

## SUPPLIER CODE OF CODE

### PURPOSE

ZTE is committed to ensuring that working conditions in ZTE's supply chain are safe, that workers are treated with respect and dignity, and the process of product life cycle and delivery of services including design, manufacturing, installation and disposal are environmentally responsible.

ZTE's suppliers are obligated, in all of their activities, to operate in full compliance with the laws, rules, and regulations of the countries in which they operate. This Supplier Code of Conduct goes further, drawing upon internationally recognized standards such as EICC, SA8000, OHSAS18001:2007, ISO14001:2004 etc, in order to advance social and environmental responsibility. ZTE requires that its suppliers implement this Code using the management systems described below:

## HEALTH and SAFETY

Suppliers recognize that in addition to minimizing the incidence of work-related injury and illness, a safe and healthy work environment enhances the quality of products and services, consistency of production and worker retention and morale. Suppliers also recognize that ongoing worker input and education is essential to identifying and solving health and safety issues in the workplace.

The health and safety standards are:

### 1) Occupational Safety

Worker exposure to potential safety hazards (e.g., electrical and other energy sources, fire, vehicles, and fall hazards) are to be controlled through proper design, engineering and administrative controls, preventative maintenance and safe work procedures (including lockout/tag out), and ongoing safety training. Where hazards cannot be adequately controlled by these means, workers are to be provided with appropriate, well-maintained, personal protective equipment. Workers shall not be disciplined for raising safety concerns.

### 2) Emergency Preparedness

Emergency situations and events are to be identified and assessed, and their impact minimized by implementing emergency plans and response procedures, including: emergency reporting, employee notification and evacuation procedures, worker training and drills, appropriate fire detection and suppression equipment, adequate exit facilities and recovery plans.

### 3) Occupational Injury and Illness

Procedures and systems are to be in place to prevent, manage, track and report occupational injury and illness, including provisions to: a) Encourage worker reporting; b) Classify and record injury and illness cases; c) Provide necessary medical treatment; d) Investigate cases and implement corrective actions to eliminate their causes; e) Facilitate return of workers to work.

### 4) Industrial Hygiene

Worker exposure to chemical, biological and physical agents is to be identified, evaluated, and controlled. Engineering or administrative controls must be used to control overexposures. When hazards cannot be adequately controlled by such means, worker health is to be protected by appropriate personal protective equipment programs.

### 5) Physically Demanding Work

Worker exposure to the hazards of physically demanding tasks, including manual material handling and heavy or repetitive lifting, prolonged standing

and highly repetitive or forceful assembly tasks is to be identified, evaluated and controlled.

## ENVIRONMENTAL

Suppliers recognize that environmental responsibility is integral to producing world class products. In manufacturing and installation operations, adverse effects on the community, environment and natural resources are to be minimized while safeguarding the health and safety of the public.

The environmental standards are:

### 1) Environmental Permits and Reporting

All required environmental permits (e.g. discharge monitoring), approvals and registrations defined in local legal are to be obtained, maintained and kept current and their operational and reporting requirements are to be followed.

### 2) Pollution Prevention and Resource Reduction

Waste of all types, including water and energy, are to be reduced or eliminated at the source or by practices such as modifying production, maintenance and facility processes, materials substitution, conservation, recycling and re-using materials.

### 3) Hazardous Substances

Chemical and other materials posing a hazard if released to the environment are to be identified and managed to ensure their safe handling, movement, storage, use, recycling or reuse and disposal.

### 4) Wastewater and Solid Waste

Wastewater and solid waste generated from operations, industrial processes and sanitation facilities are to be characterized, monitored, controlled and treated as required prior to discharge or disposal.

### 5) Air Emissions

Air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting chemicals and combustion by-products generated from operations are to be characterized, monitored, controlled and treated as required prior to discharge.

### 6) Product Content Restrictions

Suppliers are to adhere to all applicable laws, regulations and customer requirements regarding prohibition or restriction of specific substances, including labeling for recycling and disposal.

## LABOR

Suppliers are committed to uphold the human rights of workers, and to treat them with dignity and respect as understood by the international community.

The labor standards are:

### 1) Freely Chosen Employment

Forced, bonded or indentured labor or involuntary prison labor shall not be used. All work will be voluntary, and workers shall be free to leave upon reasonable notice. Workers shall not be required to hand over government-issued identification, passports or work permits to the Participant or Labor Agent as a condition of employment.

### 2) Child Labor Avoidance

Child labor is not to be used in any stage of manufacturing. The term “child” refers to any person under the age of 15 (or 14 where the law of the country permits), or under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is greatest. The use of legitimate workplace apprenticeship programs, which comply with all laws and regulations, is supported. Workers under the age of 18 shall not perform work that is likely to jeopardize the health or safety of young workers.

