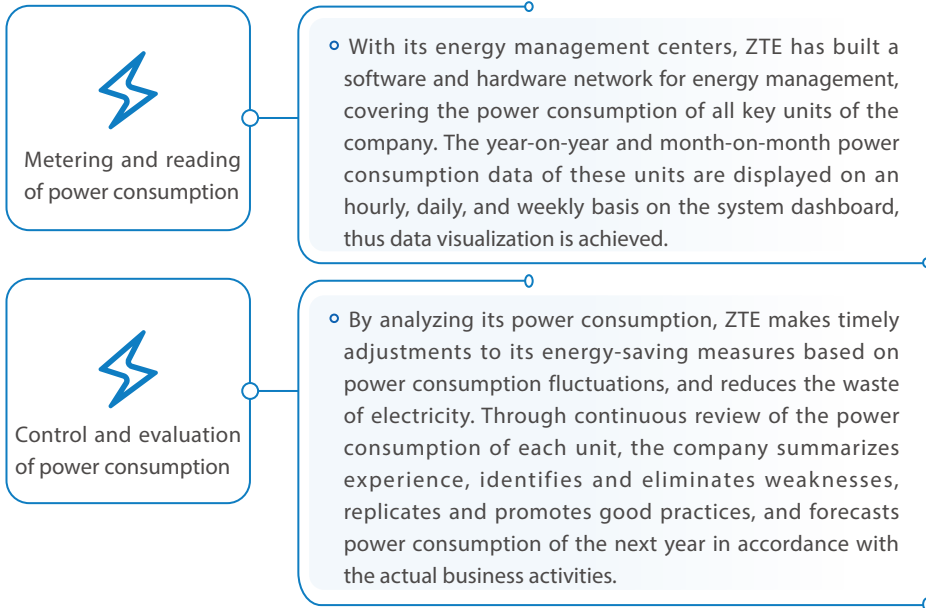
98%

Case

ZTE Promoted the Building of Smart Industrial Parks to Ensure Accurate Energy Management

In 2023, ZTE built a smart industrial park system, with platforms for the intelligent control of parking lot lighting, multi-split air conditioners, as well as lighting and air conditioners at office areas. For large energy-consuming equipment such as central air conditioners, elevators, and water pumps, ZTE implemented an energy-saving solution through the "ZTE Digital Nebula + AI" intelligent control system. In accordance with the solution, an AI model was built for the air conditioners in the industrial park based on the ZTE Digital Nebula, and then trained with the operational data of the air conditioners, so as to optimize the control strategy and thus reduce the energy consumption of the air conditioning system while ensuring user experience.

In 2023, ZTE conducted in-depth management of power consumption and formed an energy-saving technology roadmap that covers the metering, reading, control, and evaluation of power consumption based on its energy management centers.



Focusing on high energy-consuming equipment and central air conditioners in R&D labs and production lines, ZTE promotes energy conservation and carbon reduction in daily operations through management and technology-enabled measures. Specifically, they include hierarchical control of lab equipment, dynamic sharing of resource pools (such as intelligent management of server pooling), intelligent remote control (such as remote power on/off of equipment), aerothermodynamic optimization (such as the renovation of the fresh air system in equipment rooms), intelligent energy saving of equipment, intelligent manufacturing powered by 5G, dark factory, and frequency conversion. In doing so, the company practices all-round low-carbon operations, reducing resource consumption and environmental impact.

Based on the PV power stations in Shenzhen, which have been put into use for many years, ZTE continues to expand the use of its self-built new energy system that enables the integration of energy storage and solar PV, so as to achieve "self-generation for self-consumption" and "surplus electricity to grid". In 2023, the Binjiang PV power station was built and put into use, with an annual power generation capacity of 22 million kWh. PV power stations in Heyuan, Xi'an, and Changsha are under construction and expected to be completed and put into use in 2024.

Case Fresh Air System Renovation Project for Labs

ZTE has labs in Tianjin, Nanjing, Shanghai, Chengdu, and Xi'an, where the average temperature is below 15°C from October to April. To further improve energy efficiency, the company carried out a fresh air system renovation project for these labs. After the renovation, the fresh air supply mode will be activated when the temperature is less than 15 °C, achieving the cooling effect at no cost. Take the eight labs in Nanjing as an example, compared with VRV air conditioning systems, the fresh air system equipment can save power consumption by 49% per year, with an annual energy saving of about 1.28 million kWh.





Waste Management

In strict accordance with the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes*, the *National Catalogue of Hazardous Wastes*, and other laws and regulations, the company formulated the *ZTE Waste Sorting and Disposal Criteria*, *Waste Management Process*, and other regulations to standardize the categorization, collection, storage, and disposal of wastes, and set up ledgers for waste control.

General wastes:

ZTE prioritizes reducing waste generation in its operations and production processes. The company properly sorts and collects general wastes such as foam, plastics, paper, scrap metals, and woods, uses nationally standardized waste labels for proper posting, and recycles or reuses wastes accordingly.

Hazardous wastes:

Hazardous wastes from production include solvents and solutions, batteries, and circuit boards, and hazardous wastes from daily operations include ink cartridges and toner cartridges. Such wastes are transferred to the Administration Dept. by the departments that generated them, stored in the company's designated collection containers or areas, and eventually handed over to qualified professional organizations for transfer and treatment.

In addition, the company visits suppliers' waste disposal sites from time to time to review relevant information, including but not limited to the suppliers' relevant qualifications and treatment methods, to ensure proper disposal of the wastes.

Exhaust Gas Emission Management

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

The company's exhaust gas emissions, mainly come from its daily operations, for example, exhaust gases produced by canteens, generators, and shuttle buses. Another source is the production processes, such as exhaust gases from reflow soldering/wave soldering, volatilization of chemicals during use, chemical release from packaging materials, and vehicle exhaust emissions.

Exhaust gas emission control:

ZTE conducts annual inspections on the company's vehicles to ensure that exhaust gas emissions meet national standards; for equipment and facilities that may generate exhaust gases, the company rigorously enforces the operating procedures and maintenance regulations. Exhaust gases are collected through specified pipeline facilities and discharged after treatment by the exhaust gas treatment tower, to ensure that exhaust gas emissions meet relevant laws and regulations.

Exhaust gas emission monitoring:

The company arranges for qualified third-party organizations to monitor the compliance status of exhaust gas emissions every year at the periphery of the company (including exhaust gas emission outlets and the exhaust gas treatment towers), and to verify all the exhaust gas emission equipment.

Water Resources Management

ZTE strictly follows the *Water Pollution Prevention and Control Law of the People's Republic of China* and other relevant regulations of local governments and industries, and has formulated the *Regulations on the Control of Water Pollution*. Wastewater emitted by the company is mainly generated from office areas, and discharged into the city sewage in accordance with relevant regulations. The company conducts wastewater inspections on an annual basis, to ensure compliance with the discharge limits of water pollutants and relevant standards.

As the business activities do not require a large amount of water usage, the company faces a low risk of water stress in its daily operations.

In 2023, all water used in the company was taken from the waterworks, and there was no difficulty in water intake.

Case

Water Conservation Practice of ZTE (Heyuan)

ZTE (Heyuan) Company Limited has set up a water conservation team, which is responsible for the management, supervision, inspection, and coordination of water consumption. ZTE (Heyuan) has carried out multiple measures to save water, including formulating a series of regulations on equipment management and water consumption measurement to standardize water usage; setting annual saving targets and usage plans; carrying out and passing the balanced water test as well as identifying the company's water usage status and the potential for water conservation based on the test results; deploying 11,629 water-saving devices in all scenarios in accordance with the national standard CJ/T 164-2014 Domestic Water-Saving Devices; recycling condensate of central air-conditioners and reaching a 98.81% indirect recycling rate for condensate; organizing training in water conservation skills for technicians and that in water conservation management; and encouraging all employees to actively participate in water conservation through various publicity and education activities.

In November 2023, ZTE (Heyuan) was awarded the certificate of "City-Level Water-Saving Enterprise" from the Industry and Information Bureau and Water Authority of Heyuan City.

Protection of the Ecological Environment of Industrial Parks

To protect the ecological environment of areas where the company operates, ZTE invests resources in greening and maintenance every year, and formulates a three-level greening and maintenance plan covering the headquarters and each industrial park.

In Changsha, all the trees and shrubs at the construction locations were transplanted and maintained by the company in the initial stage of the construction, and replanted at suitable

locations after completion of the construction, so as to minimize the impact on the local ecological environment.

In Shanghai, the company has hired a third-party professional team to continuously control the water quality of Bibo Lake in the industrial park. Meanwhile, the company has not only added plants and maintained the greening area around the lake, but also properly put fish fry in the lake, to promote its ecological recovery.

Green Supply Chain

ZTE promotes end-to-end green and low-carbon practices in its supply chain through green procurement, manufacturing, logistics, and circulation, and advocates collaborations with industry chain partners to jointly build a green ecosystem.

In 2023, ZTE was selected as a "National Green Supply Chain Management Model Enterprise" and ZTE Heyuan Base was recognized as a "National Green Factory" by the Ministry of Industry and Information Technology.

Case

Green Supply Chain Forum of ZTE's Global Partners Day

In November 2023, ZTE's 2024 Global Partners Day, themed "Go Intelligent, Go Thriving", was held in Nanjing. More than 300 strategic partners and core suppliers of ZTE around the world were invited to this event. With a focus on industry chain collaboration and innovation, discussions were conducted on topics such as digital transformation and intelligent supply chain.

At this event, the company held for the first time the Green Supply Chain Forum, which was themed "Win-Win Collaboration for a Green Ecosystem".

ZTE shared its dual-carbon strategy, and explained the end-to-end green and low-carbon practices of its supply chain in terms of green procurement, manufacturing, delivery, and circulation.

Representatives from more than 50 leading enterprises in achieving the dual-carbon goals, including Schneider Electric, SGS, Hisense, and Sinotrans, came together and explored the green and low-carbon path of the ICT industry in the context of global climate change. In the session for proposing supply chain initiatives, ZTE played a leading role based on its self-developed "SMART goals for green supplier management", and proposed the green and dual-carbon initiative for suppliers, to promote the sustainable development of the industry chain.



Green Procurement

While reducing its own carbon emissions, ZTE also promotes joint carbon reduction with upstream suppliers, and incorporates dual-carbon requirements into the entire supplier management process.

The company conducts comprehensive LCAs of its products. According to the assessment results, the raw material stage of terminal products accounts for a relatively high proportion of carbon emissions. For such products, the company requires the purchase of low-carbon materials during the procurement stage. For example, after gaining customer approval, the company purchases recycled plastic as raw materials for structural parts of some of its terminal products, to achieve an overall carbon reduction of over 3% while meeting customer and enterprise standards. Related products have been mass-produced and available on the market.

Regarding carbon reduction in collaboration with green suppliers, the company has developed the "SMART goals for green supplier management", where "SMART" stands for "Strategy, Management, Accounting, Reduction, and Technology". The "SMART" model won the 2023 Science and Technology Progress Award from the China Federation of Logistics & Purchasing. Based on this model, the company has refined the eight-step methodology of dual-carbon governance for suppliers. In addition, the company issued *A Letter Regarding Requirements for ZTE Suppliers to Start Dual-Carbon Strategy Planning* to global suppliers, providing guidance on how to effectively conduct carbon footprint verification, set emissions reduction targets, and implement emissions reduction measures.

In 2023, ZTE selected two sample suppliers and provided them with guidance on effective dual-carbon governance based on the "SMART" model. By the end of 2023, both suppliers had conducted carbon

footprint verification for 2022 and passed certification by third-party organizations. Based on the verification results, the suppliers had set emissions reduction targets, formulated measures accordingly, and publicly disclosed their information on GHG emissions and emissions reduction targets. The company has formulated the *Supplier Dual-Carbon Audit Checklist*. In 2023, dual-carbon audits were conducted on more than 150 suppliers.

To enhance suppliers' dual-carbon awareness and capabilities, in 2023, the company provided dual-carbon training for more than 200 people from 96 suppliers. In June 2023, the company organized training for 30 related suppliers in the interpretation of the EU's Carbon Border Adjustment Mechanism.

In addition, ZTE actively promotes suppliers' self-disclosure of carbon emissions. In April 2023, ZTE invited more than 200 people from 75 suppliers to the online meeting of CDP's 2023 Disclosure Kick-off Event. The data from the *CDP 2023 Climate Change Questionnaire* showed that among the 300-plus strategic core suppliers of the company, 81 participated in the CDP rating and disclosure and submitted the response publicly. Among the 81 suppliers, 17 (21%) achieved a Leadership (A/A-) rating, and 27 (33%) received a Management (B/B-) rating.

