**Date: June 18, 2021**

**From: ZTE Corporation**

## Reply to the Letter of JOINT COMMUNICATION FROM SPECIAL PROCEDURES (Ref. AL OTH 170/2021)

Dear Special Procedures Branch of the United Nations Human Rights Council,

Thanks for the letter dated March 12, 2021 from the Working Group. ZTE Corporation (hereinafter referred to as "ZTE" or "the company") has attached great importance, and organized corresponding self-checks in response. The company would like to provide the following information for your better understanding of ZTE.

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

Striving for sustainable development of the global community, ZTE is making unremitting efforts to attain a harmonious ecosystem for society, environment, and stakeholders, including:

■ Develop telecom technologies to provide people in different areas with equal access to communications.

■ Apply the idea of "Innovation, Integration, and Green" throughout the product lifecycle and processes covering R&D, production, logistics, and customer services, to reduce global energy consumption and carbon dioxide emission.

■ Engage in public welfare undertakings, such as providing rescue services for communities worldwide.

Moreover, ZTE has been included in the FTSE4Good Index Series and ranked among the top 100 in Corporate Social Responsibility Index for Chinese Companies. Since 2009, it has released the *Sustainability Report* every year.

The company joined the UN Global Compact in 2009 and the Global e-Sustainability Initiative (GeSI) in 2011. Since then, it has incorporated the Ten Principles of the UN Global Compact into business operations and corporate culture, striving to take the lead in promoting harmonious development of global economy, environment, and society.

As a member of the UN Global Compact, ZTE is dedicated to advancing the world's sustainable development while strengthening core competitiveness. In line with the company's vision, its sustainable development strategy regards talent, compliance, and internal control as the cornerstones for all business activities, and defines five strategic priorities for corporate sustainability based on the UN's 17 Sustainable Development Goals (SDGs) and industrial trends.

■ Empowering industries through innovation and achieving shared success in the digital economy: Give full play to our strengths in R&D innovation and commercialization of underlying technology, and drive the digital transformation of industries with new technology, thus facilitating sustainable social and economic development.

■ Securing customers' trust by putting their interests first: Guarantee cybersecurity for customers through high-quality products, and promptly address customer concerns through superior services.

■ Driving the circular economy through green development: Accelerate the green development of different industries through technology. Specifically, we give impetus to circular economy and continuously reduce the impact of business operations on the environment by controlling resources and energy consumption more efficiently, cutting carbon emissions, and optimizing waste management.

■ Upholding win-win cooperation to grow with partners: Establish strategic partnership with suppliers, promote sustainable development of partners across the value chain,

and continuously enhance their capabilities.

■ Contributing to the global community: Engage in and identify key topics on sustainable development of local communities, contributing to the global community via technology, capital, and volunteering services.



The Sustainability Strategy System of ZTE

As a responsible global corporate citizen, ZTE complies with the laws and regulations of China and all the other areas where we operate. In addition to fulfilling Corporate Social Responsibilities (CSRs), ZTE has actively established a reliable supply chain, and managed suppliers in accordance with the CSR management system, covering labor rights, health and safety, environmental protection, hazardous substances control, information security, cybersecurity, and business ethics. Moreover, the company requires

suppliers to sign the *Supplier CSR Agreement*, conducts on-site audits, promotes rectification of problems, and provides training services, ensuring that suppliers meet CSR management requirements.

ZTE has incorporated the *Supplier Code of Conduct* into its supplier management system, and defined CSR management requirements for every key stage in the lifecycle of supplier management.
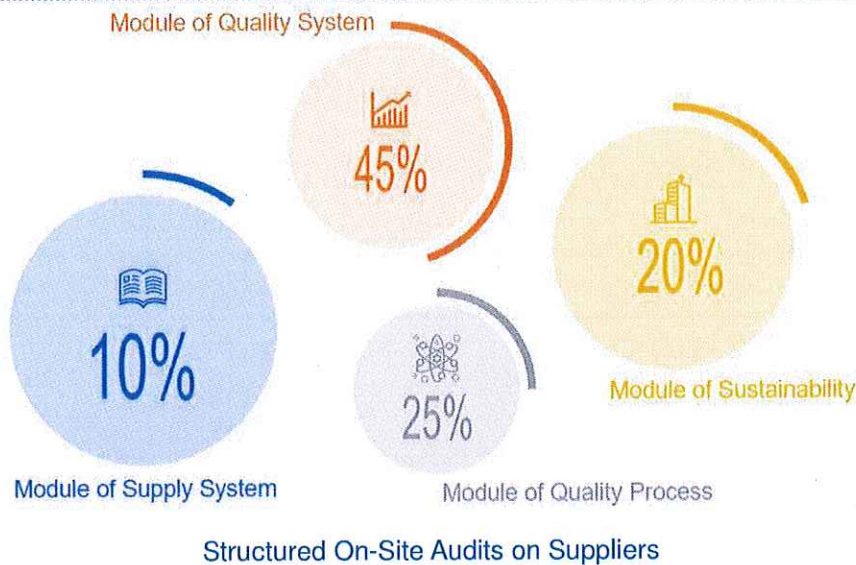
■ Introduction and Certification: CSR performance is a key indicator, and any failure to meet the CSR requirements leads to disqualification of suppliers.

