2010

CorporateSocial Responsibility Report

ZTE中兴 中兴通讯股份有限公司 ZTE CORPORATION

About this Report

This Report is the third copy of the Corporate Social Responsibility Report released by ZTE Corporation.

- **Preparation Standards:**
  This Report refers to the requirements of 10 Principles of the UN Global Compact G3 Sustainable Development Report Instructions set out in the Global Reporting Initiative (hereinafter referred to as “GRI”).
  After self-evaluation, it has lived up to the Grade B standard as specified by the GRI.

- **Selection of Content:**
  This Report contains a collection of information gathered from different channels over the past year. In the selection of content, adequate consideration is taken to the matters which the key stakeholders of the Company care about. Furthermore, it follows the principles of integrity, comparability and involvement by stakeholders concerning the GRI, and has defined the material content of the Corporate Social Responsibility Report.
  The Report is mainly divided into seven parts: strategy of corporate social responsibility, protection of rights of shareholders and creditors, serving with dedication and being committed to our customers, people, environment, supply chain and social welfare.

- **Scope of the Report:**
  The Report spans the period between 1 January 2010 and 31 December 2010. The Report is released in both Chinese and English. The electronic version of the Report can be downloaded from the website of ZTE Corporation (www.zte.com.cn).

Message from the Top Management

Up unto 2010, ZTE Corporation has been steadily opening up the road to development and growth for 25 years. After rapid development for 25 years, ZTE Corporation has set up 107 subsidiaries and branches, 14 training centers and 17 research and development centers around the world. It has provided more than 500 telecommunication operators from over 140 countries with products and services, and provided communication services for a staggering 1.2 billion people across the world. ZTE Corporation boasts more than 80000 employees, including more than 20000 of them engaged in overseas business, with the rate of the localization of overseas employees up to 65%. ZTE Corporation has already developed into the fifth largest telecommunication equipment provider, ranking among one of the Top 5 in the world, and is the largest mobile phone terminal manufacturer of China. ZTE Corporation holds the largest market share in China's 3G market.

ZTE Corporation creates sustainable value for customers with its innovative technology, products and services, and pushes forward the sustainable development of the entire society. For years, ZTE Corporation has insisted on making a capital investment of 10% of the annual sales income into scientific research, with the total number of patent applications going up to 33,000. Of these, it has been granted more than 8000 overseas and domestic patents. In 2010, it was ranked second in the world for its 1863 international patent applications. Since 2008, ZTE Corporation has been publicly ranked first for its patent applications on an annual basis for three successive years. Meanwhile, ZTE Corporation has been awarded several national level authoritative prizes in patented and technical innovation and application quality, including 3 of China's patent gold medals, 10 of China's patent excellence prizes and 4 major information industrial invention prizes, among others.

ZTE Corporation takes the continuous improvement of people's communication experiences as its mission and responsibility in order to constantly develop more advanced and more environment-friendly communication products. Low carbon and environmental protection has become the core driven factors of the products and technical innovation of the Company. These policies have been completely involved in the R&D, production, logistics, engineering and all other operational activities of the Company. ZTE Corporation performs the design of low depletion solutions for different levels of network frameworks, equipment, veneers and chips, extensively applies solar energy, wind energy and other clean energy, and has launched a new generation of wireless network solutions such as C-RAN and SDR platform design and other green solutions. In October 2010, ZTE Corporation succeeded in setting up global 3G base stations at the peak of Mount Everest at 5180 meters, which is the highest base station above sea level. Solar energy is used for such base stations, as it is capable of supplying power all year round on the basis of a discharge of zero carbon dioxide. In operation processes, ZTE Corporation performs the efficient production flow of environmental protection and promotes E type office to greatly reduce travel expenses. Moreover, it introduces solar energy generation equipment, and reasonably arranges buses for employees to commute to and from work, which helps to greatly reduce energy depletion and carbon discharge.

Even after international expansion for 15 years, ZTE Corporation has not forgotten its mission. Starting from the undertaking of foreign-aid projects, personnel training, international rescues, and public benefits, etc., it has brought China's corporate social responsibility to different parts of the world. ZTE Corporation has undertaken foreign-aid projects for more than 20 countries. While providing products and services, it follows the cooperative philosophy of "offering methods rather than materials", and takes an active part in training personnel for local people. Fourteen training centers of ZTE Corporation have been established around the world, covering North America, East and West Europe, South and North Africa, the Middle East, India, the Commonwealth of Independent States and other training business including almost all regions, with about 80% training coverage of overseas employees. Furthermore, it provides customers with valuable training services. In Ethiopia, ZTE Corporation has set up 7 communication laboratories, and trained more than 1000 telecommunication engineers for Ethiopia. After the earthquake in Haiti, ZTE Corporation immediately formed a team for "Disaster Evaluation and Rescue for Haiti Earthquake", and immediately deployed and implemented corresponding emergency actions.

In 2010, the Company initiated a discussion about excellence in culture for in-depth discussion about "how world level excellent enterprises are, and what employees in the process of going towards world level excellent enterprises should do." The broad

mass of employees and the management participated in such discussions to join efforts and offer strategies for the development of the Company. The Company puts forward and emphasizes that “sincere care of employees is the core responsibility of all the management.”

In 2010, ZTE Corporation’s Corporate Social Responsibility” courses were formally brought into the courses for managerial cadres. In January 2011*, the Company appointed the chief occupational health and safety officer responsible for the promotion and construction of employees’ occupational health and safety and overseas health and safety systems. Employees are the most valuable assets of the business, so a good care and management of employees will always be the task of the company and the managerial cadres.

In 2010, the Company held the Supplier CSR Conference of High-ranking Suppliers. It also performed CSR training for 422 suppliers, and starting from the officers of suppliers, helped suppliers establish and maintain the CSR System, and carried out key control over the CSR of high-risk suppliers and continuously improved the CSR level of the entire supply chain.

In addition to pushing forward the development of the enterprise and employees and making contributions towards the country, the society and the environment, the implication of corporate social responsibility is to make contributions towards local communities with regard to ZTE Corporation. It is also an important content to be a performer of global corporate social responsibility. Since it formally became one of the members of the UN Global Compact in 2009, ZTE Corporation has continued to combine “Global Compact and 10 Principles” into the operation and culture of the Company. Currently, corporate social responsibility has become one of the most important and integral parts of ZTE culture. In 2010, ZTE Corporation was awarded the honorary title of “the Best Corporate Citizen in China.”

In the future, ZTE Corporation will continue to greet challenges, build the world famous brand of ZTE Corporation and create a world-level excellent enterprise dedicated to leading the development of the global communication industry as the leader of the industry and global corporate social responsibility.

Company Profile

Name of company: ZTE Corporation (ZTE Corporation)

Registered and office address:ZTE Plaza, Keji Road South, Hi-Tech Industrial Park, Nanshan District, Shenzhen, Guangdong Province, People's Republic of China

Date of incorporation: 7 February 1985

Business of the group: Dedicated to the design, development, production, distribution and installation of various advanced telecommunication equipment, including: operators' networks, terminals, telecommunication software systems, services and other products

Total turnover in 2010: 70,263,874 (RMB1K)

Net profit in 2010: 3,250,247 (RMB1K)

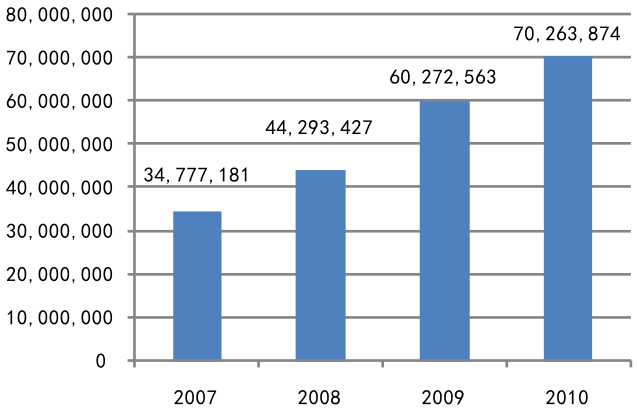

Diagram1 *Continued Growth in turnover from 2007-2010 (RMB1K)*

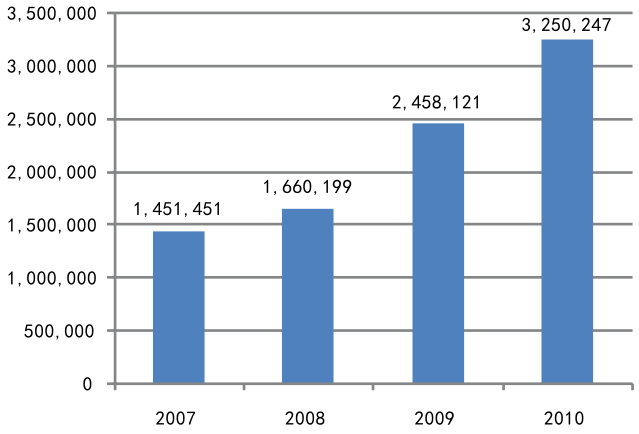

Diagram2 *Continued growth in net profits from 2007-2010 (RMB1K)*

Total number of employees in the group: 85232

Key controlled subsidiaries: 27
(Key controlled subsidiaries refer to the subsidiaries whose shares are controlled by ZTE Corporation, with the registered capital greater than or equal to RMB 10 million)

Stock exchange of listed securities: Shenzhen Stock Exchange, and Hong Kong Stock Exchange

Retains membership of the following major CSR organizations: UN Global Compact, E-TASC

Retains membership of the International Standardization Organization and the following forums: more than 70 memberships in all, including that of ITU-T, ITU-R, ITU-D, ETSI, 3GPP, 3GPP2, IETF, NGMN, IEEE, OMA, BBF, IPV6.

Total tax payment for 2010: 8,659,002 (RMB 1K)

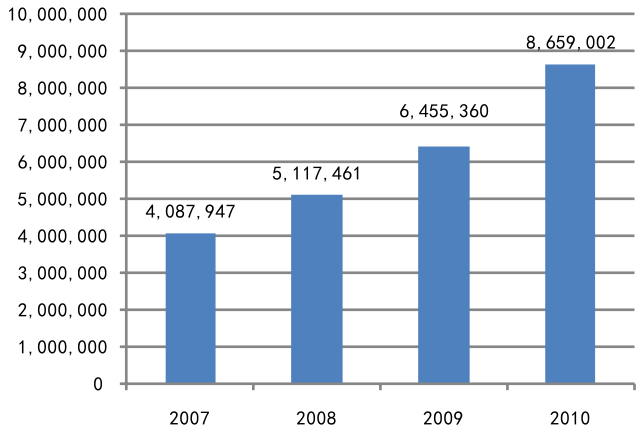

Diagram3 *Tax payment of ZTE Corporation from 2007 to 2010*

Number of patents of the Company: In 2010, 3003 cases of China's patent authorization, and 1863 cases of international patent application publication. According to the report officially released by the World Intellectual Property Rights Organization (WIPO), ZTE Corporation's international patent applications were ranked second highest in the world in 2010.

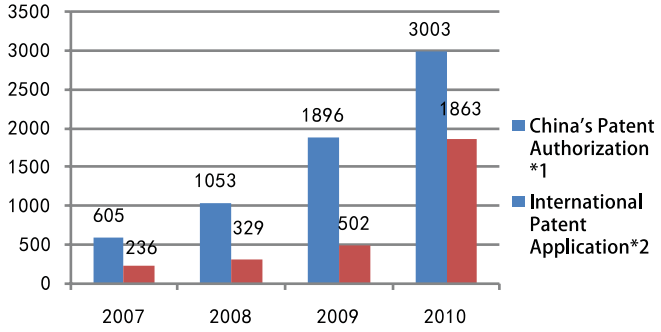

Diagram4 *Number of China's Patent Authorization and International Patent Application Publications from 2007 to 2010 at ZTE Corporation*

(Note: *1: The abovementioned data come from the statistics of the official search websites of China's National Intellectual Property Right Administration. *2: The abovementioned data come from the official report released by the World Intellectual Property Right Organization (WIPO).)

ZTE's Mission & Vision

ZTE aims to be a global communications leader, which provides its clients worldwide with satisfying and customized products and services.

Employees' career development and their benefits are held to be of great concern and guaranteed to be growing along with the company's development at the same pace.

ZTE strives for the best return on its shareholders' investments and assumes social responsibilities proactively.

To become a world-class excellent enterprise by 2015.

ZTE's Core Values

Respecting each other and being faithful to the ZTE Cause
Serving with dedication and being committed to our customers
Endeavoring with creativity to establish a famous ZTE brand
Operating with scientific management to increase corporate performance

Key Strategic Targets of ZTE Corporation

The key strategic target of the Company is to become world-class excellent enterprise by 2015, which mainly embodies the following:

Industrial status: Within 3 to 6 years, wireless, loading (transmitting) product competition capacity will be ranked among the Top 3 in the business circle, with the firmware network ranking in the Top 2, and mobile phone ranking in the Top 5 by the end of 2013, the global customer satisfaction of mobile phone customization living up to the first place in the world, the domestic customer satisfaction of systematic products ranking in the first place, and the international customer satisfaction of systematic products ranking in the Top 3.

Market brands: Products are spread all over key global markets, with sales services networks covering the world. ZTE Corporation has become a global brand, and markets of developed countries have become leading markets of the Company (50% of international sales come from the markets of developed countries).

Quality services: By 2013, the product and service quality of ZTE Corporation will have lived up to the highest international standard.

Strategy of Corporate Social Responsibility

Corporate social responsibility is not just an accessory to ZTE Corporation, but is combined in all strategies of ZTE Corporation as one of the most important parts of the corporate culture of ZTE Corporation.

CSR Vision and Strategy

ZTE Corporation released its CSR visions and strategies at the end of December 2009:

ZTE's CSR vision is to

conduct all business in an ethical and sustainable way that protects and advances the human rights, health, safety, well-being and personal development of all the people working directly or indirectly for ZTE,

operate always in an environmentally responsible manner and actively contribute towards solving the world's current and future challenges

help all its customers – internal and external – by taking advantage of the opportunities of a changing world and to positively impact societies on a local level around the world.

ZTE's CSR strategy

ZTE's CSR strategy is to pro-actively develop, implement and improve CSR compliance throughout ZTE and its supply chain based on industry best practices, continuous learning and efforts for improvement. Its objective is to develop into a global CSR leader in the long-term.

CSR Structure

By referring to the instructions of sustainable development report of Global Reporting Initiative, SA8000, EICC and other international standards, ZTE Corporation has currently built its corporate social responsibility management system which includes economics, environment, product responsibilities, human rights and labor rights, social benefits, and supply chain CSR.

In 2005, ZTE Corporation started to gradually set up its environmental and occupational health and safety management system, got the certification of the ISO14001 Environmental Management System and the OHSAS18001 Occupational Health and Safety Management System, and introduced the EU WEEE/RoHS Directive, in 2006, the Company was engaged in the study of international CSR standards such as the SA8000, in 2007, it officially carried forward the CSR System, appointed the Executive Vice President of the Company as CSR Champion for corporate social responsibility, and formed the CSR promotion team at the level of the Company. In 2009, the Company joined the UN Global Compact, and in 2010, the company established a hazardous substance management system, and got the certification of the QC080000 Hazardous Substance Management System.

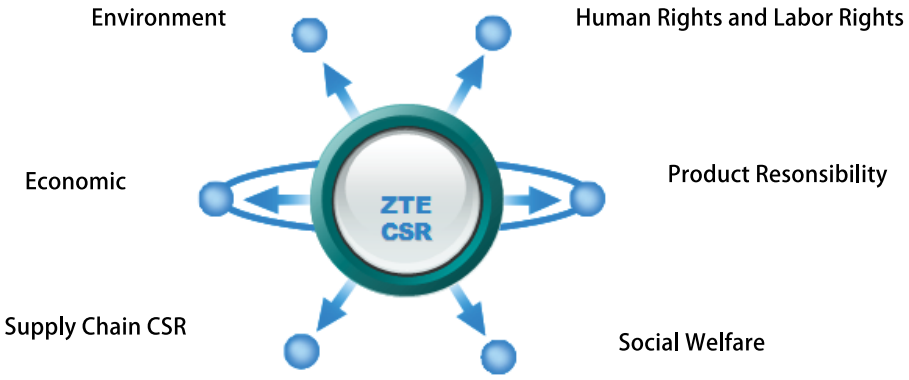

Diagram5 *Framework of the Corporate Social Responsibility System of ZTE Corporation*

Future CSR Orientation

In recent years, ZTE Corporation has strived to push forward corporate social responsibility within the company. In the course of pushing it forward, ZTE Corporation has gradually recognized that ZTE Corporation has made considerable achievements in its own corporate social responsibility, but the awareness of corporate social responsibility of supply chains for the entire ZTE Corporation or even all of China will need further improvement. Moreover, overseas CSR including health and safety is the focus of many concerns. In the future we will continue to make every effort to improve our ability to assume and execute ZTE Corporation's corporate social responsibility in the following aspects so as to strive to become the leader of corporate responsibility in the telecommunication industry:

Firstly, the improvement of social responsibility of supply chains will still be the focus of concerns of ZTE Corporation in the future. ZTE Corporation will further start from the management of suppliers to increase their awareness of corporate social responsibility and to help suppliers establish a management mechanism to control CSR, and with the help of ZTE Corporation and other companies, to finally achieve the improvement of corporate social responsibility of the society as a whole,

Secondly, the improvement of overseas CSR includes the improvement of overseas health and safety. Since 2010, ZTE Corporation has been gradually establishing overseas CSR, including Occupational health and safety management system.