In 2023
dual-carbon audits were
conducted on more than

150 suppliers

among the 300-plus strategic core suppliers of the company

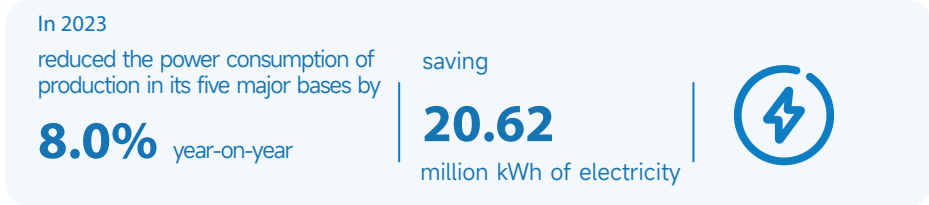
81 participated in the CDP rating and disclosure and submitted the response publicly

Green Manufacturing

In ZTE's production base, the company mainly uses technological means to incorporate innovative energy-saving and consumption reduction into green manufacturing and intelligent manufacturing. Specifically, the company focuses on energy saving in high energy-consuming scenarios such as the production lines of telecom products and home information terminals. For example, through technological improvements in the production process, such as the application of frequency conversion technology in air compressors and the revamp of chillers for reflow ovens, carbon emissions in high energy-consuming scenarios are significantly reduced, thus resource consumption and environmental impact are minimized.

In 2023, ZTE implemented several key energy-saving projects, including transformation of the cooling technology in reflow furnaces, promotion of the heat preservation technology in reflow furnaces to reduce energy consumption in soldering, promotion and application of variable-temperature solder paste to achieve energy saving in soldering, and optimization of the high-temperature aging process for energy saving.

In 2023, ZTE reduced the power consumption of production in its five major bases by 8% year-on-year, saving 20.62 million kWh of electricity.



Case ZTE Heyuan Base Was Awarded "National Green Factory"

ZTE (Heyuan) Company Limited is included in the *2023 Green Manufacturing List* released by the Ministry of Industry and Information Technology of China, and is the only high-tech company in Heyuan city to have been certified as a national green factory in 2023.

Guided by the company's dual-carbon strategy, ZTE Heyuan Base actively practices energy conservation and emissions reduction for sustainable development. The base has built an industry-leading data center and energy management center with self-developed server products and communications technologies, and adopted innovative technologies and management measures for energy saving. These are aimed to accelerate the building of a green manufacturing system, explore the "dual-carbon" model for the electronics manufacturing industry, and realize high-end, intelligent, and green development.



Green Logistics

With the digital and intelligent foundation of the supply chain, ZTE has been advancing innovations in delivery modes. By promoting automation, scenario-based management, and diversified services, we have achieved efficient and green delivery.

Green Transportation

ZTE enables digital interactions between partners along industry chains through the Intelligent Logistics Management System (iLMS). The company has managed to select the optimal transportation routes, prioritize low-carbon transportation modes, and improve the loading rate, promoting green transportation.

To effectively promote green logistics, ZTE has extensively communicated with relevant stakeholders and, coordinated the green logistics resources of all parties. On this basis, the company has formulated a full-cycle carbon-neutral green logistics solution, and promoted the implementation of the solution.

Case End-to-End Carbon-Neutral Pilot Line for International Freight

In June 2023, together with Lufthansa and Sinotrans, ZTE picked up goods from its factory in Nanjing to Shanghai Pudong Airport with electric trucks, transferred the goods to Frankfurt Airport in France by air with Sustainable Aviation Fuel (SAF), and then to the warehouse in Madrid, Spain by road. In terms of the carbon footprint in this process, the company bought carbon offsets under the Verified Carbon Standard (VCS) and International-Renewable Energy Certificate (I-REC) in strict accordance with the international standards ISO 14064-3: 2019 and PAS 2060: 2014, to conduct carbon offsetting of the project and achieve carbon neutrality in the "end-to-end" logistics services. On June 29, 2023, ZTE received the "Verification Statement of Achievement of Carbon Neutrality" issued by SGS, marking that the "end-to-end" carbon-neutral green logistics solution has been verified.

Green Warehousing

ZTE actively promotes the digitization of warehousing by putting the systematic management of warehousing processes on the WMS system, including inbound and outbound delivery as well as inventory management. By optimizing outbound operation tickets and the handover process between the company and logistics service providers, and adding functions such as electronic signatures for outbound delivery tickets, ZTE reduced a total of 2.85 million paper sheets consumed by its global warehouses throughout last year.

In addition, the company has formulated regulations on warehouse energy saving to tighten control, and realized lights-out management in the automated operation areas, effectively saving electricity for lighting and storage equipment and facilities in warehouses. In 2023, ZTE completed the installation of a solar PV system on the roof of the finished products warehouse in Nanjing, enabling the use of PV power in the warehouse. At the same time, ZTE has adopted electric forklifts in all its warehouses in China, and increased the proportion of electric forklifts replacing fuel-powered forklifts in overseas warehouses by 10%.

Green Circulation

ZTE is committed to maximizing resource efficiency through the "dual circulation" mode, ensuring that resources are fully utilized and recycled.

Regarding internal circulation, we focus on the integration of multiple utilization methods. Through disassembly, reassembly, rework, and repair, recycled materials can be internally consumed in finished and semi-finished products, reducing the scrap rate while meeting the quality and compliance requirements. In 2023, the company's direct reuse rate of returned materials reached 92%.

As for external circulation, the focus is put on collaborating with downstream recyclers to build a global green recycling network. With new recycling technologies, the company has been increasing the residual value of materials to be scrapped through the refining of metals or recycling of bioplastics in a compliant and environment-friendly manner. In 2023, ZTE collaborated with more than 120 downstream recyclers, recycling a total of 612.5 tonnes of metals and 43 tonnes of bioplastics throughout the year, and the incineration and landfill rate for materials remained less than 1%.

In 2023, recycled

612.5

tonnes of metals

43

tonnes of bioplastics



Green Digital Infrastructure

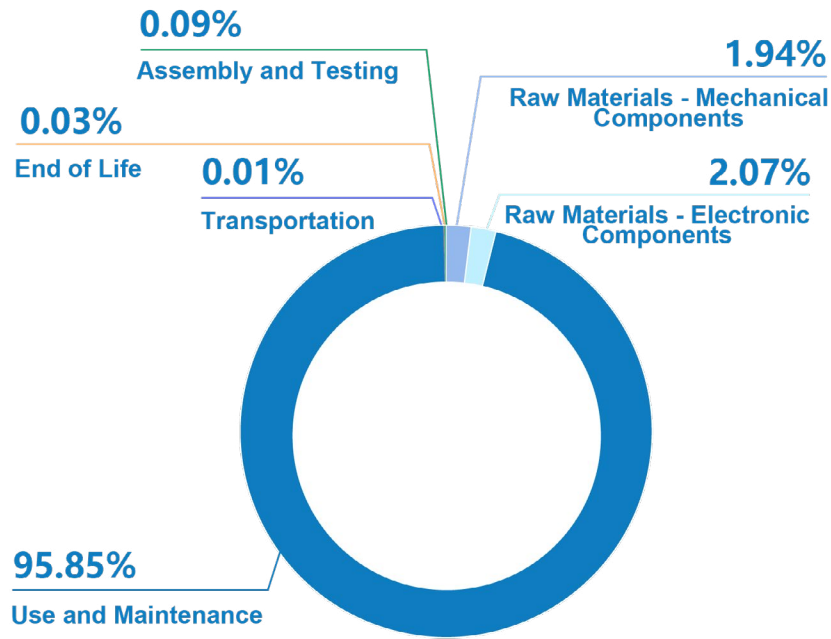
As a promoter and practitioner of intelligent manufacturing, ZTE strictly fulfills its environmental responsibilities throughout product lifecycles, and focuses on improving energy efficiency of products and building end-to-end zero-carbon networks through technological and solution innovations.

Green Product Design and R&D

Concentrating on the environmental performance of products throughout their lifecycles, ZTE has formulated such regulations as the *Technical Requirements for Product Energy Consumption Reduction*, *Technical Requirements for Carbon Reduction of Mobile Devices*, and *Product LCA Carbon Footprint Assessment Specifications*, embedded LCA requirements into the R&D process, and added assessment methods for product end-of-life phase and Product LCA Carbon Footprint Assessment Data List. In this way, ZTE aims to reduce carbon emissions from the source.

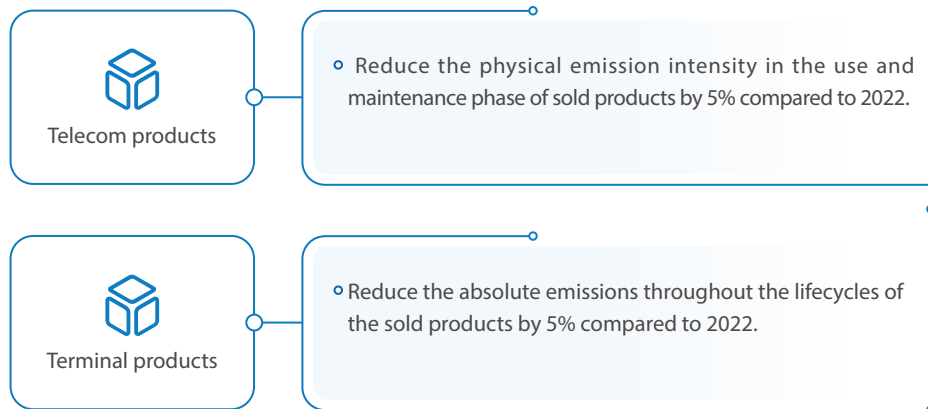
In 2023, in strict accordance with the ISO 14040 *Environmental Management—Life Cycle Assessment—Principles and Framework*, ZTE established an expert team to conduct quantitative analysis of 11 environmental impact categories and indicators in the lifecycles of such products as mobile phones, multimedia terminal devices, broadband network terminals, BN devices, and base stations, and make corresponding improvements. The company also promoted the construction of an LCA database. Specifically, ZTE completed internal assessment of 65 products, and worked with a third-party organization for the first time to conduct LCA of a lithium battery product, which passed the third-party certification. As of 2023, ZTE conducted carbon footprint assessment on 101 products, which covered all product categories of the company.



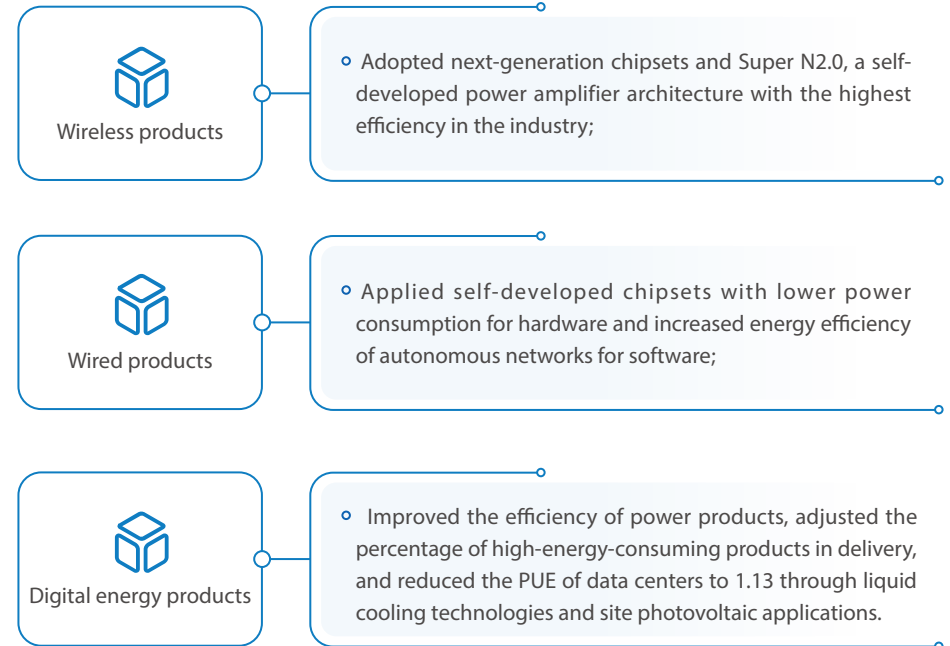


LCA Results of a Wireless Product

Based on the LCA results, we set emissions reduction targets for different product categories in 2023:



Targeted emissions reduction measures were taken for different types of telecom products:

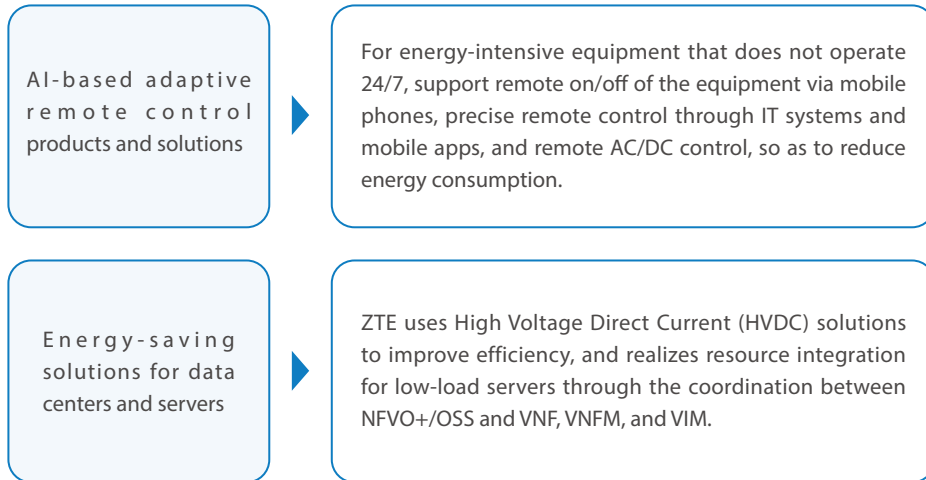


In 2023, the physical intensity of GHG emissions in the use and maintenance phase of sold telecom products fell by 14.58% compared to 2022, which exceeded the target.

