

Enriching Life Through Communication

Huawei Investment & Holding Co., Ltd. Corporate Sustainability Report 2011



Report Profile

Reporting Period:

January 1 to December 31, 2011

Date of Most Recent

Previous Report: June 2011

Reporting Cycle: Annual

Defining Report Content

Global Reporting Initiative (GRI) principles such as materiality, stakeholder inclusiveness, sustainability context, and completeness, were used in this report to analyze key sustainability-related issues in business operations and identify major stakeholders. Huawei Investment & Holding Co., Ltd. (hereinafter referred to as “the company” or “Huawei”) hired a third-party organization to survey stakeholders and collect information on stakeholder expectations and requirements. Huawei’s CSR Committee studied, assessed, and selected the key items and indicators disclosed in this report.

The performance indicators and management approaches discussed in this report cover all entities that Huawei either has control of or a significant influence over in terms of financial and operational policies and measures. These same performance indicators and management approaches are also consistent with the scope of Huawei’s annual financial report.

Boundary of the Report

Unless otherwise specified, this report covers the economic, environmental, and social performance of Huawei and all its subsidiaries during the reporting period.

Data Collection

To effectively collect statistics on the economic, environmental, and social efforts and progress of Huawei and its subsidiaries in 2011, the data collection process was performed by onsite surveys at Huawei and all subsidiaries covered by the report. This report was developed based on the information collected during onsite visits, employee interviews, data collection activities, and onsite observations. Data collection channels and data calculation methods were further optimized.

Report Assurance Method

Core indicators and additional indicators from the *GRI G3.0 Guidelines* were applied to compile the report and the application level is B+.

To ensure the reliability, fairness, and transparency of this report, Huawei engaged TÜV Rheinland to verify the report. The verification statement is included in Appendix III.



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Precisely Right.

This report is available online and in print. The online report can be obtained at: <http://www.huawei.com>

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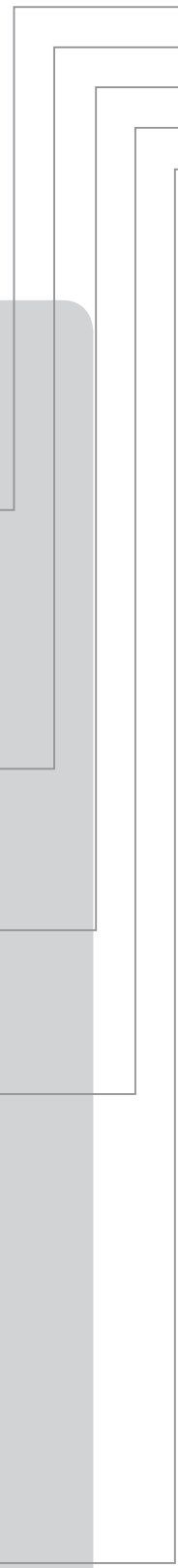
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Message from the Chairwoman



“ We adhere to a corporate strategy of establishing a more favorable social image and exemplifying good corporate citizenship everywhere we operate by incorporating CSR into our business operations. ”

In 2011, Huawei's global operations faced the serious challenge of slow economic growth due to global financial turbulence and other complex external factors. In response, Huawei maintains its ongoing adherence to customer centricity and dedication as it continues to pursue innovation, create value for customers, and achieve robust growth. Through practice, we believe that fulfilling corporate social responsibilities everywhere we operate is crucial to maintaining Huawei's sustainable development and promoting harmony in the natural environment, the industry chain, and among our employees and communities. We adhere to a corporate strategy of establishing a more favorable social image and exemplifying good corporate citizenship everywhere we operate by incorporating CSR into our business operations.

As a leading global ICT solutions provider, Huawei continually works toward realizing its vision of “enriching life through communication”. We offer our expertise and innovative technologies in ICT while focusing on CSR through the following approaches:

1. Bridging the digital divide by ensuring that all people can experience basic communications and information services.
2. Protecting the environment is a core strategy of Huawei that focuses on providing the most competitive and efficient end-to-end green ICT solutions.

3. Continuously focusing on caring for employees, social contribution, supply chain CSR management, stakeholder communication, and safe operations. In terms of sustainable development, Huawei will have greater impact on the industry by executing its CSR strategies, operating with integrity, promoting a harmonious business ecosystem, and giving back to society.

In the future, Huawei will invest more in CSR activities, expand the scope of our CSR, and align our CSR strategies with our global business development. By continuously developing innovative products and services to enrich life through communication, Huawei is becoming an even more visible leader in the sustainable development of the industry, and will ultimately contribute to the sustainable development of the entire industry chain.