Thirdly, it is necessary to continuously increase capital investment in the scientific research of green environmental protection by ZTE Corporation, to further reduce environmental pollution, to build a good environment of green communication, and combine environmental protection into every operating link of ZTE Corporation and the life cycles of all its products. And furthermore, such will affect related suppliers to implement the sustainable development of the entire industry.

Corporate Governance and Business Ethics

The company has established the Company's governance structure to enable all shareholders to be entitled to all forms of rights and equal status. The Board of Directors of the Company is responsible for calling on meetings of shareholders, and reporting to meetings of shareholders and executing resolutions made by meetings of shareholders. It will also be responsible for supervising the development of overall operational strategies of this Company, for determining business guidelines and investment plans of the Company, and for supervising and directing the management of the Company.

The Board of Directors of the Company consists of 14 directors, including one chairman and two vice chairmen. All directors (except the administrative president and two executive directors) are non-executive directors independent from the management, including five influential and positively independent non-executive directors with good experience in telecommunication, financial affairs, laws and financing and with academic and professional qualifications, and six non-executive directors with extensive and sufficient experience in business and management. All these will be helpful to the rigorous review and control programs and will also ensure the interests of all shareholders, including medium and small shareholders.

With regard to the company's governance structure, ZTE Corporation selects and appoints directors strictly subject to the Company Law and the procedures set out in the Articles of Association of the Company, thus having ensured transparency, justice, fairness and independence of the selection of directors. In order to completely embody opinions of small shareholders, the Company adopts the accumulative voting systems for the selection of directors. The Board of Directors of the Company has its rational and professional structure to practice sincerity in favor of the optimal interests of the Company. The Company has formulated the Rules of Procedures of Meetings of Directors, with the summoning of meetings of directors strictly subject to the provisions specified in the Articles of Association of the Company and the Rules of Procedure of Meetings of Directors. In order to improve its governance structure, the Board of Directors of the Company has established its nomination committee in accordance with the Rules for the Control over Listed Company, Audit Commission and Salary and Remuneration and Assessment Commission. Independent directors account for the majority of each professional commission and act as people calling on such commissions, having provided scientific and professional

opinions and reference for the decision making by the Board of Directors.

In 2010, the Salary and Remuneration and Assessment Commission under the Board of Directors of the Company followed the Management Procedures for Salary and Remuneration and Performance of Officers to link salary and remuneration for officers with the Company's performance and individual performance, the appointment of officers of the Company is strictly subject to the provisions specified under the relevant laws and regulations and the Articles of Association of the Company. In order to establish a long-term incentive mechanism closely linked with the Company's performance and long-term strategies to improve the salary and remuneration structure systems of the Company as a whole, and to lay competitive advantages in human resources for long-term continuous development of the Company, in 2007, the Salary and Assessment Commission under the Board of Directors of the Company formulated the first stock incentive program of the Company. The program has been approved and implemented by the Meeting of Shareholders of the Company.

The Company strictly observes the Company Law, the Securities Law, the Basic Specifications for Corporate Internal Control and other laws and regulations as well as the requirements of China Securities Regulatory Commission set out in the normative documents for listed companies. In the light of the industrial characteristics and also the characteristics of the Company itself, the Company has been constantly improving and standardizing its internal control organization frameworks and operating mechanisms to provide rational guarantee for the compliance of operation and management, security of assets, and truth and integrity of financial reports and other relevant information of the Company. This is to push forward the effective implementation of all business activities of the Company and to promote the achievement of the strategies of the Company.

ZTE Corporation has set up its risk control commission, and the internal control construction framework with its internal control team and internal audit department as the main framework, which fully covers the Company and is operational at multiple levels. The risk control commission focuses on the building of internal environment and development of risk evaluation, so it is the core business department of the Company for internal control construction. The Company's internal control project team focuses on the arrangement and standardization of internal control activities, and is dedicated to the information communication in internal control activities. Internal Audit Department regularly performs internal control audits and relevant tests and exercise supervision functions.

The control range of the internal audit of the Company covers marketing, purchasing logistics, financial, personnel, subsidiaries and other business and management fields, performing continuous development of audits, checking and evaluating specific control activities in principal operating business of the Company. It also involves purchasing audit, project audit, integrative audit, special audit, subsidiary audit, financial audit and other audit types. Moreover, it is necessary to continue further sustainable correction tracing and the propagation and implementation of audits, to push forward management correction, flow optimization and efficiency increase of business units, and to further promote the optimization of the Company's flows and continuous improvement and perfection of internal controls.

In 2010, the Company established its business continuity management system promotion plans and basic management framework on the basis of BS25999-2 2007 Business Continuity Management Part II Specifications, identified products and services on which the Company depend to survive and key activities and resources of such products and services, performed business effect analysis and risk evaluation, selected and determined appropriate business continuity strategies, worked out business continuity plans and accident management plans, and by exercises, tested the ability of the Company to build disaster emergency and business recovery to guarantee interests of related parties such as customers and shareholders to the maximum, and to reduce operational risks of the Company. The Company has worked out third party certification plans. It is planned that it will pass the certification of the BS25999 System by mid-2011.

The Company places great emphasis on sincere construction and internal supervision of resistance against business bribery. On the one hand, on the basis of national laws and regulations, the Company has worked out the Prohibition of Conduct Code for Employees of ZTE Corporation. The "prohibitions" of the Company include: willful false statement of accounts, taking commissions, disclosure

of the Company's business secrets, undertaking acts with business competitors of the Company, and covering up any breach of laws and discipline. Meanwhile, there is anti-corruption education in the Company. For the managerial cadres of the Company, s from the government are appointed to perform legislation propagation activities. The newspaper of ZTE Corporation has launched Cases and Laws as a special column, where classic cases are reported, thus forming an atmosphere of resistance against business bribery at the Company. In 2010, for key posts such as marketing and purchasing, the Company appointed legal professors from Shenzhen University and working personnel in public security and procuratorial offices to carry out training in resistance against business bribery. The content of the training included the present situation of anti-corruption, laws and regulations, case propagation, etc. On the other hand, the Company has placed more emphasis on cracking down on business bribery. By routine audits, special audits and other means, Audit Department of the Company provides rational audit warranty. The Company imposes severe sanctions against employees in breach of laws, discipline and rules.

Stakeholders Engagement

In order to better carry out corporate social responsibility, to hear the voices of stakeholders, to understand their expectations of ZTE Corporation, and to learn from them, ZTE Corporation has built up different communication channels with all stakeholders.

Diagram6 *Communication between Stakeholders*

Stakeholders	Topics Concerned	Communication Channels	Effects
Customer	Providing top quality products and services at reasonable prices.	Survey of customer satisfaction: Surveys of satisfaction are made according to pre-determined survey methods. Each year, a third party survey agency is entrusted to perform a survey of satisfaction. Technical exchange and special seminar: to organize customers and ZTE Corporation's technical and R & D personnel to carry out centralized exchange and discussion about solutions, technical and product requirements, etc. Customers are invited to attend suppliers' CSR meetings of ZTE Corporation to understand and convey to supply chins the CSR requirements of customers Interview: to take advantage of door-to-door visit or product release, tender, presentation tests and other means to be able to have the chance to directly face customers, and to perform face-to-face exchange with customers to understand their ideas and requirements. Questionnaire survey: to list questions requiring understanding expected to be definitely answered by customers and then to release them to customers for survey and analysis. Cooperation with third party professional consulting agencies: to perform survey analysis and study to determine customer demands by a third party to consult ZTE Corporation. Join E-TASC.	ZTE Corporation understands customer expectation and demands by continuous communication and exchange with customers, performs continued evaluation of ZTE Corporation's customer satisfaction and loyalty, finds out key improvement factors affecting ZTE Corporation's customer satisfaction, works out ZTE Corporation's improvement action plans, and by continuous supervision and improvement, constantly enhances customer satisfaction and loyalty.

Stakeholders	Topics Concerned	Communication Channels	Effects
Employees	Welfare and benefits, employees' prospect development and working environment, etc	Internal newspaper/websites: ZTE Corporation Journal, ZTE Corporation newspaper, ZTElite, system journals, EAP periodicals, etc. Survey of employees: rational advice, Q12 employees enterprising survey, logistics satisfaction survey, training satisfaction survey, etc. Labor union: ZTE Corporation has set up labor unions in China and overseas branches. The labor unions are organizations for employees, and have provided colorful activities for employees. Channels for employees' complaints: President's mailbox, department manager's mailboxes and internal forums. Different associations: photography association, dance association, mountaineering association, etc.	Provide employees with multiple communication and exchange channels, and by communication and exchange results, improves employees' working environment, and enhances employees' satisfaction and loyalty.
Shareholders, Investors	Values and market values of the Company, public disclosure of information, and protection of rights and interests of shareholders.	Strictly subject to the laws, regulations and Rules of Listed Companies as well as the Articles of Association of ZTE Corporation, relevant information is disclosed on the basis of authenticity, accuracy, completion and timeliness, and all shareholders are guaranteed equal opportunities to acquire information. Maintain good communication with investors via hotline telephones, emails, investors' receptions and other means.	Ensures that all shareholders will have equal opportunities to acquire information, maintains good communication with investors and enables investors to better understand ZTE Corporation.
Government	Construction of a harmonious society, steady growth, taxation, employment opportunities, etc.	ZTE Corporation will observe different laws and regulations and pay taxes according to the law. Support all governmental policies. Create employment opportunities.	By virtue of and by observing all laws and regulations, pay taxes according to the law, provide employment opportunities, and win over national and governmental trust.

Stakeholders	Topics Concerned	Communication Channels	Effects
Suppliers	Reasonable prices, win-win solutions, and sustainable development.	ZTE's supply chain management website. Annual meetings of suppliers, suppliers' CSR training, and suppliers' CSR meetings. Perform regular high-ranking exchanges, inter-visits, learning and mutual improvement of CSR levels with key suppliers. Evaluation and review of suppliers.	By means of different exchange channels with suppliers, understand suppliers' demands, induce suppliers' continuous improvement and reduce CSR risks in supply chains.
Communities	Not causing pollution or destruction to community, environment, or causing any accidents.	Respect for culture and customs of the area where the Company is located. Make contributions towards the economy and sustainable development of the community where the Company is located. Attend public benefit activities for local communities, and provide immediate help and assistance to the surrounding disastrous areas.	By open exchange with communities, maintain good relationship with local communities, and make contributions towards their sustainable development.
Welfare Organization	Participation in public welfare activities and providing help for people in need	ZTE Corporation carries out adequate cooperation with public service organizations. Currently, there are three funds: ZTE Corporation's Children Care Special Fund, Yunnan's War Veteran Assistance Fund, and ZTE Corporation's Donation for Education Care Fund. Domestic and overseas public benefit activities, including assistance to Yushu Earthquake victims, etc.	By adequate communication with public service organizations, get to know existing difficulties in China's public benefit undertakings and global benefit undertakings. ZTE Corporation takes advantage of its own industrial advantages to make in-depth contributions towards public benefit undertakings.

Protection of Rights of Shareholders and Creditors

Protection of Shareholders' Equities

1.Protection Mechanisms for Shareholders' Equities

As a company listed in both Shenzhen and Hong Kong Stock Exchanges, ZTE Corporation has been strictly complying with the Company Law, the Securities Law, the Rules for Control over Listed Companies, the Rules for Listed Stocks of Shenzhen Stock Exchange, the Rules of Hong Kong Stock Exchange Co., Ltd. for Listing of Securities, and the Procedures for the Management of Disclosure of Information of Listed Companies and other laws and regulations to strive to improve the control level of the corporation, to enhance its internal control systems, and to standardize its operations. The Company has gradually formed the corporate control rule system on the basis of the Articles of Association of the Company, with the Company's Rules of Procedures of Shareholders' Meetings, Rules of Procedures of Meetings of Directors and the Rules of Procedures of Meetings of Supervisors as its major framework, and has also formed the corporation governance structure with the Meeting of Shareholders, the Board of Directors and the Board of Supervisors as the decision-making and supervisory authorities, with distinct power and responsibilities between the management on the basis of respective duties, effective control, scientific decision-making and coordinated operation. It ensures equality, justice and fairness to all shareholders from the perspective of mechanisms, and ensures that all shareholders will be entitled to all legitimate rights and interests as specified by laws, regulations and rules.

2.Legal and Compliant Meetings of Shareholders

The Meeting of Shareholders is the supreme power of the Company. The Company specifies the power and authority to be exercised by the Meeting of Shareholders under the Articles of Association of the Company and the Rules of Procedures of Shareholders' Meetings. Summoning and holding of meetings of shareholders gives full time for discussion of each proposal under legal and effective premises so that they will become good communication opportunities for the Board of Directors and shareholders. ZTE Corporation provides the voting mode of network platforms in the time of deliberation of substantial matters strictly subject to the relevant requirements of Shenzhen Stock Exchange and Hong Kong Stock Exchange on Voting via Networks at Meetings of Shareholders. Within the reporting period, the Company held the Annual Meeting of Shareholders for 2009, the First Interim Meeting of Shareholders for 2010, the Second Interim Meeting of Shareholders for 2010 and the Third Interim Meeting of Shareholders and the Fourth Interim Meeting of Shareholders for 2010. When there is any voting on proposals involving associated transactions, related shareholders should avoid voting so as to ensure that the deliberation procedures at meetings of shareholders will conform to relevant provisions.

3.Return to Shareholders by Revenues

It is one of the most important duties of ZTE Corporation's operating development to return to its shareholders and the society. The Company always places great emphasis on reasonable return to its investors. At times, it has implemented cash dividends and capital reserve converted into increased share capital and other proposals. At the meeting of shareholders for 2008 held on 19 May 2009, the Company deliberated and adopted a proposal for the revision of relevant terms and conditions of the Articles of Association of the Company and the Rules of Procedures of Shareholders' Meetings. Under it the terms and conditions of the Articles of Association of the Company was amended, in which "the Company may use means of cash or stocks for the distribution of dividends, and may carry out interim cash distribution of dividends. The total profits distributed by the Company over the past three years are not less than thirty percent of annual average distributable profits realized over the past three years." This has provided a more definite basis for guaranteeing good income for shareholders. On 24 June 2010, according to the relevant resolutions made at the Meeting of Shareholders for 2009, the Board of

Directors of the Company carefully organized the implementation of the Annual Profit Distribution Plan for 2009 and the Plan for Capital Reserve Converted into Increased Share Capital: on the basis of 1,867,869,027 shares by deducting 43,285,429 shares of limited sale shares of stock incentives out of 1,911,154,456 shares as total share capital of the Company as at 31 December 2009, RMB 3 in cash (including taxes) was distributed for every 10 shares at the total amount of approximately RMB560 million. At the same time, additional 5 shares were increased for every 10 shares of capital reserve at the total amount of 955,577,228 shares as increased shares. After such an increase, the total share capital of the Company is 2,866,731,684 shares (including the number of Stock A as 2,342,077,146 shares, and the number of Stock H as 524,654,538 shares).

Diagram7 *Information about Cash Distribution over the Past Three Years*

Year of dividend distribution	Amount of dividends in cash (including taxes) (RMB 10K)	Net profits attributed to shareholders of listed company in consolidated statements in the year of dividend distribution (RMB 10K)	Ratio of net profits attributed to shareholders of listed companies in consolidated statements	Annual distributable profits (RMB 10K)
2009	56,036.10	245,812.10	22.80%	264,476.60
2008	40,299.90	166,019.90	24.27%	239,573.40
2007	23,988.00	125,215.80	19.16%	165,775.20
Percentage of total cash dividend amounts in annual average retained earnings over the latest past three years			53.89%	

4.Carefully Performing Obligations for Disclosure of Information and Working Well in Investor Relationship Management

ZTE Corporation follows the relevant provisions set out in the Regulations for the Management of Information Disclosure Affairs, and the Working Regulations for the Management of Investor Relationship. The secretary of the Board of Directors of the Company and related professional personnel are responsible for the disclosure of the Company's information, reception of interviews with investors and consulting. The Company strictly follows the relevant laws and regulations and the Articles of Association of the Company to disclose relevant information on a true, accurate, complete and timely basis, and ensures that all shareholders will have equal opportunities to acquire information to protect the legitimate rights and interests of investors. The Company will maintain good communication with investors via investor relationship hotline calls, emails, reception of investors and other ways so that investors will have a better understanding of the Company.