In terms of terminal products, recycled plastic was used as raw materials for some products. Meanwhile, the company actively promoted the weight reduction design of product materials. For example, the company improved the structure design and reduced the shell thickness of the radiators, casings, and outdoor mounting brackets of CPE products, without compromising product performance. By optimizing methods for the connection between and within components, we increased the pass rate of repaired products, and eased the difficulty of dismantling and recycling waste products to improve recycling efficiency and diminish scrap rate. In 2023, the absolute emissions throughout the lifecycles of sold terminal products dropped by 5.12% compared to 2022, which exceeded the target.

Green Infrastructure

Based on a deep understanding of the underlying communications standards and architecture as well as its strong R&D capabilities, ZTE has developed and adopted a number of innovative technologies applicable to the industry chain to promote green infrastructure construction.



In addition, ZTE's power amplifiers can operate with optimal efficiency at any transmit power with in-house dynamic adaptive amplifier architecture, in-house power amplifier chipsets and tube components and circuits, as well as neural network algorithms. In 2023, the GaN power amplifier efficiency of ZTE's base stations exceeded 60%. Based on the SUPER-N2.0 technology, the power amplifier efficiency of ZTE's new-generation RRUs was increased to the highest level in the industry, 8%–10% higher than the industry level, maintaining a leading position in the world.

In 2023

the GaN power amplifier efficiency of ZTE's base stations exceeded **60%**

the power amplifier efficiency of ZTE's new-generation RRUs was increased to the highest level in the industry **8%-10%** higher than the industry level

Green Packaging

Lightweight Product Packaging

ZTE makes continuous efforts to optimize the packaging design and the use of packaging materials. We have reduced over 117 tonnes of plastic consumption per year, by replacing foam cushioning materials with honeycomb boards or pulp molded cushioning materials in packaging, changing taping methods from H-shaped to I-shaped, and bringing down the number of pallets and packing straps. Over 30 tonnes of woods have been saved every year by using vertical cartons instead of horizontal wooden boxes in cabinet packaging.

At the same time, the company pushes suppliers to refine their product packaging and adds green packaging requirements to technical specifications, helping suppliers reduce packaging.

- For the equipment that does not need onsite debugging, we encourage suppliers to use the packaging that meets our standards, so that we can deliver the equipment to customers without repackaging, saving more than 21 tonnes of packaging materials per year.
- ZTE uses less compound materials to facilitate material classification and recycling. We promote the use of pure PE bags instead of PA or PE bags in the packaging of some indoor equipment. In 2023, approximately 1.8 million pure PE bags were consumed, weighing about 320 tonnes.



Plastic Reduction and Replacement in Packaging Materials

ZTE adopts plastic-free and low-plastic packaging for mobile devices and telecom products. We promote the application of environmentally friendly and sustainable materials in product packaging by using substitutes for plastic and reducing packaging through design.

For home information terminals, the surface wear resistance of products is improved through optimization of surface texture and materials. Meanwhile, ZTE refuses plastic packaging, uses kraft paper straps instead of plastic straps, and replaces the commonly used lamination process with water-based varnish process for printed boxes. With biodegradable fibers, product packaging is completely plastic-free. This packaging solution has been largely applied in the packaging of multiple router products, and will gradually be used for the packaging of other home information terminals such as set-top boxes.

Regarding other telecom products, plastic-free packaging is realized by replacing foam cushioning materials like EPE with honeycomb boards and molded pulps, using paper bags instead of plastic bags for packaging, and substituting plastic tape with kraft paper tape for box sealing. Currently, this solution has been adopted in the packaging of products including cabinets and base stations.

In terms of terminal products, the company uses paper ties for charging, network, and data cables of some terminal products, facilitates the application of kraft paper and FSC-certified materials, and raises the recycling rate of packaging materials. In several projects, we have achieved plastic-free packaging, with recycling rate of packaging materials exceeding 90%. At the same time, we have reduced paper consumption by making users guides accessible via labels on the devices or QR codes on printed boxes.



Plastic-Free Product Packaging

Packaging Recycling and Reuse

By piloting pallet recycling, ZTE actively promotes the recycling and reuse of packaging materials. In 2023, over 6,000 pallets were recycled, and more than 54 tonnes of packaging materials were saved.



Green Empowerment

ZTE has launched a green and precise cloud and network solution based on the ZTE Digital Nebula. With this solution, the company explored over a hundred 5G innovative applications for 15 industries, contributing to the digital transformation, as well as energy conservation and emission reduction of different industries, including the construction of a new power system based primarily on renewable energy.

Empowering Industry Practices

With the goal of "clean energy, advanced ICT, and intelligent networks", ZTE aims to build a new "zero-carbon" network that is green, efficient, and reliable for customers. In the past two years, the comprehensive energy efficiency of all sold products has increased by more than 27%. For example, ZTE's green sites use 35% less energy through intelligent shutdown or deep sleep mode. In green data centers, the liquid cooling technologies help reduce PUE to 1.13 in special scenarios. And full-scenario intelligent photovoltaic applications raise solar power generation by more than 20%.




In the past two years the comprehensive energy efficiency of all sold products has increased by more than

27%

Case


AI-Based Dynamic SPN Power-Saving Solution

Based on the tidal effect and the periodic changes of network traffic, an AI system is built to accurately predict the trend of traffic changes. Through real-time collection of network data and intelligent analysis of service load changes, a multi-level and multi-mode power-saving solution for chips, modules, boards, and networks can be automatically generated. In 2023, the solution was piloted in 20 provinces and conserved power of 8.51 million kWh with an average power-saving efficiency of 16.9%.




Intelligent power conservation

Real-time monitoring, energy consumption visualization, accurate traffic prediction, intelligent adjustment of power consumption, and one-click report generation;



Cost saving

Software upgrades without hardware modifications, saving upgrade costs; automatic task execution without manual intervention, improving O&M efficiency;



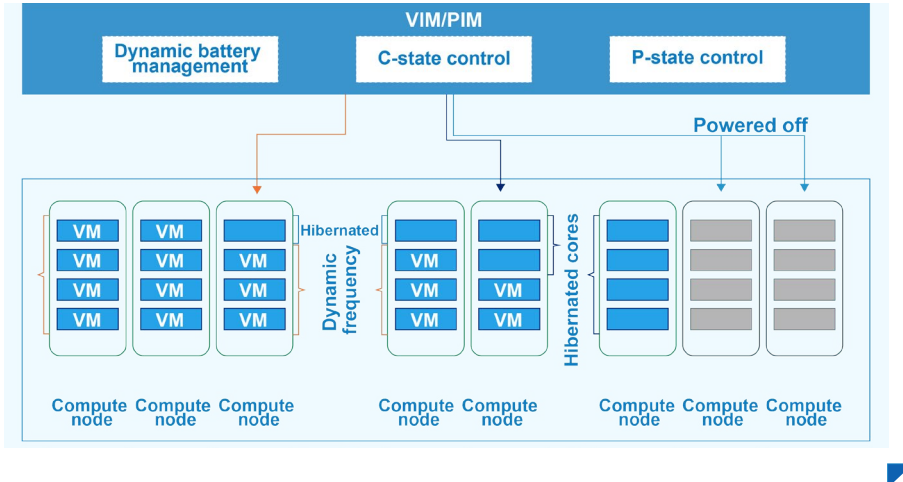
Security and reliability

Network and business security can be guaranteed in power-saving mode for various scenarios.

Case

Power-Saving Strategy of Cloud Resource Pools Promotes the Green Operations of Data Centers

In recent years, cloud computing industry has gained strong momentum. Data center is one of the energy-intensive business in the industry. So energy saving in data centers can not only contribute to the goals of carbon peaking and carbon neutrality, but also help enterprises reduce costs and strengthen competitiveness. Against such backdrop, ZTE created a "two-level and three-state" energy-saving solution, which implements power-saving operations in the resource pools of servers and CPU cores, realizing precise control of power consumption of serves and achieving energy conservation and emissions reduction, with average energy saving of 10%.



Promoting the Development of Industry Standards

In 2023, ZTE actively participated in the discussion and formulation of carbon peaking and carbon neutrality standards in China and abroad, as well as the development of industry standards. ZTE mainly engaged in the following standards-related activities.

- The compilation of [Scope 3 Guidance for Telecommunications Operators](#) initiated by GSMA, GeSI, and ITU.
- Submission of the industry standards proposal Technical Requirements for Digital Carbon Management Platform with CAICT at the CCSA TC1WG6#26 meeting held in November 2023. It is the first standards project of the TC601 WG13 for carbon peaking and carbon neutrality.
- The formulation of the industry standard *Technical Requirements and Grading of Green Packaging for Telecommunication Network Products*.
- The formulation and publication of the group standard *Technical Specifications for Energy Efficiency Testing and Characterization Methods of Telecommunication Base Stations*.
- The compilation of two group standards for data center carbon footprint initiated by China Electronic Energy Saving Technology Association (CEESTA).
- The joint initiation and compilation of two standards of CCSA ST2 and CCSA TC1 (*Product Carbon Footprint - Base Station Equipment and Technical Requirements for Digital Carbon Management Platform*).

Upholding Win-Win Collaboration to Grow with Partners

ZTE consistently reforms and innovates its supply chain, improves internal integration and external collaboration, and enhances core competitiveness, thereby facilitating the company's stable operations and rapid development.

Supply Chain SPIRE 2.0 Strategy

In 2018, the company determined the three-phase strategy based on the changes in the internal and external environment and competitive landscape. In active response to the new strategy, the SPIRE strategy has been formulated, which aims to improve customer value, achieve technology and cost leadership, and build a safe, precise, intelligent, reliable, and efficient supply chain to deliver competitive products and services.

In 2023, we launched the SPIRE 2.0 strategy according to the analysis of new opportunities and challenges faced by the supply chain, as well as the company's strategic goals in the expansion phase.

Safe

Build a resilient supply chain and healthy and green ecosystem, which covers both suppliers and their suppliers.

Precise

Provide targeted information and commodity flows to precisely satisfy the needs of both customers and their customers

Intelligent

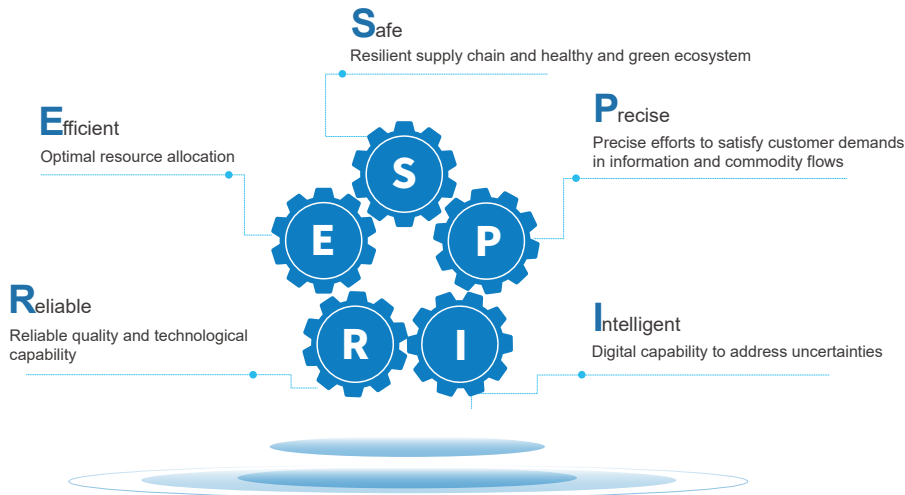
Agilely respond to the changes in external environment, and move from digital business to intelligent operations and interconnected ecosystem.

Reliable

Ensure product and technological leadership and maintain high quality and reliability.

Efficient

Conduct optimal resource allocation, and upgrade from inventory and cost optimization to efficient organization and operations.



Supplier Management System

The company integrates sustainable development requirements into supply chain management and requires suppliers, including subsuppliers, to follow the same requirements, including:

Legal compliance

Comply with all applicable laws, regulations, and standards in the countries or regions where we operate, including applicable laws and regulations on anti-corruption, anti-bribery, anti-fraud and anti-money laundering, and unfair competition. Suppliers are strictly prohibited from engaging in bribery, corruption, fraud, money laundering, unfair competition, or supporting illegal armed force.