A handwritten signature in black ink, appearing to read 'Sun Yafang'.

Sun Yafang
Chairwoman of the Board

Message from the Chairman of the CSR Committee

Huawei's deep sense of responsibility is the driving force behind its achievements in sustainable development and improvements in CSR management. Huawei has developed its CSR through four progressive phases: becoming aware of CSR, fulfilling CSR obligations voluntarily, establishing a CSR management system, and proactively shaping suppliers' CSR awareness. At Huawei, we are committed to pursuing harmonious development and reflecting the importance of CSR in all of our operating activities. This commitment has helped Huawei focus on balanced development, CSR performance, and continuous improvements instead of simply seeking one-sided gains and short-sighted expansion. Through practice, we realize that fulfilling CSR will help our company maintain long-term stability and our strong foothold in the global market, increase competitiveness, and achieve sustainable development as well as healthy and balanced development. Therefore, we define CSR management as a strategic priority and have stepped up our efforts even more in fulfilling the commitments we have made to customers, caring for our employees, protecting the environment, pursuing technological innovations, adhering to ethical principles regarding procurement and business, and giving back to society. CSR has brought positive changes to Huawei and has become an integral part of Huawei's DNA.

Huawei has established a robust management system to ensure that its sustainability strategies are implemented from an organizational and process perspective. The CSR Committee is in charge of CSR management. The responsibilities of the committee include formulating CSR strategies and policies based on corporate strategies and guidelines, developing and deploying the CSR management system, and continuously improving CSR management. By fulfilling these tasks, the CSR Committee elevates Huawei's brand image, boosts customer satisfaction, and injects momentum into Huawei's sustainable development efforts. A corporate sustainability management department has been set up under the CSR Committee to carry out CSR tasks, such as coordinating company-wide CSR planning, managing CSR, developing the CSR management system, and assessing and monitoring CSR activities. Based on the Plan-Do-Check-Act (PDCA) management approach, the CSR management system has identified CSR-related risks and has established goals, indicators, and management programs that are incorporated into processes. Furthermore, it has used approaches such as internal audits to find opportunities for continuous improvement.



Huawei has developed its medium- to long-term strategic plan for achieving sustainable development using the social responsibility guidance *ISO 26000*. Based on this same standard currently, we are streamlining and restructuring the CSR management system. In the future, we will continue to invest more in CSR activities, expand the scope of our CSR, and apply international CSR standards. As part of our CSR initiatives, we will increase our ability to manage production and engineering procurement globally in accordance with industry standards. Together with customers, we will focus on addressing CSR risks and enhancing our positive influence, especially in terms of environmental protection, energy conservation and emissions reduction, health and safety, protection of labor rights, and business ethics. We will prioritize social contribution projects globally as part of its medium- to long-term global CSR initiatives. In addition, we have always and will continue to attach a great deal of importance to protecting the environment and ensuring employee health and safety, especially in countries where employees may be exposed to high risks.

Chen Zhaohui
Chairman of the CSR committee

Huawei Vision, Mission, and Core Values



Vision

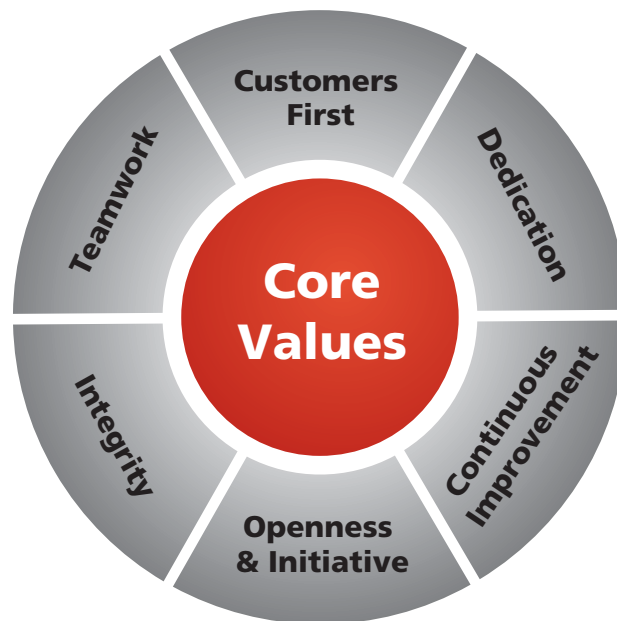
To enrich life through communication.

Mission

To focus on our customers' market challenges and needs by providing excellent ICT solutions and services in order to consistently create maximum value for our customers.

Core Values

Our core values are deeply rooted in every aspect of our business. They are the internal driving force for the company and are our commitments to the ecosystem. These values enable us to provide effective services to our customers and to achieve our vision of "enriching life through communication."