Protection of Rights and Interests of Creditors

In the operation and production process, ZTE Corporation strictly observes related contracts and regulations, with full consideration taken to legitimate rights and interests of creditors without any impairment to any interest of creditors to ensure good cooperation between the parties.

For the convertible bonds with warrants of the Company issued on 30 January 2008, the Company paid the full interest accrued in bonds on 2 February 2009, 1 February 2010 and 31 January 2011 respectively in accordance with the Announcements of ZTE Corporation's Convertible Bonds with Warrants and the Announcements of the Listing of Securities of the Company, thus having guaranteed the legitimate rights and interests of creditors.

Serving with Dedication and Being Committed to Our Customers

ZTE Corporation keeps conducting work in products and services by following the requirements of "Serving with dedication and being committed to our customers" summarized by Mr. Hou Weigui, Chairman of the Board of Directors of the Company. The Company keeps taking customers as the focus of its concerns, executing the TL9000 Quality Management System and making use of 6SIGMA and other methods to perform quality improvement. Therefore, the Company has established an overall quality management and improvement mode based on customer satisfaction, field operation of products and internal flows, thus having constructed the integrated advantages of the Company as "Leading Products, Reliable Quality and Top services" to continue to provide competitive products and services for customers.

In order to enhance customer satisfaction, ZTE Corporation implements a survey of global customer satisfaction each year in respect of the product and service quality expected by customers within the global range, and performs quantitative evaluation system for its internal management.

For the feedback issued from customers, ZTE Corporation has established specific issue feedback systems. The GCSC (Global Customer Service Center) collects issues from customers who are using ZTE Corporation's products. It has also set up special 800 Call to receive complaints from customers.

Service Commitments

The following list is the minimum service standard committed to customers by ZTE Corporation. If customers have any higher or personalized demands, they will be subject to the service level agreements (SLA) entered into with customers.

Diagram8 *Commitment to response time by telephone support*

Levels of failures	Response time
Crucial troubles (Level 1 failures)	Immediately
Gross troubles (Level 2 failures)	Less than 30 minutes
General troubles (Level 3 and level 4 failures)	Less than 30 minutes
Technical consulting	Less than 2 hours
Reply from the technical forum	Less than 24 hours
Other troubles	Less than 48 hours

Diagram9 *Commitment to closing (recovery) time for failures in equipment*

Levels of failures	Commitment to recovery time	Commitment to closing time
Crucial troubles (Level 1 failures)	Less than 4 hours	Less than 3 days
Gross troubles (Level 2 failures)	Less than 24 hours	Less than 15 days
General troubles (Level 3 and level 4 failures)	Less than 7 days	Less than 30 days
Technical consulting	Nil	Less than 2 days

Global Customer Service Center

The Global Customer Service Center provides customers with 24/7 technical support and fields troubleshooting

services with quick responses. It boasts 9 product sub-centers, several advanced laboratories, one skillful technical support team of engineers, perfect technical issue solution banks, an advanced analog laboratory environment, and quick and effective control and use of technical resources within the global range, which greatly ensures that ZTE Corporation's global customers will enjoy technical support services in a convenient and quick manner.

ZTE Corporation is dedicated to constant improvement of its capacity of global customer services, and around the world, it has gradually built 8 regional customer service centers (RCSC), 45 local customer service centers (LCSC), and set up technical support service systems consisting of local, regional and head offices and steady localized field support service teams for the overall implementation of customer support service standardization management. By online support, remote diagnosis, field troubleshooting and other service modes, it carries out quick responses, high efficiency, high quality treatment of service requests from customers and technical consulting to effectively guarantee the safe and steady operation of customers' online equipment.

ZTE Corporation provides global customers with hotline telephones, faxes, emails, mails or websites and customer complaint acceptance channels. Furthermore, in order to give customers convenience of services, the Company has also set up its technical support websites and Internet Customer Support Center (ICSC). ZTE Corporation's technical support website is an Internet-based window providing customers with technical support services. The website also offers knowledge banks, service centers, technical forums, technical documents and other service warranty functions.

Standardized business flow management is the foundation of customer support service specifications and firm abilities. ZTE Corporation's ITIL-based model construction has formed a set of complete customer support service management flow systems and the IT system platform. Currently, it aims at "failure management, issue management, technical consulting, service changes, version management, service level management" and other customer support services, thus having built its IT system with an overall steady flow and regulation system and global deployment.

Survey of Customer Satisfaction

ZTE Corporation appoints Nielsen, a world famous consulting company, to perform surveys of customer satisfaction, and makes comparison and analysis of data gathered over the past years as the most important basis for the implementation and improvement of brands, products and services for the second half of the year.

In 2010, while ZTE Corporation carried out constant expansion in European and American high-end operator markets, it also came across challenges against demands for customer services by European and American high-end operators. ZTE Corporation, by innovation and improvement of customer service flows, while winning over credit from European and American operators, had its customer service ability greatly enhanced.

From the following key indicators of customer support services, we can witness the improvement of ZTE Corporation's customer services in 2010:

Diagram10 *Key Indicators of ZTE Corporation's Customer Services*

Key indicators	2010	2009	2008
On-schedule closure ratio of customer's problems and reports	99.1%	99.0%	97.75%
On-schedule closure ratio of customer's key faults	94.9%	94.9%	92.51%
Satisfaction ratio of customer's return visit	97.3%	96.3%	95.38%
Satisfaction ration of online support return visit	99.0%	99.5%	98.13%
Satisfaction ration of online support return visit	99.0%	99.5%	98.13%

"Your Company, as one of our partners, worked together sincerely with our Company in the course of Asia Games guarantee, and has provided powerful support and warranty for information communication services at Guangzhou Asia Games with your secure and reliable networks and considerate services, and has made your great efforts in the performance of sincere commitments as senior partners for our Company at Guangzhou Asia Games"

One Customer of ZTE Corporation

Customers Training

The ZTE University was founded in July 2003 as a corporate university initiated by ZTE Corporation. The purpose of establishing the ZTE University is to provide customers and employees with professional training, consulting services and professional publication and knowledge solutions of evident value.

The ZTE Universtiy has currently set up 4 overseas branches and 14 training centers around the world. The headquarters of the college is located in Shenzhen, China and undertakes customer training and social training. Over the past 7 years, it has completed domestic and overseas customer training exceeding 280000 people, and international customers exceeding 50000 people. Trainees come from 80 countries from five continents and cover 420 operators. Over the past three years, with the high-end and overall entry of ZTE Corporation's system equipment in Europe and America, technical training has been extended in an overall manner in high-end markets in Europe and America, with top quality and efficient training delivery extensively appraised by European and American operators.

Diagram11 *ZTE Corporation's Global Training Centers*

In 2010, technical and management training implemented by ZTE Corporation for global customers accounted for 47300 people, with the content of training mainly concentrating on technical transfer and management capacity enhancement to make great contributions towards local communication construction and development. Among them, the number of international training sessions included 10400 people, and the number of domestic training included up to 36900 people. In 2010, the number of social training sessions included up to 23400 people. Four branches of the ZTE Universtiy in France, India, Ethiopia and Brazil undertook the training of nearly 13700 people. Training centers trained nearly 10000 people, which made significant contributions towards the training of local telecommunication personnel.

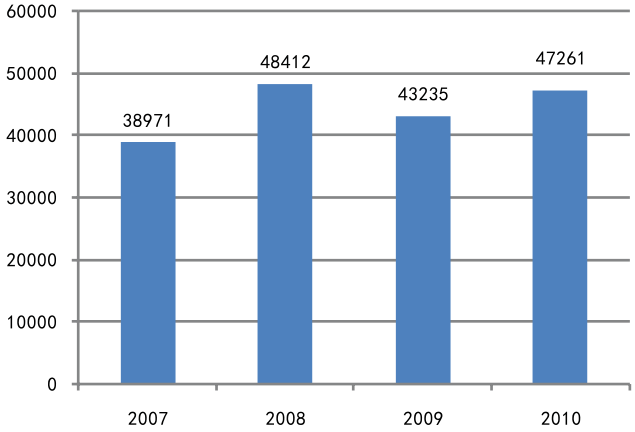

Diagram12 *Number of training sessions for customers*

Overseas Training Center Construction

In order to further give play to local advantages of global and regional training centers, and to train and reserve telecommunication personnel for the local society, ZTE Corporation developed Asia-Pacific, South Asia, India, South-East Asia, the Commonwealth of Independent States, South America, East Europe, West Europe, North America, South Africa, North Africa and the Middle Eastto provide social training. From 2009 to 2010, the total number of trainees accounted for 28027 people, from whom 958 people were selected for employment by ZTE Corporation and its partners, fully embodying ZTE Corporation's commitments to social responsibility towards international society.

Moreover, ZTE Corporation also cooperated with several universities, including the Javeriana University of Columbia, Poitiers University of France, IT TELKOM of Indonesia (ITT), NPTIC (Algerian Post and Communication University), Inatel University of Brazil, and established training centers used to provide training services for undergraduates, customers, employees and cooperators.

ZTE Asia-Pacific Training Center

It was jointly organized by ZTE's branch in Indonesia and IT TELKOM (ITT) of Indonesia in 2006. It was located in Bandung, a historical city of Indonesia. The Training Center is oriented towards the Asia-Pacific region, capable of fulfilling training for 2000 customers and employees, it boasts 6 full-time experienced lecturers, 15 part-time lecturers, and can offer training in both English and Indonesian. Since its establishment, the Training Center has developed training projects oriented towards the society such as OJT, EDP, and SMART TALK, and it has trained more than 3000 communication engineers, 600 of whom have entered ZTE Corporation, ZTE Corporation's local outsourcers or local operators, having made tremendous contributions towards the communication industry of Indonesia.

ZTE South Africa Training Center

The cooperation between the ZTE Universtiy and INPTIC (Algerian Post and Communication University) started in April 2006, with the first cooperation agreement lasting for a period of five years. The North Africa Training Center, as the first pan-network integrative training center of ZTE Corporation in Africa, provides a complete set of training in products such as GSM, CDMA, DSL, SDH, power supply, etc, while the College provides computer rooms, classrooms and complete sets of facilities. Since its establishment, the Training Center has given customer training for more than 50 issues, and undertaken more than 20 issues of social training with the number of trainees exceeding 1800 people.

Regional Training Center of ZTE in South America

The cooperation between ZTE Corporation and Inatel University originated in 2006. Inatel University is a famous telecommunication college in Brazil. One third of the local telecommunication engineers in Brazil have graduated from this University. Up to December 2010, there have been 29 courses in social training, with the number of trainees accounting for 2578 people. The lecturers are all full-time lecturers from Inatel University, with nearly 3 years of training experience with ZTE's products.

People

As the fastest-growing global telecom solution provider in recent years, ZTE Corporation recognizes that human resources are a key warranty for the everlasting business of ZTE Corporation. We regard it a major strategic target to become a model entity in markets of different countries, and a model employer trusted by different nationalities and different races.

ZTE Corporation defines its personnel strategy as “People-oriented”, and has established a set of mechanisms to introduce, train, use and stimulate global personnel. ZTE Corporation rigorously observes the Labor Law, and makes continuous improvement in equal employment, benefits for employees and labor unions, shows concern for and places emphasis on the rights and interests of its employees, and by providing training and distinct vocational development channels, it helps employees with their individual growth, improves employees’ abilities, shows concern for customer evaluation, increases human resource efficiency, and is dedicated to the achievement of win-win solutions between customers, shareholders, employees and the society.

Good individual development space, competitive salary and remuneration treatment and aninternal respectful and harmonious cultural atmosphere helps gain a good reputation for ZTE Corporation in global human resource markets. Furthermore, a team of personnel with high education backgrounds, good quality, youthfulness, and professionalism provide R&D and market expansion with very powerful backup.

Respect for the Diversification of Employees

During recruitment, we stick to the principles of equal employment, regardless of race, age, sex, religion, belief and other factors, providing candidates with equal employment opportunities.

Up to the end of 2010, the total number of employees for ZTE Corporation Group was 85,232 with an average age of 29, and 71 retired employees. ZTE Corporation and all its employees have entered into labor contracts by law at a conclusion rate of 100%, including 2293 of them having entered into labor contracts without fixed terms. ZTE Corporation follows the strategy of internationalization of talents, and pushes forward localization very firmly, and has provided employment posts for local residents from more than 100 countries besides China. Up to the end of 2010, the overseas localization rate was 65%.

ZTE Corporation boasts an R&D team of more than 27000 people, with R&D personnel accounting for 32.8%. ZTE Corporation’s personnel are distributed into categories as follows:

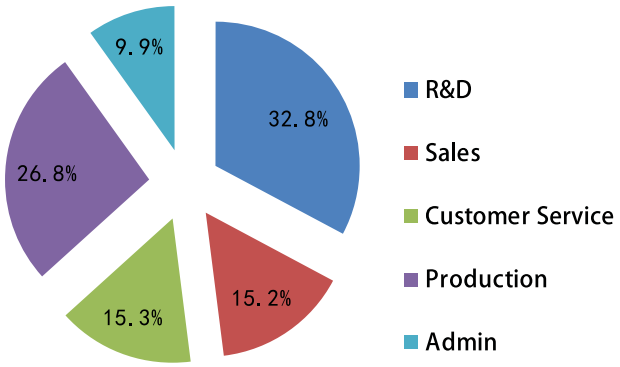

Diagram13 *Personnel Categories of ZTE Corporation*

The employees working for ZTE Corporation are relatively young at the average age of 29, with the percentage of distribution of age groups as follows:

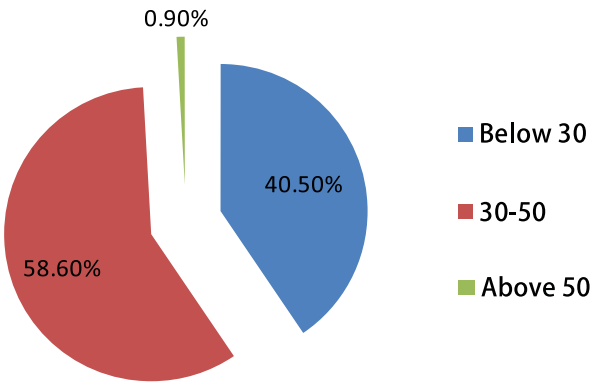

Diagram14 *Distribution of Ages of Personnel of ZTE Corporation*

The educational degree structure of the personnel of ZTE Corporation is as follows:

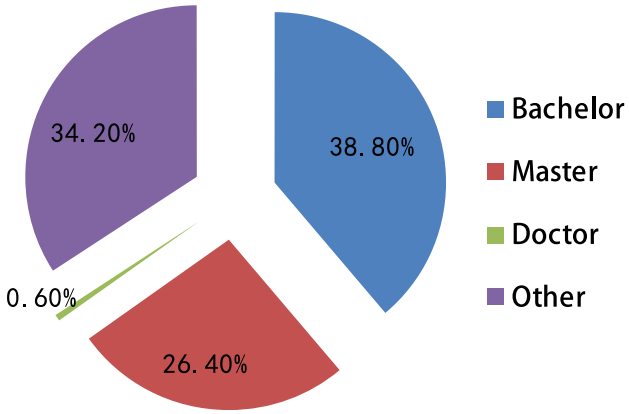

Diagram15 *Structure of Education Backgrounds of ZTE Corporation*

Salaries and Benefits

ZTE Corporation provides employees with perfect and characteristic salary, remuneration and benefits. Salary and remuneration bears close relationship with employee development, individual performance and organizational performance. In order to establish long-term incentive mechanisms closely linked with ZTE Corporation's performance and long-term strategies, to improve overall salary and remuneration structure systems, and to achieve win-win solutions between ZTE Corporation and its employees, the first issue of ZTE Corporation's stock incentive program was determined and adopted by the first interim meeting of shareholders held on 13 March 2007 before the same was implemented. The number of objects of the first issue of stock incentive program of ZTE Corporation was 4022 people, with only 19 directors and officers of ZTE Corporation. Others are medium ranking cadres and core employees in technologies, sales and management, and 60% of them were R&D personnel. Till 31 December 2010, the first issue of the stock incentive program fulfilled the primary and secondary unlocking for the first authorized targeted stocks and the primary unlocking for the second authorized targeted stocks.