Environmental protection

Reduce the impacts on the environment and implement green and low-carbon transformation. ZTE continues to increase the scope and proportion of green procurement, avoid using harmful substances, and promote the application of low-carbon, recyclable materials and packaging. Meanwhile, we provide suppliers with the methodology of carbon peaking and carbon neutrality, and require them to set emissions reduction targets, formulate emissions reduction measures, and disclose them to the public, so as to reduce GHG emissions along the supply chain together.

Human rights and labor

Respect all internationally-recognized human rights, including human rights and labor requirements stipulated in the *Ten Principles of the United Nations Global Compact*, the *Universal Declaration of Human Rights*, and the *ILO Declaration on Fundamental Principles and Rights at Work*. Any forms of child labor or forced labor are prohibited. We shall maintain an open and inclusive working environment without discrimination, harassment, and abuse, so as to protect the physical and mental health of employees.

Diversity and inclusion

Respect and promote diversity, provide more opportunities for women, ethnic minorities, and people with disabilities and companies owned by them, support their capability development, and share benefits together.



Management System, Policy, and Mechanism

The company's COO acts as the Global Process Owner (GPO) of the company's procurement management. The general managers of the Procurement Dept. and the Engineering Outsourcing Dept. take charge of supplier management (including supplier CSR management) and the implementation of sustainable procurement strategies.

To build a win-win ecosystem, we have established a comprehensive "Full Lifecycle Supplier CSR Governance System", covering such fields as labor rights, health and safety, environmental protection, business ethics, control of harmful substances in products, requirements for carbon peaking and neutrality, information security, and conflict mineral management. Through the digital and intelligent platform, CSR management requirements and actions are embedded into each key point of the supplier's end-to-end business processes, so that CSR management can be integrated in business activities and continuous improvements can be made.

In 2023, the company incorporated requirements for carbon peaking and carbon neutrality and biodiversity issues for suppliers in the [Supplier CSR Code of Conduct](#), emphasizing the six red lines on CSR, which should never be crossed by suppliers.

To promote transparent procurement and build healthy and win-win collaboration with suppliers, the company has published the [A Letter to Our Partners About Transparent Cooperation](#) on its supply chain website to create a "fair, impartial, and open" playing field, and resolutely eliminate any non-transparent behaviors that may affect and disrupt the market competition.

ZTE also carries out publicity and evaluation for suppliers through its official website, supply chain website, *Supplier CSR Agreement*, onsite audits, onsite and remote training, etc. For identified pain points, we will invest resources for suppliers' improvements.

Indicator	Target	2021	2022	2023
Proportion of suppliers/subcontractors that signed the Supplier CSR Agreement (including Supplier Code of Conduct)	≥90%	93.02%	93.48%	93.53%
Proportion of suppliers/subcontractors that undergone CSR assessment (e.g. assessment via the Supplier CSR Self-Assessment Form)	100%	100%	100%	100%
Proportion of key suppliers/subcontractors that received CSR onsite audits	≥85%	86.08%	86.89%	86.97%
Proportion of procurement staff in all regions who participated in CSR training	≥90%	90.58%	92.33%	92.41%
Number of child labor and forced labor cases of suppliers/subcontractors	0	0	0	0

Note:

- 1) The Supplier CSR Agreement is a side agreement of the Supply Guarantee Agreement.
- 2) Key suppliers: Suppliers who rank among the top 95% in procurement amount.
- 3) Suppliers with high risks and large supply amounts will receive CSR onsite audits.



Supplier Approval and Risk Assessment

ZTE has developed the Supplier CSR Risk Assessment Form to analyze environmental and social risks during the supplier introduction phase. Risk assessment includes relevant CSR certification, labor agreement signing, and identification of environmental violations and penalties. Based on the assessment results, different levels of controls are conducted on suppliers. Suppliers who pass the assessment will then be required to:

- Sign the *Supplier CSR Agreement* (including the *Supplier CSR Code of Conduct*), which specifies the company's CSR requirements. Suppliers who refuse to sign will be vetoed;
- Fill in the *Supplier CSR Self-Evaluation Form* to provide information about the compliance with CSR requirements;
- Receive the company's onsite audits for CSR performance evaluation.

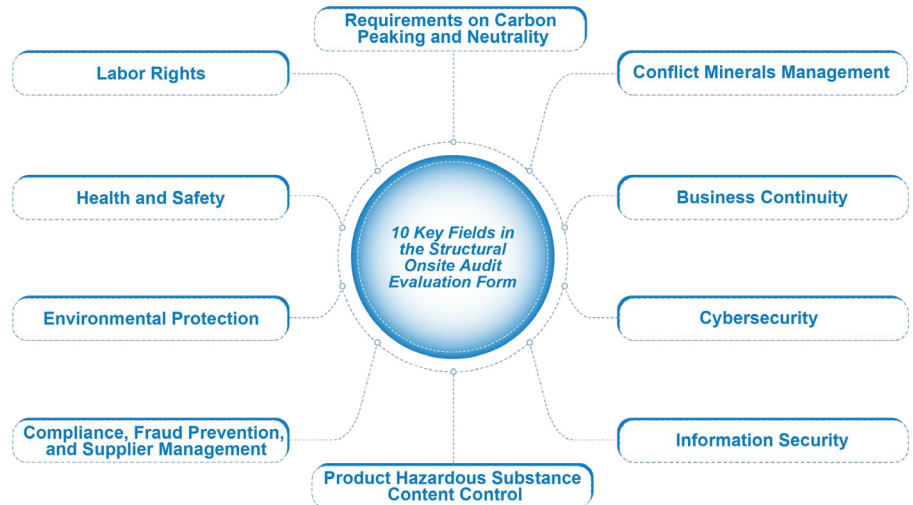


Supplier Audit and Supervision

For suppliers in partnership with the company, ZTE conducts onsite CSR audits in three forms:

Integrated audit

ZTE assesses suppliers' CSR performance with *Structural Onsite Audit Evaluation Form* during other reviews such as qualification and quality audits. In 2023, ZTE conducted integrated CSR audits on 79 new suppliers and 179 existing suppliers. The results showed 90% of the audited suppliers obtained ISO 14001 or ISO 45001 certification.



10 Key Fields in the Structural Onsite Audit Evaluation Form

Special audit

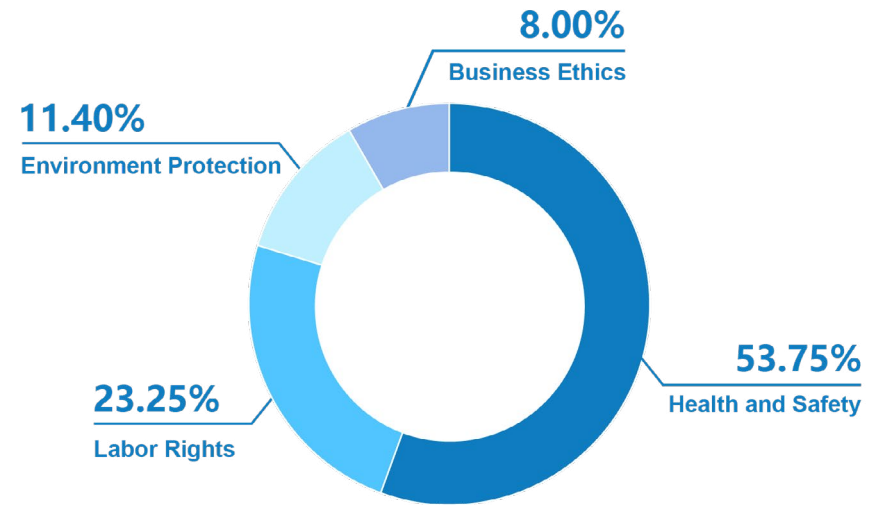
ZTE carries out the special CSR audit using the *Supplier CSR Audit Report or JAC CSR Parameters* for a comprehensive and systematic assessment of suppliers' CSR performance. In 2023, the company conducted special audits on five existing suppliers.

External audit

According to the demands of external customers and our judgment on the risks involved with suppliers, a professional third party is selected to implement the special CSR audit under the CSR standards recognized by the customers, to gain a comprehensive understanding of the suppliers' CSR performance. In 2023, external audits were carried out on nine existing suppliers.

In supplier evaluation and audits, to ensure effective CSR management of sub-suppliers, ZTE reviews the suppliers' management of the sub-suppliers' CSR performance (such as procurement policies, signing of CSR agreements, and whether the sub-suppliers are evaluated and audited).

In 2023, the nonconformities found in supplier CSR audits were mainly in the health and safety field, including fire safety, machinery equipment safety, hazardous chemical management. For these nonconformities, ZTE assisted the suppliers in developing rectification plans, as well as tracking, verifying, and closing the nonconformities through the [Supply Chain Collaboration website](#). In addition, ZTE follows up and reports the progress of the rectification of these nonconformities on a monthly basis. For those not closed within three months, points will be deducted from the supplier performance appraisal scores until the nonconformities are finally closed.



Distribution of Nonconformities in Supplier CSR Audits in 2023

ZTE actively promotes communication between suppliers and environmental organizations. In 2023, we urged two factories to explain the regulatory records on the website of the Institute of Public and Environmental Affairs (IPE), and pass third-party audits for removing the records.

Supplier Appraisals and Incentives

ZTE has formulated the *Regulations on the Management of Material Supplier Performance Appraisal*. In accordance with the regulations, the company conducts monthly performance appraisals on suppliers. The appraisal results are used for supplier grading, bidding and procurement, and as a reference for selecting outstanding suppliers.

For outstanding suppliers, the company will commend their performance and give priority to long-term collaboration and strategic partnerships with them. For suppliers whose performance are consistently poor, ZTE will conduct an internal review to determine whether to suspend collaboration or cancel their qualifications based on the review results

Social responsibility is included in the item E (sustainable development) of performance appraisal of suppliers, accounting for 5% of the total appraisal scores. The winners of the company's "Best Overall Performance Award" and "Global Best Partner Award" in 2023 were selected based on the evaluation results of suppliers.



Supplier Communication and Complaint

During audits on suppliers, the company conducts surveys or interviews with the suppliers' employees to learn more about suppliers' CSR performance and their employees' awareness of CSR. In addition, ZTE has established the following channels to receive complaints about supplier CSR performance. Any organization or individual who finds any suspected CSR violations by our suppliers can report them to ZTE through the channels, and we will respond to, investigate, verify, and handle the cases in a timely manner. During the handling process, whistleblowers' information is kept strictly confidential in accordance with the *Regulations on Protection and Rewarding of Real-Name Whistleblowers*.

◦ Reporting channels for internal control and audit:

+86-0755-26771199, audit@zte.com.cn.

◦ Reporting channels for procurement inspection:

<https://supply.zte.com.cn>, +86-0755-26771520, pma@zte.com.cn.

Empowering and Supporting Suppliers

Promoting capability building of suppliers is one of our important measures to ensure supply chain resilience and improve product quality. Through diverse forms of training and empowerment, ZTE promotes the enhancement of suppliers' capabilities and the development of partners.

On April 18, 2023

ZTE arranged for more than 200 people from 75 suppliers to participate in the CDP 2023 Disclosure Kick-off Webinar.

From May 23 to 25, 2023

the "ZTE 2023 Supplier Training Camp" was held, with over 190 participants from 96 suppliers. To help new and old suppliers understand the operation processes, rules, and requirements of its procurement-related business, the company provided courses covering CSR management, transparent procurement, information security, and compliance management.

On June 16, 2023

more than 30 suppliers that are affected by EU carbon tariffs were organized by ZTE to participate in the online training in EU carbon tariff policy interpretation.

On October 16, 2023

ZTE invited five key suppliers to attend the 5th JAC Global Telecom Industry Climate Change and Circular Economy Forum held in Shenzhen.

On November 8, 2023

the Green Supply Chain Forum of the Global Partners Day was held in Nanjing, China, with the theme of "Building a Green Ecosystem with Win-Win Collaboration". Experts from over 50 industry-leading enterprises in carbon peaking and neutrality discussed the green and low-carbon strategies of the ICT industry under the background of global climate change.

From November 8 to 9, 2023

the 2024 ZTE Global Partners Day themed "Go Intelligent, Go Thriving" was held in Nanjing. About 300 ZTE's strategic partners around the world attended the conference.

On November 29, 2023

ZTE and 20 representatives from its 8 core first-tier suppliers and 2 second-tier suppliers actively engaged in Women in Motion project initiated by UN Women. In this project, ZTE shared its practices in empowering female employees from four aspects: strengthening organizational management, improving personal quality and literacy, increasing their participation in the company's development, and offering protection and care. ZTE and its suppliers will continue to support female employees and promote diversity.

Case

ZTE Supports the Development of Small and Medium-Sized Suppliers in South Africa

To promote inclusiveness among South African enterprises and economic benefits for black South Africans, the South African government introduced the *BEE Act*. It specifies that all individuals, organizations, and entities of the ICT industry in South Africa shall be evaluated under the BEE ratings. And enterprises shall be assessed from multiple aspects, including ownership, management control, skills development, enterprise and supplier development, and socio-economic development, to check their support for BEE.