Customers First

Huawei exists to serve customers, whose demands are the driving forces behind our development. We continuously create long-term value for customers by being responsive to their needs and requirements. We measure our work against how much value we bring to customers, because we can only succeed through our customers' success.

Dedication

We win customers' respect and trust primarily through dedication. This includes every effort we make to create value for customers and to improve our capabilities. We value employees' contributions and reward them accordingly.

Continuous Improvement

Continuous improvement is required for us to become better partners for our customers, improve our company and grow as individuals. This process requires that we actively listen and learn in order to improve.

Openness & Initiative

Driven by customer needs, we passionately pursue customer-centric innovations in an open manner. We believe that business success is the ultimate measure of the value of any technology, product, solution, or process improvement.

Integrity

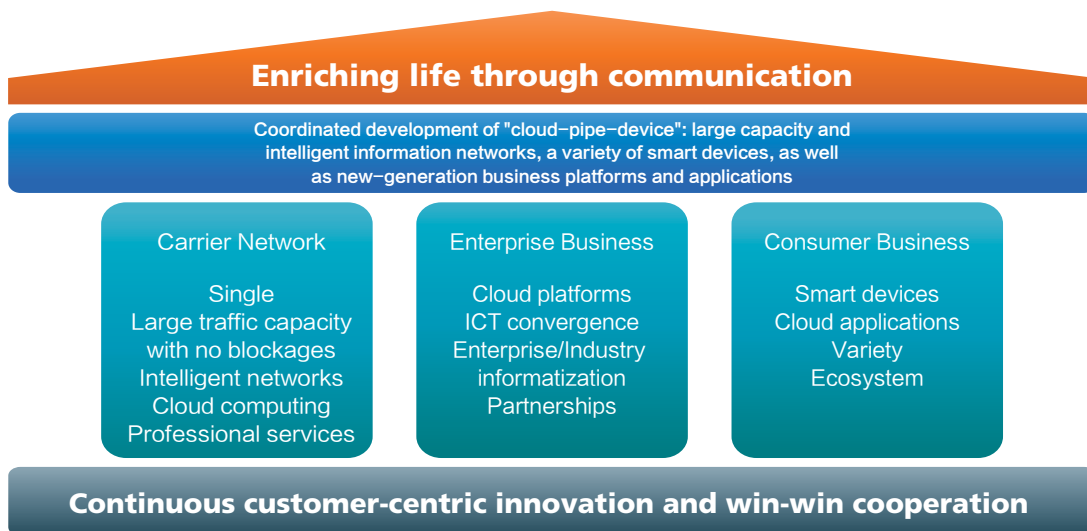
Integrity is our most valuable asset. It drives us to behave honestly and keep our promises, ultimately winning our customers' trust and respect.

Teamwork

We can only succeed through teamwork. By working closely in both good times and bad, we lay the foundation for successful cross-cultural collaboration, streamlined inter-departmental cooperation and efficient processes.

Huawei Business Strategy

To adapt to the revolutionary changes that are taking place in the information industry, Huawei is making strategic adjustments to better serve its customers. Huawei has extended the reach of its innovative offerings from the telecom carrier network field to the enterprise and consumer fields. To this end, we have coordinated the development of the “cloud-pipe-device” business and put considerable resources towards providing large capacity and intelligent information networks, a variety of smart devices, as well as new-generation business platforms and applications to offer users an efficient, environmentally friendly, and innovative information-based experience. Huawei will remain focused on customer needs as we continue to innovate, openly cooperate with partners, and deepen our commitment to providing telecom carriers, enterprises, and consumers with integrated solutions, products, and services. We will also continue to enhance the user experience, create maximum value for our customers, enrich life through communication, and improve work efficiency.



Carrier Network Business

Huawei provides telecom carriers with unified platforms, consistent experiences, and flexible Single solutions. These solutions support the transmission and exchange of data traffic over carrier networks, help carriers simplify networks, achieve smooth evolutions, and implement end-to-end integrations while enabling rapid deployments, streamlining operations, and reducing network CAPEX and OPEX.

Huawei fully aligns its professional service solutions with carrier strategies, in a move to better position carriers to complete seamless evolutions, improve user experiences, boost operating efficiency, increase revenue, and ultimately achieve excellent business results.

Enterprise Business

With its focus on ICT infrastructures, Huawei continuously drives innovations based on requirements raised by customers from finance, energy, power, transportation, governments, public utilities, and other industries. By providing ICT products and solutions that can be easily integrated by our partners, Huawei helps enterprise customers improve the efficiency of their communication, work, and production systems while reducing their operating costs.