In addition to full payment of all statutory social insurances (including retirement insurance, medical insurance, work injury insurance, maternity insurance, unemployment insurance) to its employees, and in addition to statutory leave and holidays and annual leave with pay according to labor contracts, ZTE Corporation also provides its employees with commercial incident insurance, maternity leave for female workers before giving birth, overseas employees' annual leave and home leave to visit spouses, international first-aid services for stationed and travelling personnel, overseas excellent employees' relative accompanying policies, etc. to remove the worry of employees and to improve their living quality.

Furthermore, for female employees, ZTE Corporation has specially set up maternity leave for female workers before giving birth. For employees experiencing pregnancy or lactation, ZTE Corporation has set up special dining zones and mother-baby rooms for

pregnant women.

Diagram16 *List of Major Benefits in ZTE Corporation*

Major benefits	Major benefits
Five social insurances	Commercial incident insurance
Personel protective equipments	Meal allowance
Annual leave with pay, maternity leave and other national statutory holidays	Employee dining halls
Labor union	Free shuttle buses
Special maternity leave for female workers before giving birth	Regular physical examinations

Communication and Development

Employees' Career Development and Growth

ZTE Corporation actively expands its employees' individual development space, and provides them with technical channel promotion, business channel promotion and management channel promotion as the "3-channel" development mode so that employees will be able to realize their own value in combination with ZTE Corporation's value based on individual interests and special skills, and realize the synchronous growth of themselves and ZTE Corporation. Each year, about 25-30% of the employees are promoted via the above mentioned channels. The percentage of employees receiving assessment of regular performance and career development is 100%.

ZTE Corporation always pays special and close attention to training and education of employees, and will create learning organizations as one of the most important parts of its long-term strategies. By means of integrated balancing of long-term strategic objectives, annual development plans, post duties and performance improvement requirements, and difference in employees' abilities and career development requirements, the Company will enable employees' learning and development to promote the achievement of ZTE Corporation's overall objectives and also to satisfy employees' demands for individual ability and career development so as to achieve success for employees.

ZTE Corporation provides different kinds of training resources and channels, and has built the perfect training system, including new employees' post orientation training, on-duty training, further study, manager improvement training, etc. In consideration with the characteristics of adults' learning, employees' training applies multiple training modes and methods. The modes of employees' training include systematic training, external appointment, external dispatch, internal lectures, centralized self-education and teaching. Training methods include classroom lectures, field presentation, role playing, case analyses, game driving, project certification, self-study, etc. To cater to ZTE Corporation's internationalized development, ZTE Corporation delivers training to employees around the world by means of its E-learning Platform (ZTE Corporation E University) and multimedia courses.

ZTE Corporation has found that there must be not only scientific and systematic training but also powerful motivational forces and good self-education habits to enhance employees' abilities in a real sense. Therefore, from planning sectors and links, the Company works out different training strategies and training orientation according to different training objectives as well as multiple training modes to increase learning efficiency and employees' learning interests, so that training and learning serve as key indicators for managerial personnel to lead their teams, and as a must for employees' individual growth and development. ZTE Corporation's Human Resource Center has specially set up the "Employees' Ability Development and Promotion Project", including 10 sub-projects for different personnel in key posts such as new employees, management cadres, business personnel, R&D technical personnel, overseas and local employees, et al. The implementation of the projects is divided into four periods such as project registration, approval, implementation and acceptance, with the strategic objective of enhancing core capacity of employees' posts to satisfy demands of ZTE Corporation's different fields of rapid business development.

In order to enhance overseas employees' understanding and recognition of ZTE Corporation, to improve employees' quality and skills

in an overall manner, and to promote cultural combination, ZTE Corporation has developed “Sunshine Action Project”. By foreigners studying in China, remote learning, and local training centers and other means, the Company enhances training and makes the coverage of overseas employee training up to 80% or more, and coverage of new employees up to 100%.

In 2010, ZTE Corporation completed training 1356779 people for different posts and in different courses in management, R&D, marketing, markets, logistics, financial, handset, etc., and completed training 200803 new overseas and local employees. In 2010, the annual per capita training hours at ZTE Corporation were 157.4 hours, and for managerial cadres, there were additional 40 hours for them to take managerial cadre course training. In 2010, ZTE Corporation firstly incorporated a two-hour CSR course into the training course for managerial cadres.

In order to satisfy increasing expectation for promotion in educational backgrounds, in 2009, ZTE Corporation attempted the mode of cooperation between various colleges and itself so that common employees will be able to have their educational degrees promoted in their spare time. ZTE Corporation has set up secondary college education degree promotion channels for employees. In 2010, the Company will continue to perform cooperation trials with Shenzhen Polytechnic and Shenzhen Open University.

“Real passion and motivation is found after entry into ZTE Corporation!”
ZTE Gold Award winner

Commendation of Employees

To appraise achievements made by employees and teams, ZTE Corporation has set up multiple commendations for employees.

For teams, the Company has set up performance awards, marketing awards, project awards, competition surpassing/teamwork awards, special contribution awards, etc.

For individuals, from “One-minute appraisal” every week since 2009, ZTE Corporation set up its highest individual honorary award – “ZTE Gold and Silver Award”. Such an award is an individual honorary prize set up by the ZTE Corporation, for employees from production lines, including ordinary R&D personnel, business personnel and grass-root employees and other dedicated personnel, the candidates are generated by direct votes by employees.

In 2010, 10 employees from ZTE Corporation were finally granted gold awards, including 5 employees in the R&D field, 3 employees in marketing field, and 2 employees from other fields. 20 employees were granted silver awards, including 7 in R&D, 7 in marketing and 6 in other fields.It played an extremely stimulating role for the employees.

Equal and Harmonious Internal Communication

ZTE Corporation creates multiple internal communication channels for employees, and employees can maintain timely and successful communication by means of ZTE Corporation’s Chinese and English journals, ZTElite, internal forums, IM (instant messenger), President’s mailbox, EAP Periodicals, System Journals, and leaders, colleagues and partners, et al of ZTE Corporation to build a network of timely and successful communication.

Colorful Activities for Employees’ Cohesion

ZTE Corporation places great emphasis on its corporate culture and cohesion of employees. ZTE Corporation specially allocates special expenses used for the construction of employees’ cohesion, and holding of themed cohesive activities. “Employees’ Birthday Parties”, “New Year’s Day Party”, “System Sports Meet”, “Employees’ Family Members’ Day”, employees’ tourism and other colorful activities have become festivals for every employee.

Health and Safety

It is the essential duty of the Company to guarantee the health and safety of its employees, and it directly relates to employees' life and the Company's sustainable development. The management of the Company places very great emphasis on health and safety. Moreover, the Company has founded a safety commission with the CEO acting as the director and the executive vice president as the deputy director. In 2005, the headquarter of the Company got the certification of the OHSAS18001 Occupational health and safety management system, in 2007, ZTE's Shenzhen Xili branch got the system certification, and in 2009, the Hangzhou branch got the system certification. From 2010, the Company started to cover the occupational health and safety management system from plant production and R&D period to engineering installation and maintenance service delivery field, from China to key overseas countries in pushing forward the overseas occupational health and safety management system. Upto the end of 2010, the Company built local occupational health and safety management systems in India and Germany, and plans to get the certification of the OHSAS18001 by 2011. In January 2011, the Company appointed the Chief Occupational Health and Safety Officer of the Company fully responsible for employees' health and safety and pushing forward the global occupational health and safety management system.

In 2010, the Company further improved health and safety mechanism flows, implemented safety accountability, built construction project safety review flows, organized safety review teams, developed safety review tasks, improved safety management actions, worked out overseas and domestic emergency response procedures, meticulously built safety management E-platforms, and set up safety accident case database.

The Company's safety accidents have dropped gradually by means of training, multi-form propagation, emergency drills, safety inspection reviews and other actions. In 2010, the number of domestic safety trainees of the Company reached 34377 people, with 168 emergency drills and 12 minor injury accidents.

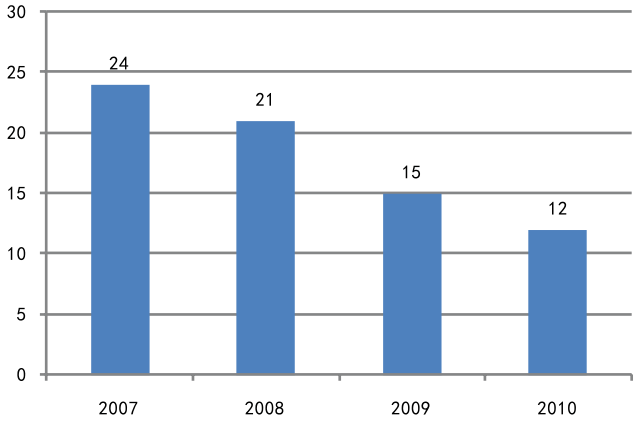

Diagram17 *Safety Accidents from 2007 to 2010*

In overseas countries, the Company has established local health and safety management models applicable to all markets capable of quick promotion, due to experiences in occupational health and safety management in India and Germany and other high-end market projects, including dangerous source identification and risk valuation, global Occupational health and safety management standards, training, key indicator control, subcontractor control, etc., The Company will start to promote and establish the OH&S Management System in other key countries in 2011.

Hazard Identification and Risk Assessment

Hazard identification of the Company have covered telecommunication network engineering installation and tests, telecommunication network operation, office, business travels and all other typical overseas operational activities.

The Company had assessed the identified hazards according to the possibility of accidents, frequencies of personnel exposure to accidents, and consequences of accidents. Based on the results, 4 significant hazards are listed:

- **Driving Safety**
- **Fire protection in warehouse and office**
- **Working at Height**
- **Working on Electrical Environment**

Global OH&S Standards

According to results of hazard identification and risk assessment in India and Germany, and by referring to safety criteria and industrial practices formulated by international organizations such as International Labor Organization, the Company has worked out a series of occupational health and safety standards to control those identified hazards.

Occupational Health and Safety Training

In order that occupational health and safety will be better promoted and implemented, the Company has developed training textbooks, including training for high level management personnel, medium level management personnel, internal auditors, new employees, first-aid personnel, firefighters, and subcontractors. It is required that the Company's occupational health and safety management requirements be implemented during work. This year, the Company was the first to carry out Occupational health system construction and certification in oversea branches, and to perform training for local management personnel, employees, subcontractors, et al. India is the first foreign country where the Occupational health and safety management system has been promoted. The following table is the statistics of part of the occupational health and safety training in India.

Diagram18 *Statistics of Part of Occupational Health and Safety Training in India*

Training courses	Number of courses	Number of trainees
Management training	1	8
Internal auditor training	1	16
New orientation training	1	80
First aider training	2	6
Voluntary firefighter training	3	15
Supervisor training	4	86
Subcontractor training	2	43

Global Performance Management

The Company has developed an online performance management system to carry out effective control over occupational health and safety management performance of more than 100 overseas branches.

Management of Subcontractors' Occupational Health and Safety

From the selection of subcontractors, the Company started to take its occupational health and safety performance as one of the most important indicators for assessment. The occupational health and safety management of subcontractors by the Company is mainly embodied by the following:

- **Selection of subcontractors:** to require potential subcontractors to offer feedback of information on occupational health and safety management. The manager of the Company engaged in Occupational health and safety management will perform evaluation of information submitted by subcontractors, and will arrange field checks to confirm the capacity of subcontractors' occupational health and safety so as to ensure that it will be able to select eligible subcontractors qualified for the occupational health and safety management.

- **Contracts:** The contracts with subcontractors have specified the H&S requirements and penalty terms and conditions in case of breach of such requirements.
- **Management of subcontractors:** During contract execution periods, the Company starts to perform training for subcontractors from the beginning of works to ensure that they will be familiar with requirements of the Company for occupational health before work begins. And by monthly evaluation mechanisms, the Company will perform assessment and management of subcontractors' occupational health and safety performance. Should subcontractors severely violate occupational health and safety requirements, the Company would stop cooperating with them.

Employees Assistance Program

EAP (Employee Assistance Program) is a systematic and long-term welfare and support project set up by ZTE Corporation. It provides professional psychological direction, training and consulting to employees and their family members to help them solve different kinds of psychological and behavioral issues and improve operating performance of employees. Currently, psychological consulting has been accepted by the broad mass of employees from ZTE Corporation, and becomes one of the most important approaches to reducte of mental stress and ease of worry.

In 2010, ZTE Corporation's EAP services continued to focus on overall services in the integration of consulting, propagation, training, and crisis intervention.

In 2010, ZTE Corporation

- Built psychological consulting rooms in Xi'an and Sanya. Currently, ZTE Corporation has six psychological consulting rooms in Shenzhen, Shanghai, Nanjing, Xi'an, Sanya respectively, and professional consultants were appointed to provide employees with face-to-face consulting services.
- Provided 1446 people with different kinds of psychological consulting services, including face-to-face consulting services for 937 people, email consulting for 294 people, hotline consulting for 86 people, IM consulting for 129 people, with the average satisfaction of face-to-face consulting scoring 85.8.
- Treated 10 cases of crisis intervention.
- Launched a new EAP website and continuously updated content, released 26 issues of EAP Periodicals, including love, marriage, sons, stress relief, personal relationships, special journals for earthquake-hitareas, Special EAP Journal for Overseas Employees, Special Journal of World Mental Health Day, etc., with employee satisfaction scoring 93.4.
- External specialists provided 29 EAP lectures for the broad mass of employees within ZTE Corporation, with 1500 people attending such lectures, and with satisfaction scoring 92.9.
- Internal EAP consultants provided 12 issues of lectures mainly oriented towards employees from production lines and externally dispatched employees.
- Attended the "Psychological Health Direction Project Trials for Employees from Enterprises in Shenzhen", a key project of the Ministry of Health of the People's Republic of China, and provided employees from production lines with 2 issues of psychological health training.
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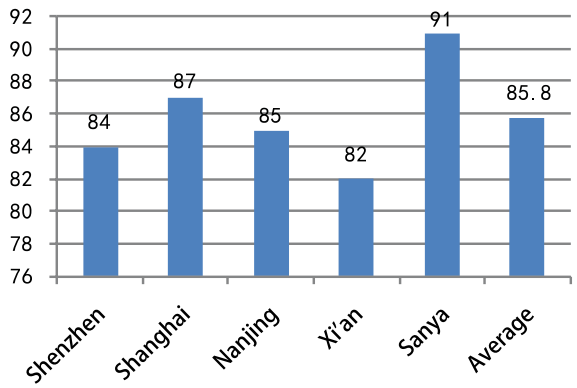

Diagram19 *EAP Satisfaction Index at Different Parts of China*

Environment

It is the most urgent challenge to the present mankind to protect the environment and cope with climate change. The communication equipment manufacturing industry which ZTE Corporation is engaged in is not a high-polluting and high energy consuming enterprise. However, as an enterprise responsible for such, ZTE Corporation has a good understanding of the social significance of protecting environment and creating sustainable development to combine environmental protection into every operating link of ZTE Corporation and into life cycles of products as a whole. ZTE Corporation applies products' life cycle assessment (LCA) to constantly launch new products and new services of more commercial value and more environmental protection efficiency in a scientific and rigorous attitude, and to integrate green strategies throughout product development, production and manufacturing, supply chains, logistics, engineering and other fields so as to probe into a green and environment friendly road.

ZTE Corporation rigorously executes the Law of the People's Republic of China on Energy Saving, the Law of the People's Republic of China on Environment Protection and other foreign and domestic laws and regulations, and searches for and studies the latest international and national laws and regulations in a timely manner. In 2004, ZTE Corporation started the construction of the ISO14001 Environmental Management System. In 2005, the Shenzhen Head Quarter got the certification of ISO14001. In 2007, the Shenzhen Xili branch got the certification of ISO14001. In 2009, the Hangzhou branch got the certification of ISO14001. In 2010, ZTE Corporation set up the QC080000 Hazardous Substance Management System and got its certification. ZTE Corporation carries out control over environment from the perspective of the system, and regularly holds training and seminars on relevant laws and regulations to improve employees' awareness of laws and discipline, and to avoid occurrence of events in breach of laws and discipline. In 2010, ZTE Corporation had no illegal event or corresponding penalty in breach of environmental protection statutes.