Since its establishment, ZTE CORPORATION SOUTH AFRICA (PROPRIETARY) LIMITED has been actively improving its localization process. So far, it has achieved 30% black shareholding and 10% black women shareholding and received full points in the ownership module of the BEE rating. At the same time, the subsidiary also got full points in enterprise and supplier development, and socio-economic development, according to its annual contribution to the supplier, small business, and socio-economic development, which is measured by the proportion of donation amount to the company's net profit after tax.

In 2023, the company also donated cash and equipment to a black-owned local supplier in the ICT industry to help improve and enhance its capabilities and contribute to the development of local companies.

In 2022 and 2023, ZTE CORPORATION SOUTH AFRICA was awarded level 1 BEE status (the highest level).



Broad Based Black Economic Empowerment Verification Certificate

Issued to

ZTE Corporation South Africa (Pty) Ltd

Level 1 Contributor

Supplier Information	2023
Number of suppliers	
Production suppliers	3,647
Engineering service suppliers	2,107
New subcontractors/suppliers	257
Number of production suppliers	
Board component suppliers	942
Auxiliary product suppliers	2,705
Finished product assembly and production bases (owned by ZTE)	5

Responsible Minerals Management

ZTE has formulated the [Policy on Conflict Minerals Management](#) and the Regulations on Conflict Minerals Management, which specify requirements for suppliers in mineral extraction, transportation, processing, trading, smelting, and export. Since 2020, the company has published the [Conflict Minerals Report](#) every year to disclose its latest progress in conflict minerals management.

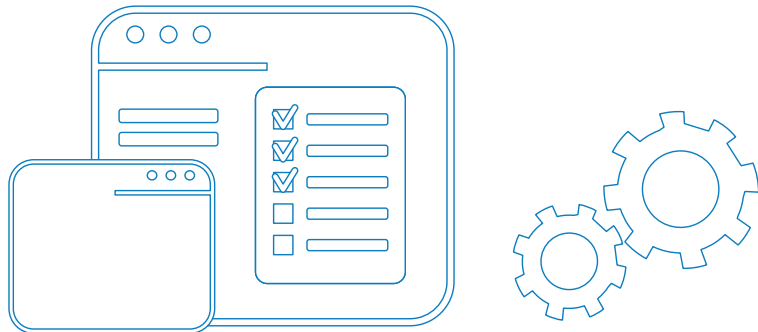
Supplier Management and Audit

ZTE requires all relevant suppliers (including component and part suppliers, suppliers of materials containing tin, tantalum, tungsten, cobalt, and/or gold) to promise that the materials they provide are from environmentally and socially responsible sources. Each qualified supplier is required to submit the relevant *Conflict Minerals Reporting Template* (CMRT) and *Extended Minerals Reporting Template* (EMRT) when first introduced, and sign the *Conflict Minerals Compliance Management Declaration*. We perform conflict minerals surveys on suppliers every year.

In 2023, surveys were conducted on a total of 1,030 suppliers, covering all suppliers involved in the procurement of conflict minerals. Among them, questionnaire surveys were performed on top-ranking suppliers contributing to 96% of ZTE's procurement amount (342 suppliers), and self-assessment of risks was required to be completed by the rest suppliers (688 suppliers).



By 2025, the company will ensure that more than 95% of 3TG smelters/refiners and over 80% of cobalt smelters/refiners pass independent third-party certification standards (such as Responsible Minerals Assurance Process (RMAP)). Meanwhile, we plan to add other key minerals into the mineral audits of downstream and upstream suppliers, expanding audit scope and enhancing the transparency of supply chain risks in cobalt and other minerals.



Supply Chain Risk Identification and Assessment

With reference to the requirements and specifications of international professional organizations such as the RMI and OECD, ZTE designs questionnaires on supplier conflict minerals management and tools for supplier conflict minerals risk assessment, and updates the *Guide to Supplier Conflict Mineral Risk Management* from time to time to identify suppliers' conflict minerals risks more clearly. For suppliers with medium and high risks, we provide targeted training in conflict minerals management and keep timely communication with them to ensure the effective implementation of the company's conflict minerals management process.

In 2023, ZTE conducted a total of 235 audits on all risky suppliers, including 17 special audits on high-risk suppliers and 218 integrated audits on suppliers at all risk levels.



Indicator Related to Conflict Minerals Management	Unit	2023
Percentage of products passing third-party certification regarding responsible mineral procurement (e.g. RMAP)	%	97.47
Percentage of products with traceable raw materials	%	92.11

Promoting Communication Among Stakeholders

On May 23, 2023, ZTE provided a special training in conflict minerals for nearly 100 suppliers and 190 partners in the "2023 ZTE Supplier Training Camp" hosted by the Procurement Dept. of Supply Chain in Shenzhen.

On September 22, 2023, the "2023 International Forum on Sustainable Mineral Supply Chain" was held in Chengdu. It was hosted by the China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters and organized by the Responsible Critical Minerals Initiative (RCI). At this forum, ZTE delivered a keynote speech titled "Toward A Sustainable Future: ZTE's Practices in Responsible Procurement for Human Rights Protection" and introduced ZTE's responsible procurement practices, which were highly recognized.

For more details, see latest [ZTE Conflict Minerals Report](#).

Shouldering CSR to Contribute to the Global Community

Since its establishment, ZTE Foundation has launched more than 200 public welfare programs in response to actual social needs in the fields of education, healthcare, poverty alleviation, and rural vitalization, with the accumulated donation amount exceeding CNY 100 million. In 2023, ZTE had 10,754 registered employee volunteers with a total of 29,024 hours of voluntary service.

Till 2023

accumulated

29,024

hours of voluntary service

accumulated donation amount
exceeding

CNY **100** million



Indicator Related to Public Welfare	Unit	2023
Public welfare programs	/	61
All kinds of public welfare events and activities	/	308
Total public welfare expenditures of ZTE Foundation from 2013 to 2023	CNY 10,000	11,158.40
Number of volunteers participating in public welfare activities	Person-time	3,398

ZTE Foundation adheres to transparency and openness in the disclosure of information on public welfare programs, including financial revenues and expenditures, project updates, and donations through its [official website](#) and the website of Charity in China. ZTE Foundation has obtained a full transparency score according to the FTI for seven consecutive years.

Supporting Educational Development

"Xingtianshi" Student Support Program

ZTE Foundation launched "Xingtianshi" Student Support Program in September 2021, to help high school students with financial difficulties enjoy more high-quality educational resources. In 2023, we opened 9 ZTE classes for 450 students from 6 counties and 5 provinces, including Guangxi, Guizhou, Jiangxi, and Anhui provinces.

In 2023, we opened

9 ZTE classes

for

450 students



Indicator Related to Public Welfare Programs	Unit	2023
Funds provided for the Xinghua Student Aid Program	CNY 10,000	354.31
Number of high school students funded by ZTE Foundation from 2016 to 2023	Person-time	2,827
Number of college students funded by ZTE Foundation from 2016 to 2023	Person	476
Funds provided to "Xingtianshi" Student Support Program	CNY 10,000	195.19
Number of high school students funded by Xingtianshi Student Support Program	Person	250
Donations to the education support program in Shaanxi	CNY 10,000	10

Xinghua Student Aid Program

In August 2016, ZTE Foundation signed a donation agreement with the Xinghua Teenager Education Foundation of Gansu to donate CNY 3 million annually for its Xinghua Student Aid Program over the next five years. In 2021, ZTE Foundation signed a second five-year donation agreement with the Xinghua Teenager Education Foundation of Gansu and planned to donate another CNY 15 million to help more underprivileged students. In addition, the company continuously improves and expands the student aid program, and explores a development-oriented aid model of "Financial Aid + Companionship + Personal Quality Improvement".



Xinghua Student Aid Program Donation

Financial Aid

Since 2017, ZTE Foundation has expanded its scholarship program to college students, providing financial aid to students with great financial difficulties. The program focuses on students in central and western China.

In 2023, the Xinghua Student Aid Program helped 900 high school students from 10 high schools in 8 counties, 6 cities, and 2 provinces. A total of 200 college students were aided, including 60 students newly enrolled in autumn. ZTE Foundation supported a total of 2,827 high school students and 476 college students in Gansu and Qinghai provinces through the Xinghua Student Aid Program.

ZTE Foundation supported a total of

2,827

high school students

476

college students



in Gansu and Qinghai provinces through the Xinghua Student Aid Program

Companionship

ZTE Foundation provides not only financial aid but also emotional support. Every year, ZTE employee volunteers travel thousands of kilometers to visit all aided schools and carry out activities such as science classes, career planning, mental health counseling, and home visits.

In 2023, ZTE Foundation organized two visits to 10 aided high schools in Gansu and Qinghai provinces, and 41 households of assisted students by 15 employee volunteers and 1 psychologist. They provided about 7,000 students with 20 wonderful science classes and themed lectures, including the development of telecom and chip technologies, emotion management, and career planning theories and tools, which were highly recognized by students and teachers.

In 2023, ZTE Foundation organized

41

households of assisted students

provided

20

wonderful science classes and themed lectures



Personal Quality Improvement

ZTE Foundation supports students by taking them out for more opportunities and bringing them educational resources. Since 2017, it has organized various activities such as study camps in cities, science and technology camps, and voluntary teaching camps for different subjects during winter and summer holidays to help students expand their horizons and grow through practices.

In 2023, outstanding high school students were aided by ZTE Foundation to visit developed regions for studying. In the "Dream Chasing" summer camp, 60 students from Gansu, Qinghai, Guangxi, Guizhou, and Jiangxi provinces went to Beijing for a week of study. They explored the capital city, gained a better understanding of themselves, and made future plans with the support of experts from various fields.

At the same time, ZTE Foundation worked with 26 excellent college students from Tsinghua University and the Institute for Advanced Study of University of Electronic Science and Technology of China (Shenzhen) to form two teaching teams to provide courses on programming and embedded development kits to 200 high school students in counties of Guangxi and Gansu provinces, igniting their passion for science and technology. ZTE Foundation also collaborated with the voluntary teaching team of Tsinghua University to share learning experience and skills as well as knowledge about career planning and mental health with 100 high school students in counties of Guizhou province.



Science and Technology Camp

Providing Companionship through "Echo" Program

ZTE Foundation launched the "Echo" Program in December 2022 which recruited, selected, and trained ZTE employee volunteers to communicate with students through letters. Volunteers paired up with rural students and learned about students' worries and confusions through letters, providing companionship and mental support for students. In 2023, 209 ZTE employees paired up with students and wrote nearly 5,000 letters.



Caring for Vulnerable Groups

Improving Veterans' Life Quality

As veterans are getting older, with the average age reaching 98, they need better living facilities. In 2023, to satisfy their demands for elderly-oriented renovations, ZTE Foundation conducted onsite research, purchased nursing beds, squat toilets, and installed shower grab bars for 10 veterans to make their lives more comfortable.

Indicator Related to the Program of Caring for Veterans	Unit	2023
Accumulated donation amount of the program of caring for veterans in west Yunnan province	CNY 10,000	683.77
Number of veterans covered by the program of caring for veterans in west Yunnan province	Person-time	275
Accumulated employee contributions to the program of caring for veterans in west Yunnan province	CNY 10,000	337.85
Number of ZTE volunteers that visited veterans in the program of caring for veterans in west Yunnan province	Person-time	1,895

Overseas Public Welfare Program

ZTE implements multiple public welfare programs including educational development, employment for people with disabilities, and disaster relief in countries such as South Africa, Spain, Egypt, and Uzbekistan.



Toy Donation in Bolivia

In Bolivia, before Christmas in 2023, ZTE BOLIVIA S.R.L donated 400 sets of children's toys to local impoverished families, making positive contribution to Sino-Bolivian friendship. After receiving the toys, representatives from the Chuquisaca Department of Bolivia distributed donations in the local area.

In October 2023, ZTE (UGANDA) LIMITED donated office furniture to the Luyanzi Institute of Technology in Uganda, and planned to provide internship opportunities to the students there. By the end of 2023, the company cultivated over 1,000 talented people in Uganda and created over 500 job positions, contributing to local talent development and employment.



In South Africa, many impoverished students do not have mobile phones or their phones are too old to support computer training or other course taking, which have negative impacts on their study. In 2023, ZTE CORPORATION SOUTH AFRICA (PROPRIETARY) LIMITED partnered with Oliver's House Education Centre, a local non-profit organization, to donate a batch of ZTE mobile phones to the local computer training center of Oliver's Village. This greatly alleviated hardware shortage problem faced by impoverished students in the area and contributed to the development of local ICT talent.



Donation of Mobile Phones in South Africa

Advancing Public Health

Since 2013, ZTE Foundation have collaborated with Shenzhen Children's Hospital to establish caring funds for children with refractory kidney diseases and immunodeficiency disorders. In 2022, ZTE and Shenzhen Eye Hospital launched the "Sunshine Baby" Assistance Program for premature babies with retinopathy, to support children in the critical period of effective treatment. The "Sunshine Baby" Program was also conducted in the Second Affiliated Hospital of Harbin Medical University. It provided screening and surgical skills training for doctors in Wangcang county, Sichuan province.