### 3) Working Hours

Studies of business practices clearly link worker strain to reduced productivity, increased turnover and increased injury and illness. Workweeks are not to exceed the maximum set by local law. Further, a workweek should not be more than 60 hours per week, including overtime, except in emergency or unusual situations. Workers shall be allowed at least one day off per seven-day week.

### 4) Wages and Benefits

Compensation paid to workers shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. In compliance with local laws, workers shall be compensated for overtime at pay rates greater than regular hourly rates. Deductions from wages as a disciplinary measure shall not be permitted. The basis on which workers are being paid is to be provided in a timely manner via pay stub or similar documentation.

### 5) Humane Treatment

The Participant’s disciplinary policies and procedures shall be clearly defined and communicated to workers. There is to be no harsh and inhumane treatment, including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse of workers: nor is

there to be the threat of any such treatment.

**6) Non-Discrimination**

Supplier should be committed to a workforce free of harassment and unlawful discrimination. Companies shall not engage in discrimination based on race, color, age, gender, sexual orientation, ethnicity, disability, pregnancy, religion, political affiliation, union membership or marital status in hiring and employment practices such as promotions, rewards, and access to training. In addition, workers or potential workers should not be subjected to medical tests that could be used in a discriminatory way.

**7) Freedom of Association**

Open communication and direct engagement between workers and management are the most effective ways to resolve workplace and compensation issues. Supplier are to respect the rights of workers to associate freely, join or not join labor unions, seek representation, join workers' councils in accordance with local laws. Workers shall be able to communicate openly with management regarding working conditions without fear of reprisal, intimidation or harassment.

## MANAGEMENT SYSTEM

Suppliers shall adopt or establish a management system whose scope is related to the content of this Code. The management system shall be designed to ensure (a) compliance with applicable laws, regulations and customer requirements related to the Supplier's operations and products; (b) conformance with this Code; and (c) identification and mitigation of operational risks related to this Code. It should also facilitate continual improvement.

The management system should contain the following elements:

### 1) **Company Commitment**

Corporate social and environmental policy statements affirming supplier's commitment to compliance and continual improvement, endorsed by executive management.

### 2) **Management Accountability and Responsibility**

The Supplier clearly identifies company representative[s] responsible for ensuring implementation of the management systems and associated programs. Senior management reviews the status of the management system on a regular basis.

### 3) **Legal and Customer Requirements**

Identification, monitoring and understanding of applicable laws, regulations and customer requirements.

### 4) **Risk Assessment and Risk Management**

Process to identify the environmental, health and safety risks associated with Supplier's operations. Determination of the relative significance for each risk and implementation of appropriate procedural and physical controls to control the identified risks and ensure regulatory compliance.

### 5) **Improvement Objectives**

Written performance objectives, targets and implementation plans to improve the Supplier's environmental, health and safety performance, including a periodic assessment of supplier's performance in achieving those objectives.

### 6) **Training**

Programs for training managers and workers to implement Supplier's policies, procedures and improvement objectives and to meet applicable legal and regulatory requirements.

### 7) **Communication**

Process for communicating clear and accurate information about Supplier's policies, practices, expectations and performance to workers, suppliers and

customers.

**8) Worker Feedback and Participation**

Ongoing processes to assess employees' understanding of and obtain feedback on practices and conditions covered by this Code and to foster continuous improvement.

**9) Audits and Assessments**

Periodic self-evaluations to ensure conformity to legal and regulatory requirements, the content of the Code and customer contractual requirements related to social and environmental responsibility.

**10) Corrective Action Process**

Process for timely correction of deficiencies identified by internal or external assessments, inspections, investigations and reviews.

**11) Documentation and Records**

Creation and maintenance of documents and records to ensure regulatory compliance and conformity to company requirements along with appropriate confidentiality to protect privacy.

## ETHICS

To meet social responsibilities and to achieve success in the marketplace, supplier are to uphold the highest standards of ethics including:

### 1) Business Integrity

The highest standards of integrity are to be expected in all business interactions. Supplier shall prohibit any and all forms of corruption, extortion and embezzlement. Monitoring and enforcement procedures shall be implemented to ensure conformance.

### 2) No Improper Advantage

Bribes or other means of obtaining undue or improper advantage are not to be offered or accepted.

### 3) Disclosure of Information

Information regarding business activities, structure, financial situation and performance is to be disclosed in accordance with applicable regulations and prevailing industry practices.

### 4) Intellectual Property

Intellectual property rights are to be respected; transfer of technology and know-how is to be done in a manner that protects intellectual property rights.

### 5) Fair Business, Advertising and Competition

Standards of fair business, advertising and competition are to be upheld. Appropriate means to safeguard customer information must be available.

### 6) Protection of Identity

Programs that ensure the confidentiality and protection of supplier and employee whistleblower are to be maintained

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Whistleblower Definition: Any person who makes a disclosure about improper conduct by an employee or officer of a company, or by a public official or official body