Green Strategy

ZTE Corporation, as a global leading provider of telecommunication equipment manufacturing, always emphasizes corporate social responsibility, and pushes forward green environmental protection actions within the corporation. ZTE Corporation will take sustainable growth as its essential, continuous innovation as its support, green environmental protection as its responsibility to positively greet challenges, to go all out to construct green networks of sustainable development with operators, and to realize an environment friendly and informed society. ZTE Corporation positively carries forward green production, green culture, green management, and green value chains. "Innovation, Combination and Green" are ZTE Corporation's three development strategies, and green is the essential objective for innovation and combination. Green strategies have been brought deep into the criteria for R&D, production, logistics, engineering and all of ZTE Corporation's operational activities. Energy saving and reduction of discharge is one of the driving factors for product and technical innovation, and it has been carried out throughout planning, design, R&D and manufacturing. It positively promotes green technical standards within the industry, and along with partners, pushes forward the construction of green networks with upper and lower streams of the industry, and within the enterprise, implements production flows of efficient environmental protection, and promotes the construction and execution of green management mechanisms such as E office, 5S strategies, etc. ZTE Corporation also strives to popularize the use of green energy products such as solar energy, wind energy, etc., and along with its partners, pushes forward energy saving and reduction of discharge, and joins efforts with them to study and research development of new sources of energy.

Life Cycle Green Concept

It is one of ZTE Corporation's core development philosophies to be a responsible green enterprise. In respect of management and control of life cycles, ZTE always insist on introducing the most advanced management flows and quality standards in the industry, and in light of the corporate specifications, realize efficient control and management of all life cycles from raw materials, product design, manufacture and markets to recycling. ZTE Corporation not only conforms to the environmental protection standards such as RoHS, WEEE, etc., but also takes an active part in the formulation and development of related green organizations and green criteria.

Consumption of Energy and Resources

ZTE Corporation has organized the establishment of the "ZTE Corporation Energy Saving Commission", which performs overall management for ZTE Corporation's environment policies and pushes forward energy saving and reduction of pollutant discharge. On the one hand, for product manufacturing, it takes energy saving actions, carries forward clean production, and improves operating efficiency to save energy, and on the other hand, it reconstructs equipment with respect to operation, eliminates equipment that exceeds specified service life, existing dangers to safety, equipment with high energy depletion and high pollution, and enhances daily energy saving management. With the combination of the work in the aforementioned two aspects, the energy saving and reduction of pollutant discharge will be more specific and practicable. By the audit of energy, it understands energy utilization, depletion, transmission and consumption and on other bases of information with respect to offices and production at ZTE Corporation, performs analytic contrasts of the potential to save energy. In 2010, ZTE Corporation formed a relatively perfect energy saving management mechanism with respect to energy management system construction, and formulated a series of energy management systems from energy purchasing, measuring, statistics, production process management and quota assessment, etc., which helped to promote the effective development of different kinds of energy saving tasks in the enterprise.

Furthermore, ZTE Corporation develops and utilizes new sources of energy. Bythe end of 2010, ZTE Corporation had introduced solar energy generation equipment, and in December, the equipment was put into trial operations. It is predicted that it will be able to provide 600,000 KW/h power by 2011.

Total Energy and Resource Consumption and Depletion Structure:

ZTE Corporation consumed different kinds of energy, with its converted consumption of standard coal tallying at 20188.891 tons in 2010, with outsourced power as the major part of it, accounting for 93.36% of the total energy consumed.

Diagram20 *Energy and Resource Depletion of ZTE Corporation Shenzhen for 2010*

No	Categories of energy resources	Actual quantity	Converted standard coefficient		
			Standard conversion coefficient	Ton standard coal	Percentage
1	Natural gas (10K m3)	54.37	12.0000	652.440	3.23%
2	Purchased electricity (10K KW/h)	15335.52	1.2290	18847.354	93.36%
3	Tap water (10K cubic meters)	105.93	0.8570	90.782	0.45%
4	Fuel (ton)	406.63	1.4714	598.315	2.96%
5	Total			20188.891	100.00%

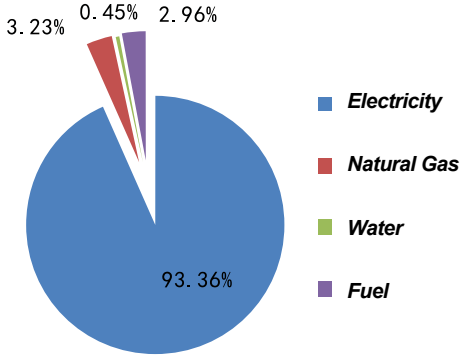

Diagram21 *Structure of Energy Resource Depletion of ZTE Corporation Shenzhen*

Consumption of Water Resources

Water consumed by ZTE Corporation mainly comes from the urban water supply system having no substantial effect on inland rivers, lakes, underground water and icebergs. The production process has nothing to do with links of water for industrial purposes. Currently, water consumed by ZTE Corporation is mainly embodied in water for offices and living purposes. There are 9 water supply pipelines, 9 pipeline Grade I water meters as at the Shenzhen Head Quarter of ZTE Corporation, and they are uniformly deployed, calibrated, repaired, and exchanged by Municipal Water Service Group. For other water supply houses, there are standalone water meters for measurement so as to ensure the integrity of the water measuring system.

In the past two years, the development of ZTE Corporation has progressed swiftly on a large scale and the personnel growth rate has also been very rapid. In this case, ZTE Corporation continuously saves water, so that under the condition of increased personnel in 2010, the total water consumption drops from 1.2305 million tons in 2009 to 1.0595 million tons in 2010. Currently, the Head Quarter of ZTE Corporation applies the mode of the combination of management and updated technical equipment to perform water energy management. Special water taps that help to conserve water are used at all areas needing water taps at the Head Office, and corresponding responsible departments make regular level balancing tests to ensure that pipe networks do not leak. They also work out a great number of water conservation regulations, and enhance water conservation. In 2010, due to great efforts made in water saving, ZTE Corporation was awarded the honorary title of a Water Saving Enterprise in Shenzhen for 2010.

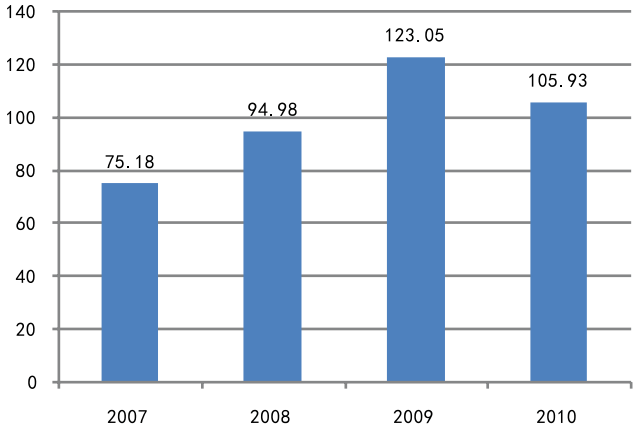

Diagram22 *Annual Water Consumption by Shenzhen Head Quarter of ZTE Corporation from 2007 to 2010 (10K tons)*

Energy Saving

Energy Saving Management and Projects

Of the depletion of energy and resources of ZTE Corporation, the depletion of outsourced power accounts for 93.36% of the total depletion. The power conservation has always been the regular energy saving task of ZTE Corporation, with 22 people in charge of power saving at departments responsible for it, and they are mainly responsible for the execution and revision of power conservation procedures, energy saving analysis of energy saving reconstruction projects within ZTE Corporation, statistics of major energy consumed by ZTE Corporation, and management of key power consumption equipment at ZTE Corporation. Since 2007, every year, ZTE Corporation formulates power saving indicators, due to the percentage of the total power consumption also increasing with each passing year. In 2010, ZTE Corporation worked out even higher standards requiring the annual percentage of power saving to increase by 6%. According to statistics, the total depletion of power for 2010 was 153.3552 million kilowatts, the annual total power conservation was 11.6692 million kilowatts, with the total power saved accounting for 7.61% of the total power depletion.

Diagram23 *Total Power Consumption and Total Power Saved at ZTE Corporation Shenzhen*

Name/year	2007	2008	2009	2010
Total power consumption (10K KW/h)	8698. 43	12770. 51	15744. 21	15335. 52
Total power saved (10K KW/h)	369. 05	484. 37	932. 47	1166. 92
Carbon discharge saved (ton) *1	3679. 4	4829. 2	9296. 7	11634. 2
Percentage of power saved	4. 24%	3. 79%	5. 92%	7. 61%

Note: *1: Carbon dioxide conversion factor, power: 0.997

The energy reconstruction projects for 2010 stood as follows:

Diagram24 *Energy Saving Reconstruction and Energy Saving Results in 2010*

No	Energy saving projects	Power saved (10K KW/h)	Carbon discharge saved (ton)
1	Energy saving reconstruction of Building B3 of the Head Quarter was performed in the latter half of 2010, with increased frequency converters, and the operating mode changed into variable frequency operation.	3. 7	36. 908
2	Increased drinking water dispensers for 2010 added timers, and they are automatically off for 12 hours from 20:00 to 8:00 the next morning.	6. 1	60. 5
3	Fan coils at Building 3 Office of the Industrial Park were given timers in 2010, thus having solved the circumstances where 1600 sets of fan coils had no personnel to switch them off after regular working hours.	46. 1	459. 4
4	Dismantled 24498 redundant fluorescent tubes in 2010 according to changes in production and office sites	201. 6	2009. 7
5	Circuits were optimized in 2010, stopped use of 14 transformers at low load with a the total voltage of 17080 KVA, thus having reduced depletion of transfers, and reduced power depletion accordingly	185. 4	1848. 4
6	Part of office areas of the Industrial Park were given 50000 lighting timers in 2010	252	2512. 4
7	Temperatures of the production plants were regulated according to changes in production processes from 24°C to 26°C, which guarantees the requirements for production processes and attainment of energy saving targets	142. 2	1417. 7
8	High-frequency water pump equipment was added to frequency converters for all office and production buildings' air-conditioning systems of the head office, saving power by 20-40%.	254	2532. 4
9	During production, power energy feedback energy saving electronic load was used to substitute traditional load aging equipment, and by means of reverse and joined networks, power output at the time of DC power aging was fed back to the grid for recycling, with the integrated power saving rate exceeding 85%.	71. 89	716. 7

SSC

In 2010, the Shared Service Center (SSC) of ZTE Corporation was officially prepared for the purpose of advocating a remote network conferencing culture. Network communication is used among departments trying to hold video or voice conferences as much as possible to lessen energy depletion. Currently, the coverage of veido conferences held by ZTE Corporation in major cities around China is 100%, with the coverage of global voice

and video conferences is 80 % or more, and the coverage of IM conferences is 100%. In 2010, voice and video conferences at ZTE Corporation saved travel expenses worth RMB103 million.

Office Equipment Integration Project: Reduction of Resource and Energy Depletion

ZTE Corporation keeps using numeric management platforms to perform the turnover of documents and information. From 2007 onwards, it has been promoting office equipment integration project for the successive four years. It integrated the original 2000 sets of equipment with single functions and outdated facilities of ZTE Corporation into 285 sets of equipment, so the use of consumable materials dropped from 9500 pieces in 2006 to 1200 pieces in 2010, and moreover, paper depletion was also reduced by nearly half. The office equipment project applies relatively advanced marketable service standards by reducing depletion sectors and links so as to guarantee operating efficiency of resources, and it also enhances service satisfaction, and increases operating efficiency. This project has been popularized in domestic platforms, research institutes and foreign countries.

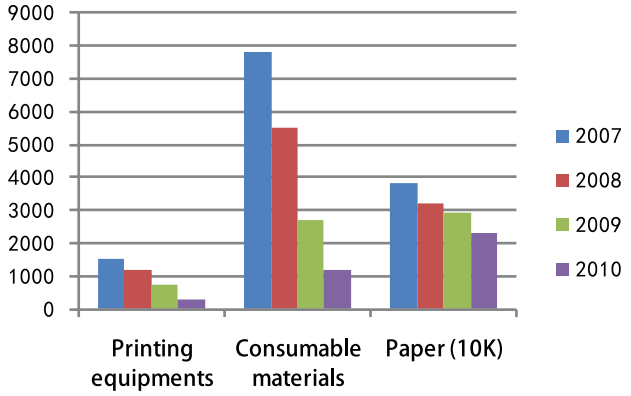

Diagram25 *Office Equipment Depletion in Shenzhen Office of ZTE Corporation from 2007 to 2010*

Note: Such office equipment refers to office purposes only, with production purposes not included herein.

Waste Management

ZTE Corporation has developed multiple projects to reduce energy depletion and lessen the occurrence of waste gas, waste water and solid waste from the very beginning.

Subject to the provisions specified by the laws, regulations and policies of the State and of Shenzhen Municipality for environmental protection, and upon review by the Administration of Nanshan District of Shenzhen for Environmental Protection of the Form of Declaration of Environmental Effects on Construction Projects in Shenzhen City (52191) and annexes attached thereto as prepared by ZTE Corporation, the reply to the review of environmental effects (Shen Nan Huan Pi [2008] No. 52191) was issued. In the reply, ZTE Corporation's waste water, waste gases, noise, solid waste and other pollutant discharge and disposal requirements were specified.

Diagram26 *Requirements of ZTE Corporation for Pollutant Discharge*

No	Items	Requirements	Standards executed
1	Waste water	There is industrial waste water discharge in this project. And there must be separate declaration if there is any change therein.	Subject to the secondary criteria in the second time section as specified under the Limit Value of Water Pollutant Discharge as the local standard of Guangdong Province DB44/26-2001
2	Waste gases	----	Subject to the secondary criteria in the second time section as specified under the Limit Value of Air Pollutant Discharge as the local standard of Guangdong Province DB44/27-2001
3	Noise	Daytime ≤ 60 decibels, nighttime ≤ 50 decibels	Subject to Category II criteria of GB12348-90
4	Solid waste	No industrial solid wastes out of production may be discharged without authorization or mixed into domestic waste for dumping. Toxic industrial wastes must be disposed of by entities with authorized qualification for disposal of toxic waste.	----

Waste Water

Products of ZTE Corporation are mainly assembled products, so there will be no waste water from production processes. Domestic waste water mainly comes from drainage out of offices, lavatories and kitchens. There is no discharge of toxic or hazardous substances or special substances. It belongs under general domestic sewage.

For waste water containing waste oils out of dining halls and kitchens, solid impurities must be filtered using rinsing tank filter meshes. Kitchen waste water after initial filtration should flow towards tertiary oil separation tanks to have major pollutants removed before the same is discharged into municipal sewage pipe networks.

Waste Gases

Waste gases generated out of ZTE Corporation mainly come from production processes and power generators.

Process waste gases are mainly organic used gases, and they are generated from steel mesh washing, coating and reflow processes. Organic used gases are collected by exhaust hoods on semi-enclosed worktables, and the used gases collected should access special waste gas disposal towers via integrated air discharge ducts, and by virtue of active carbon adsorption and catalyst decomposition, air discharge will be made to live up to the set cleanliness standard before it is discharged. All used gases after purification treatment will be subject to the secondary criteria in the second time section specified under the Limit Value of Air Pollutant Discharge as the local standard of Guangdong Province DB44/27-2001. And after it meets the specified standards, it will be discharged through pipelines overhead.

Diagram27 *Information about Waste Gas Discharge Control at ZTE Corporation (Shenzhen) from 2008 to 2010*

Name of indicator/year	2008		2009		2010		Discharge standard	
	Discharge concentration (mg/m^3)	Discharge rate (kg/h)	Discharge concentration (mg/m^3)	Discharge rate (kg/h)	Discharge concentration (mg/m^3)	Discharge rate (kg/h)	Max concentration limit (mg/m^3)	Max discharge rate limit (kg/h)
Non-methane hydrocarbons	0.07(L)	3.6×10^{-4}(L)	0.07(L)	2.9×10^{-4}(L)	0.09(L)	3.5×10^{-4}(L)	120 (L)	14 (L)
Benzene	0.01	5.2×10^{-5}	0.19	7.8×10^{-4}	0.28	1.1×10^{-4}	12	0.70
Toluene	0.01	5.2×10^{-5}	0.34	1.4×10^{-3}	0.36	1.4×10^{-3}	40	4.3
Xylene	0.01	5.2×10^{-5}	0.31	1.3×10^{-3}	0.39	1.5×10^{-3}	70	1.4
Particles (other)	5	2.6×10^{-2}	21	4.1×10^{-2}	23	9.1×10^{-2}	120	4.8
Lead	0.135	2.5×10^{-4}	0.161	1.8×10^{-4}	0.182	2.2×10^{-4}	0.7	0.038
Tin	2.5×10^{-3}(L)	2.8×10^{-6}(L)	2.5×10^{-3}(L)	5.0×10^{-6}(L)	2.9×10^{-3}(L)	3.5×10^{-6}(L)	8.5	2.4
Oil fume	0.3	--	1.2	--	1.5	--	2	--

Noise

Main noise sources in ZTE Corporation include operating noise from air-conditioner sets, air compressors, cooling towers, fans, water pumps and other auxiliary power driven equipment. ZTE Corporation selects imported or home-made top quality equipment as much as possible, and for surroundings of power driven areas, it is required to install acoustic ceilings and acoustic wall actions, enhance daily maintenance and care of equipment, and build landscaping zones and other actions to control noise. According to results of control over plant boundary noise, plant boundary noise can meet the GB12348-90 Category II Criteria, so it has very little impact on the peripheral environment.