In 2023, ZTE Foundation helped 61 children with refractory kidney diseases and 40 children with immunodeficiency disorders, and provided screenings for 105 premature babies with retinopathy and surgeries for 20 of them.

In 2023, ZTE Foundation helped

61

children with refractory kidney diseases

40

children with immunodeficiency disorders

provided screenings for

105

premature babies with retinopathy

Indicator Related to Public Welfare Programs	Unit	2023
Opening days of ZTE Vcare Space Program	Day	266
Number of families served by ZTE Vcare Space Program	Family	7,701
Employee volunteer service hours of ZTE Vcare Space Program	Hour	205
Annual number of child patients who are orphans or live in poverty funded by ZTE children funding programs	Person	151
Funds provided to HTA Center Program	CNY 10,000	36.00

Practicing Green Public Welfare

In response to the challenges of climate change and mitigate its impact, ZTE Foundation donated funds to the China Green Carbon Foundation and established a ZTE Ecosystem Conservation Fund. The Fund supports activities that increase carbon sink and reduce carbon emissions, including forest ecosystem conservation, green and low-carbon technological innovation as well as living philosophy, to raise public awareness of climate change and build a better homeland together.

As the first milestone of the ZTE Ecosystem Conservation Fund, the Forest Management Carbon Sink Pilot Project was launched on May 21, 2023 at Baihuahe Forest in Tangwang county, Yichun city. In the next three years, 150,000 red pine and spruce trees will be planted in the forest, achieving an expected carbon sequestration of 12,000 tonnes and contributing more to carbon sequestration by sustainable forest management. In addition, on March 12, namely the National Tree Planting Day of China, ZTE local employees also actively worked with forestry workers to plant 1,700 saplings donated by caring employees, which marks the starting point of ZTE Foundation's exploration and practice in the green and low-carbon field.



ZTE Forest Carbon Project for Public Welfare

On June 28, 2023, at MWC Shanghai 2023, ZTE presented a public welfare program called "Forest as Carbon Sinks". Participants could donate to tree planting programs by scanning QR codes. Finally, the donations contributed to the protection of 7.89 hectares of forest land, where 20,000 trees could be planted.

Statement of the Board of Directors

To all stakeholders,

Sustainable development, which is ZTE's long-term goal, provides a solid foundation for the company to advance based on previous achievements. Driven by this goal, we have been publishing the CSR reports/sustainability reports for 16 consecutive years since 2009. In this way, we hope to maintain transparent communication with all stakeholders and continuously consolidate trust among all stakeholders.

The Board of Directors is the supreme decision-making body of the company's sustainable development management. Every year, based on environmental changes in China and overseas as well as the assessment of the importance of sustainable development agenda, the Board updates the company's risks and opportunities in ESG, reviews and supervises the sustainable development plans and progress, and audits the company's sustainable development strategy and work priorities, to ensure efficient allocation of resources and unified actions of all employees. The Board receives annual sharing and special training from both internal and external expert teams, to stay informed of cutting-edge information and knowledge in the field of sustainable development.

Sustainable development is a comprehensive undertaking involving multiple functions and actions throughout the company. In this regard, ZTE has established the Sustainable Development

Management Committee, which is composed of the company's top management, including the Executive Director and Executive Vice President, Chief Operating Officer, and Chief Strategy Officer, and is supported by all functional departments. The Committee implements the decisions of the Board of Directors on sustainable development in terms of ESG, guards the company against relevant risks, and reports the work progress to the Board of Directors on a regular basis. The Sustainable Development Working Group implements the company's sustainable development strategy, leads the formulation of relevant policies, promotes project execution, evaluates risks and opportunities brought by sustainable development, and reports to the management team regularly to ensure the fulfillment of the company's sustainability goals.

To ensure the reliability of the company's sustainable development performance indicators, the company hired TÜV Rheinland (Shanghai) Co.,Ltd. to conduct independent verification on *ZTE Corporation 2023 Sustainability Report* in accordance with the AccountAbility AA1000 assurance standard. This report has been reviewed and approved by the Board of Directors of the company for public release.

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

Third Party Assurance Report TÜVRheinland® Precisely Right.

Independent Assurance Statement

Introduction

TÜV Rheinland (Shanghai) Co., Ltd., member of TÜV Rheinland Group, Germany (hereinafter "TÜV Rheinland"; "We") has been entrusted by the management of the ZTE Corporation (hereinafter "ZTE"; "the Company") to conduct independent assurance of ZTE Corporation Sustainability Report 2023 (hereinafter "the Report"). All contractual contents for this assurance engagement rest entirely within the responsibility of ZTE. Our task was to give a fair and adequate judgment on the Report.

The intended users of this assurance statement are stakeholders who have relevance to ZTE's overall Sustainability Performance and impacts of its business activities during 2023 (1 January 2023~31 December 2023).

TÜV Rheinland is a global service provider of Corporate Social Responsibility (CSR) & Sustainability Services in over 65 countries, having qualified professionals in the field of Corporate Sustainability Assurance, Environment, Social and Stakeholder Engagement. We have maintained complete impartiality and independence during the assurance engagement, and we were not involved in the preparation of the Report contents.

Assurance Standard

TÜV Rheinland undertook the assurance work in accordance with the AA1000 Assurance Standard v3 (AA1000ASv3), Moderate level of assurance.

Scope & Type of Assurance

Our assurance engagement was carried out in accordance with the AA1000ASv3, Type 1, Moderate level on ZTE's sustainability performance information and data disclosed in the Report. The following assurance criteria were used in performing the assurance work:

- In reference to Appendix C2 "Environmental, Social and Governance Reporting Guide" to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (HKEX)
- With reference to GRI Sustainability Reporting Standards (GRI Standards)
- Self-Regulatory Guidelines for Listed Companies on the Shenzhen Stock Exchange No. 1 - Guidelines for the Standardized Operation of Listed Companies on the Main Board
- The United Nations Sustainable Development Goals (UN SDGs)
- Adherence to the AA1000 AccountAbility Principles of Inclusivity, Materiality, Responsiveness, and Impact.

Assurance Methodology

Our assurance activities included:

- Reviewing the company's management practices, processes, and performance to evaluate the sustainability management system, including the sustainability strategy, corporate governance, compliance management, risk management, stakeholder communication, material issue analysis, and key performance.
- Interviews with company management and managers responsible for gathering and analyzing information on sustainability performance.
- Reviewing and examining sustainability management practices and performance information and data to test the accuracy of such information and data based on a sample basis and applied analytical procedures.
- Collecting documentary evidence and assessing management representations to support adherence to the AccountAbility Principles.

Limitations

TÜV Rheinland performed the assurance based on the scope of defined engagement agreement, and on a moderate level assurance under the AA1000AS for engagement. Information and performance data subject to assurance is limited to the contents of the Report.

Our assurance work did not cover financial report and its financial data, and other information not related to sustainability.

Conclusions

Based on our methodology and activities performed within the scope of this assurance, we can reach a conclusion that no instances or information came to our attention that would be to the contrary of the statement made as below:

- ZTE Sustainability Report 2023 and its contents adhere to the AA1000 AccountAbility Principles, and in accordance with Appendix C2 "Environmental, Social and Governance Reporting Guide" to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (HKEX).
- ZTE has implemented processes to collect and aggregate key performance data related to material issues within reporting boundaries, and its management practices demonstrate that the company identifies, evaluates, and defines material issues.
- The sustainability-related information and performance disclosed in the report are evaluated and supported by documentary evidence.

TÜV Rheinland shall not bear any liability or responsibility to a third party for perception and decision on ZTE based on this Assurance Statement.

Adherence to the AA1000 AccountAbility Principles

Inclusivity

Key stakeholders identified by ZTE include shareholders and investors, regulators, customers, employees, suppliers, communities, and social organizations. Supporting evidence shows that in 2023 ZTE's Sustainability Working Group also including various functional departments carried out extensive communication with external stakeholders on key issues such as compliance management, sustainability risk management, greenhouse gas emission (GHG) management, and responsible supply chain management to better understand the concerns of stakeholders. The results of these communications, which were analysed internally, also led to an appropriate response from the company's senior management to key stakeholders through reporting disclosures on sustainability management decisions and sustainability goals and performance measurement.

Materiality

ZTE has implemented a mechanism for identifying material issues and determined annual materiality issues through analysis and research of internal and external stakeholders every year. Supporting evidence demonstrates that in 2023 ZTE updated and built a database of sustainable development issues through benchmarking research on policies and regulations, company fundamental analysis, industry best practice benchmarking, and external public opinion analysis, and based on the results of internal stakeholder surveys and communication with external stakeholders, it comprehensively analyzed, evaluated, and prioritized these issues from two dimensions: importance to stakeholders and importance to the company, and finally formed a distribution matrix of material issues. As shown in the Matrix Chart, this report discloses a list of 22 key topics and material issues, including high-material topics, such as business ethics, product safety and quality assurance, privacy protection and data security, implementation and promotion of the Dual Carbon strategy, technological innovation and intellectual property protection, and employee rights protection.

Responsiveness

ZTE has communicated continuously and timely with internal and external stakeholders through multiple channels and methods, and actively responded to stakeholder concerns. Supporting evidence indicates that in 2023 ZTE kept continuous communication with regulators to discuss topics such as corporate governance, compliance management, dual carbon strategy and climate change, and information disclosure in sustainability reports. Through a good customer service system, the company maintains communication with customers on information security and privacy protection, green product, and circular economy, etc., to meet the needs of operators and consumers. The company pays special attention to the protection of employees' rights, care for

vulnerable groups, and workplace health and safety, and solves relevant social issues through online and offline communication platforms, employee complaint hotlines, and employee training, to promote equality and diversity in the workplace and improve employee satisfaction. In addition, the company also interacts with suppliers on responsible sourcing and supply chain management through mechanisms such as annual partner meetings and supplier audits and training, and works with core suppliers to participate in the dual carbon strategy.

This report discloses data on key sustainability areas of interest to stakeholders, including greenhouse gas (GHG) emissions and energy consumption, anti-corruption and anti-commercial bribery, employee employment management, occupational health and safety, and resilient supply chain management. In 2023, ZTE submitted a letter of commitment to join the Science Based Targets initiative (SBTi), set science-based target against the initiative, and also released an annual Conflict Minerals Report to prioritize responding to significant concerns from external stakeholders

Impact

ZTE has conducted Environmental Impact Assessments (EIA) and performed Social Impact Assessments. Supporting evidence shows that ZTE's business units assess major ESG risks according to the probability of risk occurrence and impact degree, and track key ESG risk events and implement continuous monitoring based on the requirements of system closed-loop to ensure the effectiveness of ESG risk management and control. These major risks include compliance (Export Control, Anti-commercial Bribery, Data Security), technology ethics, patents, product safety, employee rights, supply chain conflict minerals, and climate risks. This report discloses the company's goals and progress in various areas of sustainability in 2023, as well as the quantitative key performance related to sustainability, reflecting the company's decision-making and risk and impact management in environmental, social and governance and other sustainability-related matters.



Daniel Pan

Corporate Sustainability Service Technical Manager
TÜV Rheinland (Shanghai) Co., Ltd



Shanghai, China, 26 February 2024

2023 Sustainability Performance

Sustainability Indicator	Unit	Data ¹	
A Environment			
Type of emissions and respective emissions data ²			
A1.1	NOx	Tonne	2.94
	SOx	Tonne	0.096
	PM	Tonne	0.22
Greenhouse gas emissions			
A1.2	Direct emissions [Category 1]	Tonne of CO ₂ e	45,218.37
	Indirect emissions from imported energy [Category 2]	Tonne of CO ₂ e	459,217.88
	Indirect emissions from transportation [Category 3]	Tonne of CO ₂ e	353,598.73
	Indirect emissions from products used by an organization [Category 4]	Tonne of CO ₂ e	1,513,775.17
	Indirect emissions associated with the used of products from the organization [Category 5]	Tonne of CO ₂ e	63,083,531.61
	Indirect emissions from other sources [Category 6]	Tonne of CO ₂ e	0
	Total emissions quantified	Tonne of CO ₂ e	65,455,341.76

Sustainability Indicator	Unit	Data ¹
Direct emissions intensity [Category 1]	Tonne of CO ₂ e/Million of operating revenue	0.3639
Indirect emissions intensity from imported energy [Category 2]	Tonne of CO ₂ e/Million of operating revenue	3.6959
Indirect emissions intensity from transportation [Category 3]	Tonne of CO ₂ e/Million of operating revenue	2.8458
Indirect emissions intensity from products used by an organization [Category 4]	Tonne of CO ₂ e/Million of operating revenue	12.1832
Indirect emissions intensity associated with the used of products from the organization [Category 5]	Tonne of CO ₂ e/Million of operating revenue	507.7109
Indirect emissions intensity from other sources [Category 6]	Tonne of CO ₂ e/Million of operating revenue	0.0000
Total emissions quantified intensity	Tonne of CO ₂ e/Million of operating revenue	526.7997

¹ Unless otherwise specified, the scope of GHG emissions data covers ZTE Corporation and its global operations; the scope of water, waste, and other environmental indicators covers Shenzhen, Heyuan, Sanya, Nanjing, Shanghai, Xi'an, and Changsha.