■ Process Management: CSR-related training, supervision, and audit shall be conducted on suppliers.

■ Cooperation Termination: Any supplier violating the CSR requirements shall be subject to limited cooperation or disqualification.
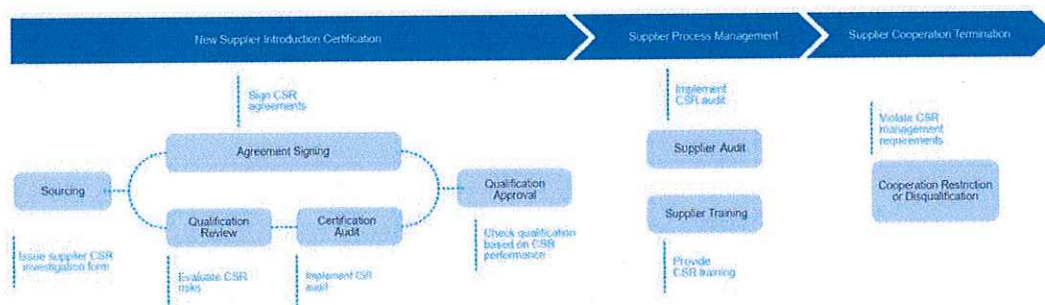


Landscape of ZTE's CSR Management on Suppliers

As for supplier certification, all suppliers are required to comply with the *Supplier CSR Agreement*, *Supplier Security Agreement*, *Supplier Commitment Letter of Transparent Cooperation and Anti-Bribery Compliance*, *Supplier Commitment Letter of Environmental Protection*, etc. Meanwhile, ZTE conducts on-site CSR audits on suppliers.

Module of Quality System

45%

20%

10%

25%

Module of Sustainability

**Module of Supply System**

Module of Quality Process

Structured On-Site Audits on Suppliers

For problems found during on-site audits on suppliers, we will ensure their rectification through the Supply Chain Collaboration (SCC) website.

To ensure the effectiveness of supplier audits, ZTE has established a basic training system for supplier auditors, which includes theoretical training and field practice. The theoretical training includes three-day training in the ISO 9000 quality management systems and three-day training in supplier audit skills. While in the field practice phase, supplier auditors are required to participate in on-site audit with the audit team for at least two times. Only those certified after the basic supplier auditor training are eligible for onsite audits. By the end of 2020, 668 employees had participated in the basic supplier auditor training, including the 88 new participants in 2020.

To achieve mutual success with suppliers, ZTE communicates its CSR requirements through meetings and training in various forms to improve the competence of suppliers.

For instance, in July and November 2020, ZTE invited suppliers to training in CSR, transparent procurement, anti-bribery compliance, cybersecurity, data protection compliance, and export control compliance. Over 220 representatives from more than 150 suppliers gathered in Shenzhen for the training.

In November 2020, ZTE Global Partners Day 2021 was held in Shenzhen under the

theme "United for the Future". Over 300 strategic and core suppliers from across the globe were present at this event.

ZTE has always been attaching great importance to its CSR, and making efforts to create a harmonious and sustainable world along with stakeholders. For more information about ZTE, please visit ZTE's website.

https://www.zte.com.cn/global/

Annex: ZTE's Certificates in Sustainable Development

Annex:

## ZTE's Certificates in Sustainable Development

| No. | Standards | Certificate |
|-----|-----------|-------------|
| 1 | ISO 9001:2015 | Quality management systems |
| 2 | TL 9000-HSV R6.0/R5.6 | Quality management system |
| 3 | ISO 14001:2015 | Environmental management systems |
| 4 | ISO 50001:2018 | Energy management systems |
| 5 | ISO 45001:2018 | Occupational health and safety management systems |
| 6 | IECQ QC 080000:2017 | Hazardous substance process management system requirements |
| 7 | ISO 22301:2012 | Business continuity management systems |
| 8 | ISO/IEC 27001:2013 | Information technology |
| 9 | ISO 28000:2007 | Security management systems for the supply chain |
| 10 | ISO/IEC 27701:2019 | Security techniques for privacy information management |
| 11 | ISO 37001:2016 | Anti-bribery management systems |