Diagram28 *Results of Control and Test of Noise at ZTE Corporation between 2008 and 2010 (Shenzhen)*

Name of indicator/year	2008		2009		2010		Max Limit	
	Daytime	Nighttime	Daytime	Nighttime	Daytime	Nighttime	Daytime	Nighttime
Noise (DB)	55.5	48.2	58.1	49.0	58.9	49.2	60	50

Solid Waste Disposal

Major solid waste at ZTE Corporation is trash out of production and offices. Domestic rubbish belongs under general solid waste. It is required to take actions such as centralized collection and rain sheltered piling houses, and to contract such in a uniform manner to specified recovery dealers for recovery disposal, and it will have no impact on the environment.

Dangerous waste includes waste welding, solder splashes, waste components, waste veneers, etc., generated from production processes. Currently, dangerous wastes are delivered to those entities with qualification for disposal of toxic waste filed with administration for environmental protection for the disposal thereof.

Diagram29 *Major Solid Wastes and Disposal Methods*

Categories of solid waste	Names of solid waste	Generated from	Disposal methods
General solid waste	Paper	Supply Chain System and Handset System	Contracted to specified recycling dealers for recycling treatment
	Metals	ZTE Corporation	
Toxic solid waste	Solder splash	Supply Chain System and Handset System	Delivered to the entities with qualification of disposal of toxic waste filed with administration for environmental protection for the treatment thereof
	veneers	ZTE Corporation	
	Components	Supply Chain System and Handset System	

For solid waste that is rigorously controlled toxic waste subject to the provisions specified under the regulations of the State on environmental protection, ZTE Corporation will strictly follow the Standards for Controlling Pollution out of Storage of Dangerous Waste, with good storage and operation conditions and without any accidents. After they are classified as per the relevant requirements, they will be delivered to the disposal dealers with qualification accepted by the administration for environmental protection for non-hazardous disposal.

Diagram30 *Disposal of Wastes for 2007-2010 (Shenzhen)*

Name of indicator/year	2007	2008	2009	2010
General wastes (ton)	1849. 23	2809. 14	2613. 43	1847. 73
Toxic wastes (ton)	178. 69	166. 31	279. 37	253. 9

Green Solutions

ZTE Corporation strictly follows the requirements set out in the ISO 14040 Environment Management Life Cycle Evaluation Principles and Framework Standards. In product design periods, consideration is taken into environmental performance throughout life cycles such as general designs, recyclable designs and minimum design principles are considered. With regard to application of materials, it keeps implementing the design requirements set out in the EU WEEE Directive regarding recycling rates of communication type electronic products and design of recycling rates. ZTE Corporation's products will satisfy: recyclable rate > 75%, reusable rate > 65%. Furthermore, it is necessary to take advantage of systematic data acquisition methods and scientific analytical tools to make environment indexes quantitative, and to define continuous improvement objectives. The whole life cycle of a product can be divided into four phases: manufacturing (M), distribution (D), use (U), and end of life (E). ZTE Corporation will implement intended actions and management of degrees of environment effects in different periods of products.

ZTE Corporation shows concern about environment performance of products throughout life cycles, and performs analysis of and makes quantitative operation of Category 11 environment indices of life cycles, including: raw material depletion (RMD), energy depletion (ED), water depletion (WD), global warming (GW), ozone depletion (OD), air toxicity (AT), photochemical ozone creation (POC), air acidification (AA), water toxicity (WT), water evtrophication (WE), hazardous waste production (HWP). Energy depletion and greenhouse air discharge is the key improvement index of ZTE Corporation.

In 2010, ZTE Corporation carried out continuous research in the management of life cycles of products. Quality Department of the Head Quarter undertook the founding of the product life cycle management professional team. Moreover, it performs training of awareness for personnel from the following key departments: incoming materials, production processes, design and development, test and logistics and other fields. In 2010, ZTE completed typical product life cycle environment evaluation of more than 10 categories

of equipment such as mobile phone terminals, multimedia terminals, network wideband terminals, carrier network equipment and base stations, etc. It has established systematic information acquisition mechanisms, and improved the transformation of material information databases, which helped lay a foundation for data for product improvement in 2011.

The following diagram is the model of analysis of life cycles of carrier network products at ZTE Corporation. The diagram is the main embodiment of the percentage of impacts of the 4 major phases of product life cycles on 11 environment indexes. Seen from the diagram, as power consumption is comparatively large in the utilization period, system products are a major environmental hazard. Therefore, the application of energy saving and reduction of depletion technology is the key control approach.

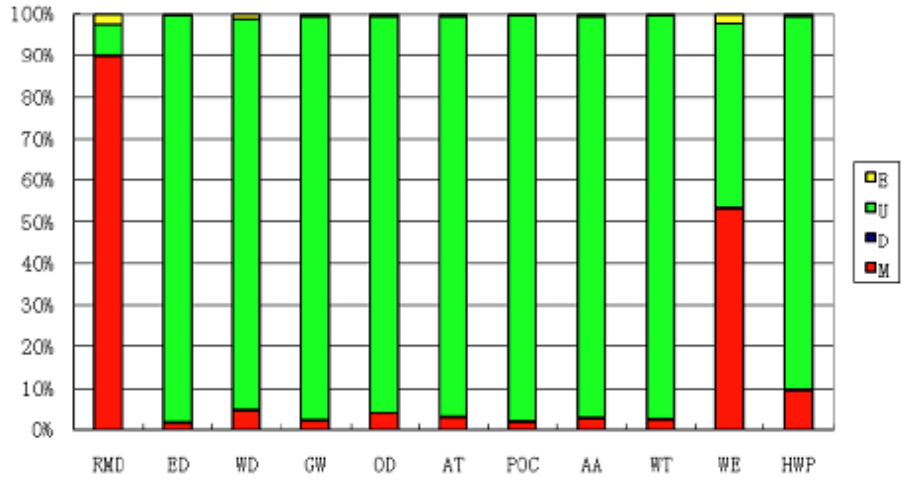

Diagram31 *Product life cycle Assessment*

Key measures for the life cycle of ZTE Corporation's products:

Manufacturing phase: ZTE Corporation has established the QC080000 Hazardous Substance Management System, and rigorously controls the use of hazardous substances in the products. ZTE Corporation has worked out the prohibited and restricted substances list. According to the extent of hazards to the human and environment, the substances has been classified and be managed by three grades. During production, ZTE Corporation applies production process at low energy consumption. Warehousing logistics specified the use of turnover materials for green environmental protection to guarantee their recyclability. Meanwhile, it performs training for employees in key posts, new employees and suppliers. In addition to regular training, in 2010, ZTE Corporation carried out 91 training courses, in which about 5460 people attended green environmental protection training. The coverage rate of training for new employees and new suppliers is 100%. ZTE Corporation maintains a long-term control strategy for the control of hazardous substances, and performs analysis of difference in the present international regulations. It put forward a 5-year management objective and plan. By 2015, it will work out long-term effective management mechanisms according to emphasis of the plans subject to the regulations of EU RoHS, China's RoHS, REACH, etc. ZTE will continuously improve the hazardous substance management.

Use phase: Products of ZTE Corporation will have their maintenance costs reduced by virtue of the SDR general platform, and will also solve a waste of hardware resources due to upgrading and change in network generations. ZTE Corporation's SDR general platform can pass software upgrading to optimize and maintain networks. In addition, at the beginning of design of equipment, ZTE Corporation carries forward the principles for green design, and energy saving technologies are widely used in equipment, for example, the high efficient power supply system applies the "breathing management" mode, which greatly reduces power energy depletion, with the efficiency capable of increasing to 96% or more. In the core network equipment, advanced "intelligent cutoff technology" is used, and it is also required to raise operating temperatures of equipment itself and to lower the requirements for computer room environment.

Distribution phase: ZTE Corporation launches its philosophy of green logistics, and sticks to the principles of 4Rs+1D

(Reduce, Reuse, Recycle, Recover, Degradable) using paper boards to replace wood and plastic as turnover materials. Also uniform packing formats are used. Moreover, green packing materials are used, as they are harmless to the human body and can be used in cycles and renewed to lessen depletion of resources.

End of life phase: ZTE Corporation performs recycling of waste equipment by three modes. Firstly, by using recycling agencies at the place where markets are located to join efforts to perform recycling and disposal of waste. Secondly, it is required to join the local government's recycling systems, and to assume corresponding liabilities and obligations for recycling. Thirdly, it is required to entrust nongovernmental recycling enterprises with performing recycling treatment. For example, ZTE Corporation has succeeded in registration in Germany, the UK, France and other countries and has obtained registration codes. There have been 1 or 2 cooperative enterprises to perform recycling treatment.

Green Products

- ### Green Networks

Technologyof energy saving and discharge reduction of information networks is mainly divided into four levels: chips, veneers, equipment and network framework energy saving. Network framework innovation construction of green networks bears more significance.

ZTE Corporation's super baseband cluster is a breakthrough independent innovation at a network framework level capable of roughly solving great increase in energy depletion due to increasing number of Mobile Telecom base stations. Meanwhile, the super baseband cluster framework conforms to wireless access to networks as the evolution trend, which helps lay a good foundation for the integrity, coordination and development of Mobile Telecom.

In the age of 2G, traditional macro base station network formation mode was the key mode of wireless access construction. The macro base station was large, high in energy depletion and required a great number of computer rooms for the deployment of equipment. After entry into the age of 3G, distributive co-address mode started to be widely used, and the baseband treatment unit and the radio frequency unit of the mobile base stations are separately deployed. The baseband treatment unit is placed in the computer room, and the radio frequency unit can be pulled up to the tower for deployment to reduce feed cable depletion. Network coverage quality is further improved and energy depletion is lower by 49% compared with traditional macro base station mode.

The super baseband cluster framework is further innovated on the basis of distributive co-address framework mode to centralize baseband treatment units distributed in several base station machine rooms into one backbone computer room, thus having formed baseband treatment units. As baseband treatment units are centralized into backbone computer rooms, it turns out that auxiliary facilities such as computer rooms, transmission and air-conditioning taken up by each baseband treatment unit are unnecessary, and network energy depletion can be further saved by 60% or more compared to distributive co-address framework mode. Meanwhile, using the baseband pools formed by the super baseband cluster framework can pass resource sharing and dynamic control technologies to greatly increase network efficiency and collaboration capacity, supporting wireless access networks towards the smooth evolution to the LTE/4G times.

The successful launch of the super baseband cluster is another new breakthrough of mobile network framework technology representing the future mobile communication development orientation, with extremely great economic value and social value, and it will greatly promote the autonomous innovation and sustainable development of the telecommunication industry in China.

- ### Green Wireless Base Station—Intelligent Reduction of Consumption and Smooth Evolution

Highly Efficient Power Amplifier

Of all the base station components, the power amplifier's power consumption is the highest. Thus, improving the efficiency of power amplifier is the key to reduce the base station's power consumption. To achieve this goal, ZTE has adopted a variety of technology, and consequently the power consumption of ZTE's products is much lower than the average industry level. The most common one is DPD+Doherty, which can greatly improve the power amplifier's efficiency. New technology, such as ET, is also being explored to further improve it. Dynamic power matching (D-PT), another key technology of ZTE, can realize 'breath-like' power management. It can manage the power suppliers in an intelligent way by tracking load changes and supplying hierarchical variable voltages. That means, if the power amplifier's output power is rather large, then higher voltage will be supplied. If the output power is below a certain level, then the supply voltage will be adjusted to a lower level. In this way, the power amplifier can always work with the best efficiency no matter how much the power load is.

Intelligent Cooling

With respect to cooling equipment, ZTE adopts the advanced natural cooling technology, which applies the principle that hot air ascends while cold air descends. Therefore, boards and other equipment can be operated without fans. It not only dramatically cuts down extra power consumption, but also minimizes noise during equipment operation. In addition, ZTE adopts various approaches including heat-transfer blind hole, new heat pipe technology and new PCB designs to prolong battery life and create a quieter working environment,

Our intelligent room temperature control system, which can be used without air-conditioner, realizes substantial power saving and base station environment regulation in all–climate conditions. On an average, natural ventilation can be used to replace air-conditioning during nearly 80% of the year.

Smooth Evolution—One-time Input in SDR Will Gain in Years

In case of mixed networking of multiple frequencies (such as 900 and 1800) and multiple modes (such as GMS and UMTS), SDR products can be used to realize simpler implementation. Depending on this product, it not only can realize racks and even board modules sharing, but also can achieve single module sharing, showing the real meaning of 'software definition'. In addition, as the evolution from GSM to UMTS, HSPA and LTE will be entirely smooth, all the existing hardware can still be used. In the evolution to 4G, hardware reusability will reach 100% with no wasted equipment, which will save much material and do no harm to the environment.

- ## Green Fixed Network Broadband Access—Replacing Copper with Fiber

In fixed networks, access equipment also holds 50% of the total network power consumption. Some of it is the traditional narrowband access equipment which has existed for many years, the rest is broadband access equipment which is becoming more and more popular. NGN reconstruction and replacing copper with fiber are the effective methods for green fixed network access.

As for broadband access networks, we devote ourselves to building xPON networks. As a mainstream access approach, the proportion of PON (passive optical network) in the access market is increasing, owing to its advantages in bandwidth, cost as well as passive features. Compared with legacy access equipment which consumes much energy in switching and convergence, PON saves excessive energy, and moreover reduces power consumption of air-conditioning for maintaining normal operation of equipment. In addition, due to its passive feature, plenty of costs can be saved regarding the investment in equipment, space, and maintenance.

In October 2008 and June 2009, ZTE launched 10G-EPON non-parallel and parallel equipment respectively. As the 10G EPON technology has grown more mature, EPON equipment, the natural-born energy saving star, outperforms any other optical access technologies. If this technology is deployed in large scale, we'll surely witness a significant decrease

in the average energy consumption per user.

For the new technologies, ZTE also releases its new products and solutions, such as dynamic dormancy energy saving technology and fan speed temperature control technology, which meet EU's Coc standards in all aspects, and are widely used in all series of access products to fundamentally reduce overall energy consumption,

For stations, we use proprietary integrated outdoor cabinets, which help further increase equipment density and save over 50% of equipment room. In addition, for new products the adaptable voltage scope has been widened, which can cut down about 40% of the cost of power equipment.

Last but not the least, our platform designs realize single sharing and mixed insertion of boards in most fixed networks, thus helping operators to construct their networks flexibly.

- **Green Core Network—High Integrity and Overall Energy Conservation**

Core network becomes the greatest concern and the most important part of operators due to the functions of storing subscriber data of the whole network, performing service connection and scheduling. ZTE's CN products had many advantages in the past. Now, the latest V4-series products completely fulfill the green and convergence ideas. The new generation CN products, which are on the basis of real all-IP platforms, can realize resource convergence and sharing. All CN functions can be provided by only a dozen board modules. Moreover, green technology isadopted at all levels of hardware and software, making CN products green from all aspects. For example, green hardware designs can realize extremely high capacity with low power consumption. Heat consumption in central equipment rooms is optimized by elaborate layout, heat conduction planning, intelligent temperature control, etc. Series of innovative green software functions are provided, such as dynamic power regulation and shared pool technology, and production material input can be quantified.

- **Green Bearer Network—Energy-saving Architecture**

As one of the fundamental telecom networks, bearer network has the most complicated structure and bulk equipment, which mainly consists of core routers and backbone optical network equipment. With years of experience in bearer network construction, ZTE has developed much energy saving technology and manufacture techniques in the aspects of network, equipment and component. It helps to reduce the power consumption in operating and maintaining bearer networks by the roots for customers, and effectively lower the whole network TCO.

Converged IP transmission platform also integrates green ideas. Based on the all-IP platform, ZTE's simple and reliable PTN transmission network solution adopts the products of the same series. .The PTN uniform transmission platform is another example. It not only solves the problem of time-phase synchronization and has a hierarchical architecture similar to SDH, but also can easily realize OAM and protection functions through an intelligent control plane. In a word, it's a real green solution with high integrity and low energy consumption.

ZTE's end-to-end WDM products can fully satisfy various requirements, from municipal domain access level and core level to backbone level. Meanwhile, by introducing OTN architecture and ROADM/ODUK switching into the core level and deploying 40G/100G platform at backbone level, we can simplify network complexity, increase network bearer capacity, and finally achieve the goal of energy saving and consumption reduction.