² Nitrogen Oxides (NOx), Sulfur Oxides (SOx), and Particulate Emissions (PM) come from the consumption of self-owned vehicles. Among them, NOx and PM are calculated based on China's domestic automobile gasoline consumption, namely, 12L/100 kilometers estimate; gasoline is calculated based on gasoline carbon emissions, namely, gasoline usage (L) × 0.747 × 2.9251 = carbon emissions (t); SOx emissions coefficients are cited from *Appendix 2: Reporting Guidance on Environmental KPIs of the How to Prepare an ESG Report* released by the Hong Kong Stock Exchange, namely, 0.0161 g/L for diesel and 0.0147 g/L for gasoline.

Sustainability Indicator	Unit	Data ¹	
A1.3	Total hazardous wastes	Tonne	1,268.51
	Density of hazardous wastes	Tonne/Million of operating revenue	0.0102
A1.4	Total non-hazardous wastes	Tonne	3,753.02
	Density of non-hazardous wastes	Tonne/Million of operating revenue	0.0302
Energy consumption			
A2.1	Diesel	Liter	1,669,795.02
	Petrol	Liter	4,721,154.46
	Natural gas	10,000 m ³	537.94
	Liquefied petroleum gas	kg	86,258.00
	Direct energy consumption		
	Calculation formula: solar power generation + discount factor of standard coal × energy consumption (including gasoline, diesel, natural gas) / electricity (equivalent value)	kWh	113,030,789.90
	Direct energy density	kWh/Million of operating revenue	909.6980
	Solar power generation	kWh	4,820,300.00
	Purchased electricity	kWh	795,914,520.00
	Indirect energy consumption of other types	kWh	13,722,742.98
	Total indirect energy consumption	kWh	809,637,262.98
	Indirect energy intensity	kWh/Million of operating revenue	6,516.1481

Sustainability Indicator	Unit	Data ¹	
A2.1	Total electricity consumption	kWh	800,734,820.00
A2.2	Water consumption in total	Tonne	4,095,894.72
	Density of water consumption	Tonne/Million of operating revenue	32.9647
A2.5	Total weight of packaging materials	Tonne	45,788.65
	Density of packaging materials	Tonne/Million of operating revenue	0.3685
	Consumption of purchased packaging materials for telecom products	Tonne	41,876.65
	Plastic packaging materials	Tonne	1,343.46
	Paper packaging materials	Tonne	28,444.4
	Metal packaging materials	Tonne	3,485.79
	Other packaging materials	Tonne	8,603
	Consumption of purchased packaging materials for terminal products	Tonne	3,912
	Plastic packaging materials	Tonne	392
	Paper packaging materials	Tonne	2,962
Other packaging materials	Tonne	558	

B Social
Employment

Sustainability Indicator	Unit	Data ¹
Workforce by gender, position, age group, and geographical region		
Total workforce	Person	72,093
By gender		
Male	Person	54,860
Female	Person	17,233
Percentage of males	%	76.1
Percentage of females	%	23.9
By position type		
R&D personnel	Person	35,393
Production personnel	Person	15,183
Financial personnel	Person	1,291
Administrative personnel	Person	4,301
Marketing personnel	Person	8,058
Customer service personnel	Person	7,867
By position level ³		
Number of female employees in senior management	Person	1
Number of male employees in senior management	Person	5
Number of female management members (excluding the senior management)	Person	103
Number of male management members (excluding the senior management)	Person	1,051

Sustainability Indicator	Unit	Data ¹
By age group		
Under 30 years old	Person	25,631
30–50 years old	Person	43,723
Over 50 years old	Person	2,739
By educational degree		
Doctoral degree	Person	523
Master's degree	Person	28,951
Undergraduate degree	Person	25,542
Other degrees	Person	17,077
B1.1 By geographical region ⁴		
China (including Hong Kong, Macau, and Taiwan)	Person	65,682
Asia (excluding China)	Person	3,746
Africa	Person	702
Europe	Person	1,164
North America	Person	321
South America	Person	444
Atlantic	Person	34
New employees by gender, geographical region, and age group		
Total number of new employees	Person	6,760

³ According to the *Articles of Association of ZTE Corporation*, senior management refer to the CEO, the executive vice presidents, the secretary of the Board of Directors, CFO, and persons designated or confirmed by the Board of Directors from time to time based on actual needs. Some board members also serve as senior executives of the company. Management members refer to managers at the A2, A3, and A4 levels of the company.

⁴ Based on the employees' permanent residence

Sustainability Indicator	Unit	Data ¹
By geographical region ⁵		
China (including Hong Kong, Macau, and Taiwan)	Person	5,680
Asia (excluding China)	Person	808
Africa	Person	63
Europe	Person	82
North America	Person	51
South America	Person	73
Oceania	Person	3
By age group		
Employees aged under 30	Person	5,528
Employees aged between 30 and 50	Person	1,104
Employees aged over 50	Person	128
By gender		
Male	Person	5,112
Female	Person	1,648
Average years of employment		
Male	Year	8.2
Female	Year	8.0
B1.2 Total employee turnover rate		
	%	11.8
By gender		
Male	%	11.8
Female	%	11.9

Sustainability Indicator	Unit	Data ¹
By age group		
Under 30 years old	%	17.7
30-50 years old	%	7.9
Over 50 years old	%	12.0
By geographical region ⁶		
China (including Hong Kong, Macau, and Taiwan)	%	10.8
Asia (excluding China)	%	25.3
Africa	%	13.1
Europe	%	13.5
North America	%	18.9
South America	%	12.8
Atlantic	%	8.1
Health and Safety		
Number of work-related fatalities (including those caused by sudden illness)		
2021	Person	2
2022	Person	0
2023	Person	3
B2.1 Rate of work-related fatalities (annual number of deaths caused by work-related injuries* one million/ annual employee work hours)		
2021		0.0164
2022		0
2023		0.0239
B2.2 Number of workdays lost due to work-related injuries		
	Day	1,938

⁵ Based on the employees' permanent residence

⁶ Based on the employees' permanent residence

Sustainability Indicator	Unit	Data ¹
B2.2	Number of annual employee workplace accidents	88
Development and Training		
Person-times and percentage of employees trained by gender and employee category		
	Total number of trainees	Person-time 1,699,870
	Percentage of trained employees	% 100
By gender		
	Male	Person-time 1,292,458
	Female	Person-time 407,412
B3.1	Percentage of male	% 76.03
	Percentage of female	% 23.97
By position		
	R&D personnel	% 44.82
	Production personnel	% 24.91
	Administrative personnel	% 6.55
	Marketing and customer service personnel	% 23.72
The average training hours per employee by gender and position		
	The average training hours per employee	hour/person 144.70
By gender		
	Male	hour/person 145.41
	Female	hour/person 137.67
By position		
	R&D personnel	hour/person 164.86
	Production personnel	hour/person 78.93

Sustainability Indicator	Unit	Data ¹
B3.2	Administrative personnel	hour/person 134.50
	Marketing and customer service personnel	hour/person 182.17
	New employee training participation	% 100
	New employee training sessions (training organized by ZTE University)	Session 17.00
	Course hours (training organized by ZTE University)	Hour 28.50
	Number of new online courses	19,726
	Total number of online courses	55,225
Supply Chain Management		
Number of production suppliers by geographical region		
	Asia	Suppliers 3,083
	Africa	Suppliers 110
B5.1	Europe	Suppliers 157
	North America	Suppliers 108
	South America	Suppliers 120
	Atlantic	Suppliers 69
Number of the suppliers where supplier engagement practices are being implemented		
	Percentage of new suppliers that signed Supplier CSR Agreement	% 100
	Number of new suppliers that signed Supplier CSR Agreement	Suppliers 404
B5.2	Number of suppliers not introduced due to failure of CSR audit	Suppliers 11
	New subcontractor/supplier CSR onsite assessment	Suppliers 79
	Number of suppliers participated in CSR training	Suppliers 96

Sustainability Indicator	Unit	Data ¹	
B5.2	Number of new signatories to the Anti-Bribery Pledge	Suppliers	257
	New supplier passed the certification audits	Suppliers	79
	Number of existing suppliers passed cross-category collaboration certification audits	Suppliers	90
	Number of existing suppliers under supervision and audit	Suppliers	89
Product Responsibility			
B6.1	Percentage of products recalled due to health and safety reasons	%	Not Applicable
B6.2	Number of complaints related to products and service		
	Shipment complaints	Times	2
	Service complaints	Times	55
	Engineering complaints	Times	4
	Product complaints	Times	3
Anti-Corruption			

Sustainability Indicator	Unit	Data ¹	
B7.1	Number of concluded corruption lawsuits brought against ZTE or its ZTE employees during the reporting period		
	Against ZTE	Case	0
	Number of ZTE employees with valid court judgments for embezzlement offences this year	Person	0
B7.3	Anti-corruption training for directors and employees		
	Anti-corruption and commercial bribery training for directors/executives	Time	1
	Anti-corruption and commercial bribery training for general employees	Time	25
Public Welfare			
B8.2	Focus areas of resources contribution ⁷		
	Funds	CNY 10,000	2,606
	Value of item donations	CNY 10,000	65.53
	Number of volunteers	Person	10,754
	Volunteer hours	Hour	6,764.5

⁷ Part of the ZTE Foundation's capital investment comes from the group's external charity donations. Except for donations, the statistics only cover ZTE Foundation.

GRI 2021 Index

Statement of use	ZTE has reported the information cited in this GRI content index for the period January 1, 2023 through December 31, 2023 with reference to the GRI Standards.
GRI used	GRI 1: Foundation 2021

GRI Standard Indicator Contents		Sustainable Development Goals	Where to Find	
GRI 2: General Disclosures 2021	2-1	Organizational details	About ZTE	
	2-2	Entities included in the organization's sustainability reporting	About This Report	
	2-3	Reporting period, frequency and contact point	About This Report	
	2-4	Restatements of information	/	
	2-5	External assurance	Third Party Assurance Report	
	2-6	Activities, value chain and other business relationships	About ZTE	
	2-7	Employees	SDG-8, SDG-10	Protecting Employees' Rights and Interests
	2-8	Workers who are not employees	SDG-8	Protecting Employees' Rights and Interests
	2-9	Governance structure and composition	SDG-5, SDG-16	Steadily Promoting Corporate Governance
	2-10	Nomination and selection of the highest governance body	SDG-5, SDG-16	Steadily Promoting Corporate Governance
	2-11	Chair of the highest governance body	SDG-16	Steadily Promoting Corporate Governance

GRI Standard Indicator Contents		Sustainable Development Goals	Where to Find	
GRI 2: General Disclosures 2021	2-12	Role of the highest governance body in overseeing the management of impacts	SDG-16	Sustainability Strategy and Management; Strengthening Governance and Preventing Emerging Risks
	2-13	Delegation of responsibility for managing impacts		Sustainability Strategy and Management; Strengthening Governance and Preventing Emerging Risks
	2-14	Role of the highest governance body in sustainability reporting		Sustainability Strategy and Management; Statement of the Board of Directors
	2-15	Conflicts of interest	SDG-16	Steadily Promoting Corporate Governance
	2-16	Communication of critical concerns	SDG-16	Sustainability Strategy and Management
	2-17	Collective knowledge of the highest governance body		Sustainability Strategy and Management
	2-18	Evaluation of the performance of the highest governance body		Steadily Promoting Corporate Governance

GRI Standard Indicator Contents		Sustainable Development Goals	Where to Find
GRI 2: General Disclosures 2021	2-19	Remuneration policies	/
	2-20	Process to determine remuneration	/
	2-21	Annual total compensation ratio	/
	2-22	Statement on sustainable development strategy	Message from the COO; About ZTE; Statement of the Board of Directors
	2-23	Policy commitments	SDG-16 Adhering to Compliance in Operations for Steady Business Growth
	2-24	Embedding policy commitments	Adhering to Compliance in Operations for Steady Business Growth
	2-25	Processes to remediate negative	Adhering to Compliance in Operations for Steady Business Growth
	2-26	Mechanisms for seeking advice and raising concerns	SDG-16 Adhering to Compliance in Operations for Steady Business Growth; Protecting Employees' Rights and Interests; Responding Rapidly to Customer Demands Rapidly
	2-27	Compliance with laws and regulations	Adhering to Compliance in Operations for Steady Business Growth
	2-28	Membership associations	Honors and Achievements
	2-29	Approach to stakeholder engagement	Stakeholder Communication and Engagement
	2-30	Collective bargaining agreements	SDG-8 Protecting Employees' Rights and Interests

GRI Standard Indicator Contents		Sustainable Development Goals	Where to Find
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Materiality Analysis
	3-2	List of material topics	Materiality Analysis
	3-3	Management of material topics	Materiality Analysis
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	SDG-8, SDG-9 /
	201-2	Financial implications and other risks and opportunities due to climate change	SDG-13 Strengthening Scientific Management
	201-3	Defined benefit plan obligations and other retirement plans	Employee Care and Welfare
	201-4	Financial assistance received from government	/
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	SDG-1, SDG-5, SDG-8 /
	202-2	Proportion of senior management hired from the local community	SDG-8 /
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	SDG-5, SDG-9, SDG-11 Unleashing New Productive Forces with Phygital Innovations; Supporting Educational Development; Caring for Vulnerable Groups; Green Digital Infrastructure
	203-2	Significant indirect economic impacts	SDG-1, SDG-3, SDG-8 /