- **Green Data Center**

At present, the annual power consumption costs of all global data centers have reached 7 billion USD. It's estimated that for every 1 USD cost for hardware, 0.5 USD worth of power will be used, and the figure will jump to 0.71 USD in 2011. It's no doubt that the data center is the most power-consuming part for all operators. To play its part in propagating green telecommunication, ZTE has dedicated itself to finding better solutions to improve system performance, efficiency and reliability. In the field of data storage, ZTE adopts a universal

architecture called ATCA to improve equipment integrity. To some extent, it saves energy for operators. In addition, we put increasing efforts in researching cloud computing and apply some of the mature concepts to product development. Cloud computing, which uses virtualization technology to shield software's dependency on hardware, can distribute computing tasks in a resource pool, and can make various application systems acquire computing capabilities, storage space and all kinds of software services according to their demands. By enhancing system maintaince procedures and providing rapid deployment ability, it somewhat achieves the purpose of green telecommunication and solves the existing problem of low utilization of resources and high power consumption due to inability to share system resources and inflexible peak-based configuration.

Now, we are actively cooperating with partners in promoting the application of cloud computing in the industry to pushing the development of green telecom.

- **Green Communication Power Supply**

In communication, the best efficiency of a power system ranges from 50% to 85%. ZTE's breath-like power management technology can open and close the power rectifier module automatically according to the output current, so that the excessive rectifiers can alternately remain in power-off status and the system's load ratio can stay in the range of 50% to 85% in most cases, in this way to improve the working efficiency of the system.

- **Green Engineering**

Green engineering is an important means towards achieving human-oriented harmony between 'human, communication and nature'. Thus, it's required that communication network engineering should conform to the principles of health, comfort, safety and environmental protection, and use resources in an efficient way (by saving energy, land, water and material, reducing radiation, and being in harmony with the surrounding environment) to minimize the bad effects of engineering on environment as much as possible.

The scope of green engineering covers green planning, green material and green construction. ZTE's SDR distributed base station requires less space in site construction, which reduces the difficulty in addressing. It also can improve unit capacity. The network planning optimization tool, which is independently developed by ZTE, is targeted at conserving energy and reducing consumption at early planning stages, and provides the best network performance with perfect coverage schemes and site selection policies. With respect to construction material, ZTE uses new types of environmental-friendly materials, electronic materials and paperless design. Reusing existing material is another approach towards environment protection. In respect of the new site construction, ZTE is trying to make use of the existing equipment rooms and rebuild the old equipment. The network disposals are also recycled and reused according to set standards. In network construction, ZTE adopts systematic and effective processes and use helpful software tools to realize rapid, good quality and highly efficient engineering installation.

- **Green Logistics and Supply**

The concept of green logistics ZTE proposed covers these aspects: replacing wood and plastic with paper, using uniform packaging to simplify variety of packaging forms, providing convenient equipment storage, and choosing green logistics-intensive transport to avoid a second move.

Green packaging complies with the requirements of sustainable development in that it does no harm to either ecological environment or human body, and can be recycled and recovered. Regarding this, ZTE always adhere to the evaluation principle of '4Rs+1D'.

Diagram32 *Design principle of ZTE Corporation*

Design Principle	Major Advantages	Benefits to Customer
Reduce	Smaller packaging size, more inner space of packing box can be used, and reduce consumption of raw material.	**Benefit 1:** less space Based on all the basic requirements of packing box, the smaller box size improves the utilization of tray space in transport. **Benefit 2:** Efficient logistics recycle Smaller boxes occupy less warehouse space, and thus greatly increase customer's logistics turnover rate. **Benefit 3:** less carbon emission Environmental protection is an important index for evaluating an enterprise's social responsibility. ZTE's environmental-friendly paper box design uses completely recyclable material, which indirectly reduces carbon emission of transport.
Reuse	Giving full consideration to hardware configuration requirements, generic packaging boxes are used to increase reusability.	
Recycle	Considering possible accidents that may occur during logistics processes, firm and durable materials are chosen, which can be recycled as required by customers.	
Recover	All packaging material is recoverable.	
Degradable	In the choice of raw material, green network solution is of first consideration. All-IP technology is used in building a flat network that demands less power consumption and provides higher equipment utilization ratio. SDR solution prolongs the life of equipment, reduces power consumption and can be smoothly upgraded by reusing existing material. Use solar energy, wind energy, and other new types of energy to reduce carbon emission.	

• Extensive use of green energy

In the implementation of energy saving and reduction of pollutant discharge, ZTE Corporation is also dedicated to the development and application of new sources of energy.

Solar energy is the green energy that is the easiest to be acquired in the world, it has no pollution and its application technology is mature, with rapid development. The growth rate of the photovoltaic industry increases by 40% per annum. Solar energy battery thickness has reduced from 0.50mm to 0.15mm, with increasingly reduced cost as the precondition for the extensive application of solar energy, wind energy is another kind of green energy, and abounds in resources. Its application technology has been rapidly developed in the recent years at the annual average growth rate of 27.6%, the wind power generators used for communication base stations are 1KW~10KW smaller fans, and the technologies of such fans have gradually become mature. Wind and photo supplementary integrated solutions, i.e. solar energy + wind energy supplementary solutions, will be green energy solutions with the combined advantages of solar energy and wind energy.

In the light of local climate factors, ZTE Corporation provides independent solar energy, solar energy + engines, solar energy + wind energy, solar energy + wind energy + engines and other competitive power supply system solutions, from the perspective of full costs, provides integrative green power supply system at lower costs, higher reliability and easier maintenance.

Till now, ZTE Corporation has provided more than 40 operators from more than 20 countries with solar energy solutions with total capacity exceeding 6MW.

In October 2010, ZTE Corporation and Ncell, an operator from Nepal, succeeded in making available a 3G station at the world's highest location above the sea level at the south campus of Mount Everest. It is a set of green environmental protection station integrated solutions specially customized for the Project of Mount Everest: with equipment applying SDR technology-based micro base stations at low energy depletion, small volume, and easy for installation, the introduction of quickly installed drop floor tower and Diet square cabins with good heat insulation making it unnecessary for civil construction, solar energy is used for all to ensure that the station will be supplied with power all year round even if there is no power resource at all.

Supply Chain

ZTE Corporation realizes that ZTE Corporation's CSR is not only embodied in the improvement of its own responsibility, but also in pushing forward the improvement of ZTE Corporation's entire supply chains' corporate social responsibility. ZTE Corporation cooperates with global suppliers, and performs continuous evaluation, measurement and improvement of corporate social responsibility levels of the parties to push forward the benefits and improvement of the supply chains as a whole. ZTE Corporation and suppliers join efforts to build responsible, transparent and green supply chains creating more value for customers and work together towards excellence in operations.

Supply Chain CSR

In order to establish more friendly cooperation, ZTE Corporation always makes it a goal to become the best customer of suppliers, and encourages suppliers to become enterprises accountable to the society, and shares technology, markets and management experiences with suppliers to help them grow.

From 2008, ZTE Corporation started to perform field assessments of corporate social responsibility of key suppliers of terminal parts. From August 2008, the Company worked out overall corporate social responsibility promotion and execution solutions for the supply chains of ZTE Corporation, including suppliers' risk evaluation, field assessment, following up corrective actions, suppliers' experience exchange and other aspects.

ZTE Corporation carries out in-depth cooperation with suppliers in social responsibility, environment management and other fields for the purpose of jointly building responsible, transparent and green industrial chains, which are mainly embodied in the following:

Supply Chain CSR Management System

In 2010, ZTE Corporation continuously improved suppliers' corporate social responsibility management specifications, effectively developed supply chains' CSR management, urged suppliers to continue to observe and stick to all relevant laws and regulations as well as ZTE's CSR management requirements, including:

- Having continuously required suppliers to satisfy ZTE Corporation's CSR Code of Conduct,
- Having established special suppliers' CSR expert teams,
- Having continuously updated and improved suppliers' CSR management documents, assessment procedures and checklists, etc.,
- Having continuously improved internal CSR skills by inviting third party professional agencies to carry out training,
- Having performed in-depth implementation of CSR execution, and fed back CSR evaluation results in a timely manner to stakeholders such as customers, suppliers, et al,
- Having required suppliers to establish effective CSR management systems, including sub-suppliers management,
- Performing positive and effective CSR training in supply chains, improving the CSR awareness of suppliers' top management, and helping suppliers improve their CSR technical levels.

CSR Training for Suppliers

In addition to the continued provision of CSR training for the internal personnel of ZTE Corporation, it is also a focus of concern for ZTE Corporation to help supply chains continuously improve the overall CSR levels, share the best practices of CSR in the industry and implement successfully the key factors of CSR.

In 2010, ZTE Corporation continued to carry out CSR training for suppliers. In addition to suppliers' medium management and CSR managers, top managements of suppliers are the focus of ZTE Corporation's concern. Only if top managements of suppliers can recognize the importance of CSR, emphasize CSR from the perspective of strategy and culture, and personally participate in and push forward the construction of the company's and sub-suppliers' CSR to reduce risks in CSR, the entire supply chains' CSR can constantly forge ahead.

In 2010, ZTE Corporation provided CSR training for 422 suppliers, 640 officers and CSR technical personnel from suppliers. It also invited high-end customer representatives from Europe and UK, and professional tutors from third party agencies to share optimal practices in the industry, customers' CSR demands and CSR professional knowledge. The content of the training included: CSR system requirements, how ZTE implements CSR, corporate EAP construction, etc. Meanwhile, after the end of the training, the company tested the trainees, granting them completion certificates, with average training satisfaction scoring 85 or more.

Diagram33 *Statistics of Supplier CSR Training of ZTE Corporation for 2010*

Supplier training		Number of suppliers	Number of trainees
Regular training	1st quarter	27	56
	2nd quarter	67	113
	3rd quarter	35	58
	4th quarter	59	112
Special training	Green environmental protection training course	58	109
	Suppliers CSR conferencr for top management	42	53
	HR and administrative CSR special training course	134	168
Total		422	640

Introduction of New Suppliers

In order that suppliers will have more definite understanding of the ZTE's CSR requirements, ZTE Corporation conducts CSR surveys in ZTE's supply chain website. ZTE also releases "ZTE's Code of Conduct". Suppliers for ZTE Corporation must comply with ZTE's CSR requirements, local laws and regulations. Moreover, for new suppliers, the Company specifies "CSR Zero Tolerance." In addition, ZTE Corporation advocates diversity of supply chains during the process and suppliers' introduction, encouraging equal involvement by suppliers with different cultures, nationalities and development features and all cooperation along supply chains. At the same time, the Company also instructs suppliers to develop their own diversified supply chains.

In 2009, ZTE Corporation introduced 638 new suppliers, and performed field assessments of 406 of them. In 2010, ZTE Corporation introduced 289 new suppliers and performed field assessments of 175 of them. After analysis of nonconformances, it is found that the most nonconformances are mainly distributed in health and safety (at the highest percentage), human rights, labor and environmental protection. After statistical analysis of such nonconformances, ZTE Corporation worked out intended and emphasized training and improving plans, and required suppliers to establish effective CSR management systems, and to push forward the improvement of their CSR from the perspective of the system.

CSR Improvement of Existing Suppliers

In addition to continuous CSR training for suppliers, the review and evaluation of the existing suppliers is also the focus

ZTE Corporation.

In 2008, ZTE's Supply Chains performed CSR evaluation of more than 100 suppliers for handset products, and identified 34 suppliers with high risks in CSR, and performed CSR special field review of 28 suppliers and found 92 CSR noncompliant items, with 96% of the total number of nonconformances already closed.

In 2009, ZTE Corporation's Supply Chains performed more than 500 assessments for suppliers of system products, and identified 53 of them as high risk.

In 2010, ZTE Corporation updated the suppliers' checklists, and for suppliers with high risks, performed continuous training and following up, and required suppliers to work out improvement solutions in the light of their own conditions and controlled their sub-suppliers.

Future Challenges and Plans

Diagram34 *Challenges and Plans for the Implementation of CSR along Supply Chains*

No	Challenges	Planning
1	CSR evaluation system is not so perfect, and it is not so easy to evaluate suppliers' capacity for CSR enhancement	Develop E-system and supplier interaction, and record suppliers' CSR enhancement history
2	Currently the CSR field review fails to cover overseas manufacturers	Increase overseas working personnel Increase overseas auditor training Perform trial CSR field reviews of overseas suppliers
3	More and more environmental laws and regulations	By means of the Company's "green environmental protection" project, perform continuous propagation to suppliers and requirements, and finally establish green supply chains.

Social Welfare

Every Effort Made to Assist Yushu

On 14 April 2010 at 7:49:40, a magnitude 7.1 earthquake hit Yushu County, Yushu Zang Autonomous Prefecture, Qinghai Province (33.1 degrees N, and 96.7 degrees E), with the depth of the earthquake being 33 kilometers. After the earthquake, under the direction of Shi Lirong, CEO of ZTE Corporation, ZTE Corporation immediately founded the anti-earthquake commanding headquarters with Fan Qingfeng, executive vice president, as the general commander, and Zeng Xuezhong, senior vice president as the vice general commander, and earlier or later, more than 30 engineers were assigned to the frontier of the heavy disastrous area for emergency connection of communication. At the same time, more than 100 personnel as a standby team waited near the disaster area ready to enter for support. ZTE Corporation's rear logistics departments worked for more than 10 hours a day to transport communication and rescue materials, and delivered 143 parcels of disaster relief materials in 8 lots. On 19 April, ZTE Corporation delivered support materials worth RMB 500,000 to the disaster victims, including 300 tents, 2000 suites of cotton jackets, 1000 quilts, etc., and entrusted the China Children Fund Federation with allocating RMB 500,000 from ZTE Corporation's Care of Children Special Fund as the first issue to the disaster area for rescue activities.

Compared to the earlier emergent disaster relief on a nationwide scale, the reconstruction of the disastrous area is one systematic and long-term project, and requires continuous involvement by more enterprises and individuals with a sense of social responsibility. On 10 June 2010, ZTE Corporation donated RMB 2 million to the Qinghai Provincial Red Cross Federation, to be specially used for post-earthquake rescue and reconstruction by the health systems of Qinghai Province.

The Department of Health of Qinghai Province offered high appraisal of the persistent helpful spirit of ZTE Corporation in the disaster relief course: "ZTE Corporation has not only assigned a great number of engineers to the emerging connection of more than 70% of all communication facilities in disaster areas, playing a crucial role in assisting local governments in disaster relief and the recovery of local communication, but has also taken an active part in provisional livelihood rescue for the victims and reconstruction of long-term production and living which, in a real sense, embodies the sense of high corporate social responsibility."

Drought in Yunnan

In the autumn of 2009, Yunnan Province suffered an exceptionally great drought. There was no water for irrigation of crops, it was difficult for farmers to have drinking water and power supply was also very limited. There was the frequent danger of forest fires. The extended drought added a great deal to the poverty of the region. On 9 April 2010, employees from Kunming Office of ZTE Corporation organized initiatives all over ZTE Corporation for donation to Yunnan, and by the end of May, voluntary donation by employees plus donation by ZTE Corporation accounted for RMB 880,037.

As for how to use such a donation practicallyand effectively, ZTE Corporation's employees spent their holidays traveling four or five hours each time to perform spot surveys along mountainous roads, and finally the Company determined Huize County and Luliang County to be at the highest position of 4017.3 meters above the sea level and the lowest position of 695 meters above the sea level respectively, with the relative height difference of 2233.3 meters. The company selected Longhai Township, a typical township in poverty as the key assistance point. As there was inconvenient traffic in Huize County, and it was a very cold mountainous area without water sources, villagers had to walk to faraway places to carry water. Sometimes, a half day would be spent on roads, carrying water. Construction of water pits would have served as water reserves when the rainy season arrived so that the villagers would no longer be threatened by droughts or at least have their loss reduced. After many surveys, the Company finally decided to build water pits, small water reservoirs and pipeline works, livelihood material subsidy, water reserve containers and other

optimal rescue solutions in the light of practical conditions of different locations.

Donated payment was carefully distributed for every item, including donation of rice and water buckets and other materials to Longhai Township, Luliang County, Qujing, Yunnan Province. Donation to the construction of water reservoirs totalled RMB 340,000 and donation to Dahai Township, Huize County for the construction of water pits and pipeline water introduction works totalled RMB 540,000. The water pits faced Erdaoping Village, Danaobao Village, Liujia Village, Aohei Village and covered 200 households among them all. Calculated on the basis of 25 cubic meters as the capacity of each water pit, the cost of materials would be RMB 4754, and each household was given RMB 2000 as subsidy, totaling RMB 400,000.