GRI Standard Indicator Contents			Sustainable Development Goals	Where to Find
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	SDG-8	/
	205-1	suppliers Operations assessed for risks related to corruption	SDG-16	Firmly Curbing Bribery and Corruption
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	SDG-16	Firmly Curbing Bribery and Corruption
	205-3	Confirmed incidents of corruption and actions taken	SDG-16	Firmly Curbing Bribery and Corruption
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	SDG-16	Strengthening Compliance Operations and Management
	207-1	Approach to tax	SDG-1、SDG-10、SDG-17	Staying Compliant and Transparent in Tax Management
GRI 207: Tax 2019	207-2	Tax governance, control, and risk management	SDG-1、SDG-10、SDG-17	Staying Compliant and Transparent in Tax Management
	207-3	Stakeholder engagement and management of concerns related to tax	SDG-1、SDG-10、SDG-17	Staying Compliant and Transparent in Tax Management
	207-4	Country-by-country reporting	SDG-1、SDG-10、SDG-17	/

GRI Standard Indicator Contents			Sustainable Development Goals	Where to Find
GRI 301: Materials 2016	301-1	Materials used by weight or volume	SDG-8, SDG-12	2023 Sustainability Performance
	301-2	Recycled input materials used	SDG-8, SDG-12	Green Supply Chain; Green Digital Infrastructure
	301-3	Reclaimed products and their packaging materials	SDG-8, SDG-12	Green Supply Chain; Green Digital Infrastructure
GRI 302: Energy 2016	302-1	Energy consumption within the organization	SDG-7, SDG-8, SDG-12, SDG-13	2023 Sustainability Performance
	302-2	Energy consumption outside of the organization	SDG-7, SDG-8, SDG-12, SDG-13	2023 Sustainability Performance
	302-3	Energy intensity	SDG-7, SDG-8, SDG-12, SDG-13	2023 Sustainability Performance
	302-4	Reduction of energy consumption	SDG-7, SDG-8, SDG-12, SDG-13	Goals and Progress in 2023
	302-5	Reductions in energy requirements of products and services	SDG-7, SDG-8, SDG-12, SDG-13	Goals and Progress in 2023
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	SDG-6, SDG-12	Green Operations
	303-2	Management of water discharge-related impacts	SDG-6	Green Operations

GRI Standard Indicator Contents			Sustainable Development Goals	Where to Find
GRI 303: Water and Effluents 2018	303-3	Water withdrawal	SDG-6	2023 Sustainability Performance
	303-4	Water discharge	SDG-6	2023 Sustainability Performance
	303-5	Water consumption	SDG-6	2023 Sustainability Performance
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	SDG-6、SDG-14、SDG-15	Green Operations
	304-2	Significant impacts of activities, products and services on biodiversity	SDG-6, SDG-14, SDG-15	Empowering Environment Portection with Digital Technologies
	304-3	Habitats protected or restored	SDG-6, SDG-14, SDG-15	/
	304-4	Direct (Scope 1) GHG emissions	SDG-3, SDG-12, SDG-13, SDG-14, SDG-15	2023 Sustainability Performance

GRI Standard Indicator Contents			Sustainable Development Goals	Where to Find
GRI 305: Emissions 2016	305-2	Energy indirect (Scope 2) GHG emissions	SDG-3, SDG-12, SDG-13, SDG-14, SDG-15	2023 Sustainability Performance
	305-3	Other indirect (Scope 3) GHG emissions	SDG-3, SDG-12, SDG-13, SDG-14, SDG-15	2023 Sustainability Performance
	305-4	GHG emissions intensity	SDG-13, SDG-14, SDG-15	2023 Sustainability Performance
	305-5	Reduction of GHG emissions	SDG-13, SDG-14、SDG-15	2023 Sustainability Performance
	305-6	Emissions of ozone-depleting substances (ODS)	SDG-3, SDG-12	/
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	SDG-3, SDG-12, SDG-14, SDG-15	2023 Sustainability Performance
	GRI 306: Waste 202	306-1	Waste generation and significant waste-related impacts	SDG-3, SDG-6, SDG-11, SDG-12
306-2		Management of significant waste-related impacts	SDG-3, SDG-6, SDG-8、SDG-11, SDG-12	Green Operations

GRI Standard Indicator Contents		Sustainable Development Goals	Where to Find
GRI 306: Waste 2020	306-3	Waste generated	SDG-3, SDG-6, SDG-11, SDG-12, SDG-15 2023 Sustainability Performance
	306-4	Waste diverted from disposal	SDG-3, SDG-11, SDG-12 2023 Sustainability Performance
	306-5	Waste directed to disposal	SDG-3, SDG-6, SDG-11, SDG-12, SDG-15 2023 Sustainability Performance
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Green Supply Chain
	308-2	Negative environmental impacts in the supply chain and actions taken	Supplier Management System; Responsible Minerals Management
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	SDG-5, SDG-8, SDG-10 2023 Sustainability Performance
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	SDG-3, SDG-5, SDG-8 Employee Care and Welfare
	401-3	Parental leave	SDG-5, SDG-8 Employee Care and Welfare
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	SDG-8 /

GRI Standard Indicator Contents		Sustainable Development Goals	Where to Find
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	SDG-8 Protecting Employees' Rights and Interests
	403-2	Hazard identification, risk assessment, and incident investigation	SDG-8 Protecting Employees' Rights and Interests
	403-3	Occupational health services	SDG-8 Protecting Employees' Rights and Interests
	403-4	Worker participation, consultation, and communication on occupational health and safety	SDG-8, SDG-16 Protecting Employees' Rights and Interests
	403-5	Worker training on occupational health and safety	SDG-8 Protecting Employees' Rights and Interests
	403-6	Promotion of worker health	SDG-3 Protecting Employees' Rights and Interests
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	SDG-8 Protecting Employees' Rights and Interests
	403-8	Workers covered by an occupational health and safety management system	SDG-8 Protecting Employees' Rights and Interests
	403-9	Work-related injuries	SDG-3, SDG-8, SDG-16 2023 Sustainability Performance
	403-10	Work-related ill health	SDG-3, SDG-8, SDG-16 Protecting Employees' Rights and Interests
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	SDG-4, SDG-5, SDG-8, SDG-10 2023 Sustainability Performance

GRI Standard Indicator Contents		Sustainable Development Goals	Where to Find
GRI 404: Training and Education 2016	404-2	Programs for upgrading employee skills and transition assistance programs	SDG-8 Protecting Employees' Rights and Interests
	404-3	Percentage of employees receiving regular performance and career development reviews	SDG-5, SDG-8, SDG-10 Protecting Employees' Rights and Interests
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	SDG-5, SDG-8 Protecting Employees' Rights and Interests; Steadily Promoting Corporate Governance
	405-2	Ratio of basic salary and remuneration of women to men	SDG-5, SDG-8, SDG-10 /
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	SDG-5, SDG-8 Protecting Employees' Rights and Interests
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	SDG-8 Protecting Employees' Rights and Interests
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	SDG-5, SDG-8, SDG-16 Protecting Employees' Rights and Interests; Supplier Management System

GRI Standard Indicator Contents		Sustainable Development Goals	Where to Find
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	SDG-5, SDG-8 Protecting Employees' Rights and Interests; Supplier Management System
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	SDG-16 /
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	SDG-2 /
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	/
	413-2	Operations with significant actual and potential negative impacts on local communities	SDG-1, SDG-2 /

GRI Standard Indicator Contents			Sustainable Development Goals	Where to Find
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	SDG-5, SDG-8, SDG-16	Supplier Management System
	414-2	Negative social impacts in the supply chain and actions taken	SDG-5, SDG-8, SDG-16	Supplier Management System; Empowering and Supporting Suppliers
GRI 415: Public Policy 2016	415-1	Political contributions	SDG-16	/
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories		Improving Control of Hazardous Substances; Strengthening the Quality Management System

GRI Standard Indicator Contents			Sustainable Development Goals	Where to Find
GRI 416: Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	SDG-16	Making Every Effort to Guarantee Cybersecurity; Strengthening the Quality Management System
	417-1	Requirements for product and service information and labeling	SDG-12	Making Every Effort to Guarantee Cybersecurity; Strengthening the Quality Management System
GRI 417: Marketing and Labeling 2016	417-2	Incidents of non-compliance concerning product and service information and labeling	SDG-16	/
	417-3	Incidents of non-compliance concerning marketing communications	SDG-16	/
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	SDG-16	Enhancing Data Security and Privacy Protection

ESG Reporting Guidelines Index of the Hong Kong Stock Exchange

Category	Description	Where to Find
Aspect A1: Emissions		
General Disclosures	(a) Policies; (b) and 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.	Green Operations
KPI A1.1	The type of emissions and respective emissions data.	2023 Sustainability Performance
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity.	2023 Sustainability Performance
KPI A1.3	Total hazardous wastes produced (in tonnes) and, where appropriate, intensity.	2023 Sustainability Performance
KPI A1.4	Total non-hazardous wastes produced (in tonnes) and, where appropriate, intensity.	2023 Sustainability Performance
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Promoting Green Development to Tackle Climate Change
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Promoting Green Development to Tackle Climate Change

Category	Description	Where to Find
Aspect A2: Use of resources		
General Disclosures	Policies on the efficient use of resources, including energy, water and other raw materials.	Green Operations
KPI A2.1	Direct and indirect energy consumption by type in total.	2023 Sustainability Performance
KPI A2.2	Water consumption in total and intensity.	2023 Sustainability Performance
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Green 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.	Green Operations
KPI A2.5	Total packaging material used for finished goods (in tonnes) and, if applicable, with reference to per unit produced.	2023 Sustainability Performance

Category	Description	Where to Find
Aspect A3: Environment and Natural Resources		
General Disclosures	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	Promoting Green Development to Tackle Climate Change
KPI A3.1	Description of the significant impact of activities on the environment and natural resources and the actions taken to manage them.	Promoting Green Development to Tackle Climate Change
Aspect A4: Climate Change		
General Disclosures	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Promoting Green Development to Tackle Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Promoting Green Development to Tackle Climate Change
Aspect B1: Employment		
General Disclosures	(a) Policies; (b) and 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.	Remaining Human-Centric and Supporting Employee Development
KPI B1.1	Total workforce by gender, position, age group, and geographical region.	2023 Sustainability Performance
KPI B1.2	Employee turnover rate by gender, age group, and geographical region.	2023 Sustainability Performance
Aspect B2: Health and Safety		
General Disclosures	(a)Policies; (b)and 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.	Protecting Employees' Rights and Interests

Category	Description	Where to Find
KPI B2.1	Number and rate of work-related fatalities.	2023 Sustainability Performance
KPI B2.2	Lost days due to work injury.	2023 Sustainability Performance
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Protecting Employees' Rights and Interests
Aspect B3: Development and Training		
General Disclosures	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Building a Talent Development Mechanism
KPI B3.1	The percentage of employees trained by gender and position.	2023 Sustainability Performance
KPI B3.2	The average training hours completed per employee by gender and position.	2023 Sustainability Performance
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.	Protecting Employees' Rights and Interests
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	Protecting Employees' Rights and Interests
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Protecting Employees' Rights and Interests

Category	Description	Where to Find
Aspect B5: Supply Chain Management		
General Disclosures	Policies on managing environmental and social risks of the supply chain.	Supply Chain SPIRE 2.0 Strategy; Supplier Management System
KPI B5.1	Number of suppliers by geographical region.	2023 Sustainability Performance
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.	2023 Sustainability Performance ; Upholding Win-Win Collaboration to Grow with Partners
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Upholding Win-Win Collaboration to Grow with Partners
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Upholding Win-Win Collaboration 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.	Strengthening the Quality Management System
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	2023 Sustainability Performance
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Responding Rapidly to Customer Demands; 2023 Sustainability Performance

Category	Description	Where to Find
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Building Digital and Intelligent Capability
KPI B6.4	Description of quality assurance process and recall procedures.	Strengthening the Quality Management System
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Strengthening the Quality Management System
Aspect B7: Anti-corruption		
General Disclosures	(a)Policies; (b)and Compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud, and money laundering.	Firmly Curbing Bribery and Corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employee during the reporting period.	2023 Sustainability Performance
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Firmly Curbing Bribery and Corruption; Improving the Whistleblowing System
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Firmly Curbing Bribery and Corruption; 2023 Sustainability Performance
Aspect B8: Community Investment		
General Disclosures	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity.	Shouldering CSR to Contribute to the Global Community
KPI B8.1	Focus areas of contribution.	Shouldering CSR to Contribute to the Global Community
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	2023 Sustainability Performance



To enable connectivity and trust everywhere

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