Afterwards, 22 volunteers from ZTE Corporation were divided into four groups leaving for the affected areas. Personnel from the village commission led the way to the completed water pits to identify whether the donation was actually used for its intended purpose. The group leaving for the farthest place spent 3 hours driving to the village commission and 2 hours walking to the water pits, with the drop of height above the sea level exceeding 2000 meters. On the difficult mountain roads, the volunteers walked hand in hand to avoid slipping down. After four hours of walking, some group members had a bad ache in their legs, some became so tired that they vomited when they stopped, and some became suntanned due to highland ultraviolet rays. No matter how difficult the mountainous roads, after they overcame the discomfort caused by the high location and exhaustion, every single one of them walked to every household for a check, and numbered each in the list of construction for checks and photography. At Danaobao Village, one grandmother grasped a volunteer by the hands excitedly, and said many times: “I will no longer carry water in my life, thanks to ZTE Corporation.”

Assistance for Second World War Veterans

At the end of 2010, 17 employees from different systems of ZTE Corporation left for Yunnan. For five days and nights, they delivered RMB 430,000 as donated payment to the hands of 201 veterans. Since the 60th anniversary of the Second World War Victory in 2005,ZTE Corporation initiated the “Employees Mutual Aid to Second World War Veteran Activity”. this was the seventh donation of money. Up to May 2010, ZTE Corporation made donations in cash, totaling RMB 1,310,049.

Since 2005, for each delivery of money, ZTE Corporation would organize excellent employee representatives to personally deliver the money to the hands of veterans. This unique public benefit activity organization has ensured that public benefit funds will be used for the right purposes.

Donation for Education

In addition to continued support to Chunlei School for anti-earthquake measures, on 6 April 2010, ZTE Corporation donated materials worth a total of RMB 800,000 to Duima Primary School, Shanshu Middle School and Yinjiang Nationality School of Yinjiang (in Guizhou Province), helping the three schools to establish complete sets of microcomputer rooms. The donated materials included 100 computers, 24 projectors, some articles for educational purposes, sports articles, etc.

International Assistance

Haiti

On 12 January 2010 at 16:53 local time, there was a magnitude 7.3 earthquake in Haiti, the most violent earthquake

there over the past 200 years. After the disaster took place, on 14 January, ZTE Corporation urgently founded the “Haiti Earthquake Disaster Evaluation and Rescue” group. The executive vice president and technical experts of ZTE Corporation, local representative offices, and regional offices held urgent meetings and implemented corresponding emergency actions. On 15 January, ZTE Corporation paid for an airplane to successfully withdraw 11 of its employees stationed in Haiti to San Domingo. It also provided timely psychological counseling for the 11 employees and their family members.

Meanwhile, ZTE Corporation decided to make an urgent donation of GoTa numeric clusters for professional disaster relief and solar energy mobile phones and other materials used for disaster relief to the Haitian Government and local operators.

Considering that local power facilities had been destroyed, the first lot of emergency materials donated by ZTE Corporation was chosen as solar energy mobile phones. The first lot of 1500 GSM system solar energy mobile phones wwas delivered urgently to Haiti at Jamaica on the morning of 15 January.

Meanwhile, ZTE Corporation immediately delivered without compensation 5 sets of GoTa inter-vehicle Mobile Telecom base stations, 300 sets of GoTa terminals and mobile diesel power generators to the Government of Haiti. After the equipment arrived at Haiti, such facilities could be made available within hours, which greatly enhanced the ability of direction and coordination in such an area. As was known, the equipment for base stations above ground after the earthquake would be damaged to a considerable extent, but ZTE Corporation’s GoTa numeric cluster networks performed independent station address operation and core treatment at other places, and they played a powerful supportive role in the treatment of networks. Before this, ZTE Corporation’s GoTa equipment had played outstanding roles during the 5.12 Earthquake Disaster Relief.

Sri Lanka

On 13 June 2010 ZTE Corporation donated training facilities worth USD 500,000 to Sri Lanka, an island country from South Asia. The money was mainly used to help the youth of Sri Lanka improve their skills in communication.

Hou Weigui, chairman of the Board of Directors of ZTE Corporation, personally sent this special gift to Namal Rajapaksa, chairman of the Tomorrow Youth Association. According to the solutions provided by Tomorrow Youth Association from Sri Lanka, such training facilities would provide the latest technical training for nearly 500 people from Sri Lanka. The Sri Lankan telecommunication chairman stated that he would coordinate with ZTE Corporation. Once the training was completed, ZTE would provide corresponding training sessions for customers and engineers from South Asia, and would set Sri Lanka as the training center of South Asia.

With the development of the telecommunication market by ZTE in Sri Lanka, ZTE realized that failure to train urgently needed talent in telecommunication technology for the locality would be bound to affect the development of the telecommunication industry of Sri Lanka. In this case, ZTE Corporation decided to increase capital investment in technical training in such a country so as to ensure overall support of good development of telecommunication markets of Sri Lanka, and to further improve abilities of both parties, to better satisfy the requirements of local markets. For the long run, ZTE Corporation will always make an effort to promote local construction and development not only expecting to provide the best technologies but also expecting to share the best practical experiences, to enhance the status of cooperation of ZTE with Sri Lanka in South Asia.

Awards and Recognitions

The efforts made by ZTE Corporation in corporate social responsibility have been generally accepted by governments, international organizations, and the media. The following are part of the honors and awards granted to ZTE Corporation in 2010:

1. In January 2010, ZTE Corporation's "New Generation of Wireless Technological Platform" construction was awarded the "National Science and Technology Progress Award"
2. In February 2010, ZTE Corporation's "Greeting the World Fair ZTE 3G University Graduate Volunteers Action" was awarded the "World Fair Contribution Award – Prize for Propagation and Education", jointly issued by Shanghai Spiritual Civilization Construction Commission and other authorities
3. In March 2010, ZTE Corporation was awarded the 2009-2010 Annual Green Communication Energy Saving Technical Innovation Prize and 2009-2010 Annual Green Communication Outstanding Solution Prize
4. In April 2010, ZTE Corporation was awarded the prize of "Optimal Enterprise for 2009 China's Talent development".
5. In May 2010, ZTE Corporation's SDR Platform R&D Team was awardedthe "Collective Prize for May Fourth Medal for Youth in Guangdong"
6. In June 2010, ZTE Corporation was awarded two "China's Patent Gold Prizes" and two "China's Patent Outstanding Prizes"
7. In June 2010, ZTE Corporation was awarded France's "2010 Best Investor Prize"
8. In June 2010, ZTE Corporation was chosen as the excellent company for 2009 Information Disclosure Assessment by Shenzhen Stock Exchange
9. In August 2010, ZTE Corporation was awarded the title of "Advanced Enterprise for Shenzhen's 2009 Annual Safe Production"
10. In September 2010, ZTE Corporation was awarded the "2009-2010 China's Communication Industry Best Employer at China's Communication Talent Development Forum"
11. In September 2010, ZTE Corporation was awarded the Harvard Business Review management action prize
12. In September 2010, ZTE Corporation was awarded the First Guangdong Provincial Government Quality Prize
13. In September 2010, ZTE Corporation was awarded the Frost & Sullivan "2010 Best IPTV Equipment Provider"
14. In October 2010, ZTE Corporation was awarded the "Outstanding Prize for Chinese Management Mode"
15. In October 2010, "2010 European Wideband World Forum", ZTE Corporation ZXA10 C300 equipment was awarded the 2010 European Wideband World Forum's "Green Wideband Prize"
16. In October 2010, ZTE Corporation made it to the "2010 World Fair Start Enterprise List" of Daily Economic News as a "Future Star"
17. In November 2010, ZTE Corporation was awarded the titles of "10 Years of Innovative Enterprise" and "10 Years of Internationalized Chinese Enterprise" by the IT Managers' World
18. In December 2010, ZTE Corporation was awarded the title of Asia Telecommunication's "Best Annual Wideband Network Supplier"
19. In December 2010, ZTE Corporation was awarded the title of "China's Best Corporate Citizen" for 2010
20. In December 2010, ZTE Corporation was awarded the title of "One of Top 10 Innovative Enterprises in Guangdong"
21. In December 2010, ZTE Corporation was given a place in The First Finance 2010 China's Corporate Social Responsibility List and the "Employees' Care Type Excellent Practice Prize"
22. In December 2010, ZTE Corporation was awarded the title of "Advanced Corporate Training Entity in Guangdong Province"

GRI Index

Index of 10 Principles of the UN Global Compact

Feedback Form for Readers

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GRI Index

	Perfomance Indicator	Relativity	Status	Reference
	Strategy and Analysis			
1.1	Statement from the most senior decision maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	High	●	4
1.2	Description of key impacts, risks, and opportunities.	High	●	4
	Organizational Profile			
2.1	Name of the organization.	High	●	6
2.2	Primary brands, products, and/or services.	High	●	6
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	High	●	11-12
2.4	Location of organization the organization.	High	●	6
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	High	●	8
2.6	Nature of ownership and legal form.	High	●	6
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	High	●	8
2.8	Scale of the reporting organization.	High	●	6
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	High	●	6
2.10	Awards received in the reporting period.	High	●	54
	Report Parameters			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	High	●	3
3.2	Date of most recent previous report (if any).	High	●	3
3.3	Reporting cycle (annual, biennial, etc.)	High	●	3
3.4	Contact point for questions regarding the report or its contents.	High	●	63
3.5	Process for defining report content	High	●	3
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	High	●	6
3.7	State any specific limitations on the scope or boundary of the report.	High	●	3
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	High	○	
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	High	●	each section

	Perfomance Indicator	Relativity	Status	Reference
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/ acquisitions, change of base years/periods, nature of business, measurement methods).	Low	○	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Low	○	
3.12	Table identifying the location of the Standard Disclosures in the report.	High	●	3
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	High	○	
	Governance, Commitments, and Engagement			
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	High	●	11-12
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	High	●	11-12
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/ or non-executive members.	High	●	11-12
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	High	●	11-12
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	High	●	11-12
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	High	●	11-12
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organizationgements), and the organization's performance (including so	High	●	11-12
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	High	●	10
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	High	●	11-12
4.1	Processes for evaluating the highest governance bodyeing the organization's identification and management of economic, environmental, and social perf	High	●	11-12
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	High	●	11-12

	Perfomance Indicator	Relativity	Status	Reference
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	High	●	7
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations	High	●	7
4.14	List of stakeholder groups engaged by the organization.	High	●	13-15
4.15	Basis for identification and selection of stakeholders with whom to engage.	High	●	13-15
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	High	●	13-15
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	High	●	13-15
	Economic Performance Indicators			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	High	●	6
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	High	○	
EC3	Coverage of the organization's defined benefit plan obligations.	High	●	26
EC4	Significant financial assistance received from government.	High	○	
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	High	●	25
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	High	●	47-48
EC7	Procedures for local hiring and proportion ofsenior management hired from the local community at significant locations of operation.	High	●	24
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	High	○	
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	High	○	
	Environmental Performance Indicators			
EN1	Materials used by weight or volume	High	○	
EN2	Percentage of materials used that are recycled input materials	High	○	
EN3	Direct energy consumption by primary source	High	●	33-34
EN4	Indirect energy consumption by primary source	High	●	33-34
EN5	Additional Energy saved due to conservation and efficiency improvements	High	●	34-36
EN6	Additional Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements	High	○	

	Perfomance Indicator	Relativity	Status	Reference
EN7	Additional Initiatives to reduce indirect energy consumption and reductions achieved	High	●	34-36
EN8	Total water withdrawal by source	High	●	34
EN9	Additional Water sources significantly affected by withdrawal of water	High	●	34
EN10	Additional Percentage and total volume of water recycled and reused	High	○	
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Low	○	
EN12	Description of significant impacts of activities on biodiversity in protected areas and areas of high biodiversity value	Low	○	
EN13	Additional Habitats protected or restored	Low	○	
EN14	Additional Strategies, current actions, and future plans for managing impacts on biodiversity	Low	○	
EN15	Additional Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	Low	○	
EN16	Total direct and indirect greenhouse gas emissions by weight	High	○	
EN17	Other relevant indirect greenhouse gas emissions by weight	High	○	
EN18	Additional Initiatives to reduce greenhouse gas emissions and reductions achieved	High	○	
EN19	Emissions of ozone-depleting substances by weight	Low	○	
EN20	NO, SO, and other significant air emissions by type and weight	High	○	
EN21	Total water discharge by quality and destination	High	●	37
EN22	Total weight of waste by type and disposal method	High	●	36-39
EN23	Total number and volume of significant spills	High	●	36-39
EN24	Additional Weight of transported, imported, exported, or treated hazardous waste	Low	○	
EN25	Additional Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by discharges of water and runoff	High	●	37
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	High	●	39-45
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	High	●	44-45
EN28	Value and number of significant fines and non-monetary sanctions for non-compliance with environmental laws and regulations	High	●	32
EN29	Additional Significant environmental impacts of transporting products and other goods and materials	High	○	
EN30	Additional Total environmental protection expenditures and investments by type	High	○	

	Perfomance Indicator	Relativity	Status	Reference
	Social Performance Indicators: Labor Practices and Decent Work			
LA1	Total workforce by employment type, employment contract, and region	High	●	24-25
LA2	Total number and rate of employees turnover by age group, gender and region	High	●	24-25
LA3	Additional Benefits provided to full-time employees that are not provided to temporary or part-time employees	High	●	26
LA4	Percentage of employees covered by collective bargaining agreements	High	○	
LA5	Minimum notice period(s) regarding operational changes	High	○	
LA6	Additional Percentage of total workforce represented in formal joint management-worker health and safety committees	High	○	
LA7	Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region	High	●	28-29
LA8	Education, training, counseling, prevention, and risk-control programmes in place regarding serious diseases	High	●	28-30
LA9	Health and safety topics covered in formal agreements with trade unions	High	○	
LA10	Average hours of training per year per employee per employee category	High	●	26-27
LA11	Additional Programmes for skills management and lifelong learning	High	●	26-27
LA12	Additional Percentage of employees receiving regular performance and career development reviews	High	●	26-27
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	High	●	24-25
LA14	Ratio of basic salary of men to women by employee category	High	●	25
	Social Performance Indicators: Human Rights			
HR1	Percentage and total number of significant investment agreements that include human rights clauses or human rights screening	High	●	47-48
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	High	●	47-48
HR3	Additional Employee training on policies and procedures concerning aspects of human rights	High	●	26-27
HR4	Total number of incidents of discrimination and actions taken	High	●	24
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk	High	○	
HR6	Operations identified as having significant risk for incidents of child labour	High	●	24
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour	High	○	
HR8	Additional Percentage of security personnel trained in policies or procedures concerning human rights	High	●	26-27
HR9	Additional Total number of incidents of violations involving rights of indigenous people and actions taken	Low	○	
	Social Performance Indicators: Society			

	Perfomance Indicator	Relativity	Status	Reference
SO1	Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	High	○	
SO2	Percentage and total number of business units analyzed for risks related to corruption	High	●	12-13
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures	High	○	
SO4	Actions taken in response to incidents of corruption	High	●	12-13
SO5	Public policy positions and participation in public policy development and lobbying	High	○	
SO6	Additional Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	Low	○	
SO7	Additional Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	High	○	
SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	High	○	
	Social Performance Indicators: Product Responsibility			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement	High	●	39-40
PR2	Additional Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle	High	○	
PR3	Type of product and service information required by procedures, and percentage of significant products and services, by type of outcome	High	○	
PR4	Additional Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcome	High	○	
PR5	Additional Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	High	●	20-21
PR6	Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	High	○	
PR7	Additional Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, by type of outcomes	High	○	
PR8	Additional Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	High	○	
PR9	Monetary value of significant fines for non-compliance with laws/ regulations concerning the provision and use of products and services	High	○	

Status: ●: covered; ○: not covered

Index of 10 Principles of the UN Global Compact

Category	Principles	Reference
Human rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.	People Supply Chain
Labor standards	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labor, Principle 5: the effective abolition of child labor; and Principle 6: the elimination of discrimination in respect of employment and occupation.	People Supply Chain
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies.	Environment Supply Chain
Anti-corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Protection Of Rights Of Shareholders And Creditors

Feedback Form for Readers

Dear readers:

Thank you for reading the Corporate Social Responsibility Report of ZTE Corporation for 2010. ZTE Corporation welcomes your suggestions on the CSR report 2010. Kindly please give your suggestions and opinions.

Preparatory Team of the Corporate Social Responsibility Report of ZTE Corporation for 2010

May 2011

Name						
Contact	Tel:			Email:		
Company						
Evaluation	Balance	Comparability	Accuracy	Timeliness	Reliability	Clarity
Strategy Of Corporate Social Responsibility						
Protection Of Rights Of Shareholders And Creditors						
Serving With Dedication And Being Committed To Our Customers						
People						
Environment						
Supply Chain						
Social Welfare						
Overall evaluation						
Your expectations of the next report						

Please give direct scores ranging from 1 to 5, with 1: minimum and 5: maximum.

You can fax your suggestions to: +86-755-26770985

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