Consumer Business

Huawei will continue to focus on consumers and fully utilize our carrier, distributor, and e-commerce channels to build Huawei into one of the most influential global brands for devices. We strive to bring consumers a simple and enjoyable user experience through mobile Internet applications. Moreover, Huawei customizes and manufactures devices according to the specific needs of telecom carriers to help them develop their business and achieve success.

In addition, Huawei will leverage its expertise in networks, cloud computing, and future-oriented converged solutions for personal and household applications and apply that knowledge to the production of a full range of devices. We will continue our commitment to “openness, cooperation, and innovation” as we build solid and cooperative relationships with operating system providers, chip suppliers, content providers, and other partners to form a complete and sound device ecosystem.

Huawei

CSR Strategy



Vision

To bridge the digital divide and promote the harmonious and sustainable development of the economy, society, and the environment

Mission

To establish an excellent CSR management system, operate with integrity, promote a harmonious business ecosystem, ensure sustainable development, and contribute to our customers and society

Strategy

| | |
|------------------------------------|--|
| Bridging the Digital Divide | Huawei provides customized ICT solutions to enable people in different regions to access information conveniently and takes the initiative to help underdeveloped regions nurture ICT talent, form effective education systems in the field of communications, and to improve regional technology to promote communications. |
| Caring for Employees | Huawei attaches importance to employees' growth, health, and safety. Huawei values employees' contributions and makes every effort to ensure that employees' personal growth is realized alongside the company's success. |
| Fair Operations | Huawei abides by ethical business practices, operates with integrity, and strictly observes Huawei's Business Conduct Guidelines (BCG). Huawei promotes fair operations, strictly implements "transparent procurement" and "transparent sales", and opposes bribery, corrupt activities, dumping, and monopolies so as to build a harmonious business environment. |
| Environmental Protection | Huawei actively communicates with customers on energy conservation and environmental protection. Huawei closely collaborates with enterprises across the value chain to build environmentally-friendly networks and promotes sustainable development of the industry in order to achieve our objective: "Green Communications, Green Huawei, and Green World". |
| Social Contribution | Huawei always believes in giving back to society. We insist on local operations, contributing to local welfare, education, and disaster relief efforts, and being an ethical corporate citizen. |
| Supply Chain CSR Management | Huawei improves its CSR awareness and capabilities and its supply chain to achieve sustainable development. We have established close ties with our suppliers to strengthen CSR management to gain our customers' trust, enable us to take appropriate actions to ensure CSR compliance, and improve the CSR risk control for suppliers. |
| Stakeholder Communication | Huawei continuously improves communication with stakeholders, increases customer satisfaction, and enhances user experience management based on industry standards and corporate strategies. |
| Safe Operations | During the operations of the company, Huawei adheres to the principle of "Safety First, Prevention First," systematically identifies sources of potential hazards, assesses risks, and implements risk control measures to ensure the sustainable development of enterprises and society. |

Huawei CSR Strategy

Huawei CSR Strategy Development

Huawei aligns its CSR and business strategies to integrate sustainability into the core of business operations and conscientiously fulfill its CSR obligations. To this end, Huawei identified and assessed five key factors that have the most influence over improving its performance and maximizing the economic, environmental, and social benefits of its operations.



Corporate Vision, Mission, and Strategy

Based on the corporate vision of “enriching life through communication,” Huawei’s CSR strategy further emphasizes that we provide global solutions in order to share information and communications technologies around the world, permitting people to gain access to information and communication services and promoting the harmonious development of the economy, the environment, and society.

Key Risks and Opportunities

Huawei identifies and assesses risks and opportunities based on established processes and systems to ensure that risks of all kinds are controlled to minimize negative consequences. Identifying and responding to risks is critical to setting the direction and implementing the CSR strategy.

Stakeholder Requirements

Stakeholders have expectations and requirements towards Huawei’s business activities and operations. We must consider these expectations and requirements when formulating our CSR strategy to ensure win-win results. As part of our CSR strategy, we regularly conduct surveys to understand stakeholder requirements, identify and assess stakeholder expectations, and adjust the strategic direction according to assessment results.

Laws and Regulations

Compliance with applicable laws and regulations is a fundamental requirement for any company aiming for sustainability. The priorities and activities in Huawei’s CSR strategy are strictly aligned with the laws for all areas in which we operate.

International Conventions and Protocols

Huawei is a responsible global company that judiciously observes applicable international conventions when conducting business and operations. The requirements of the protocols to which we subscribe are integrated into our CSR strategy and activities.

Huawei CSR Strategy Roadmap

In 2011, Huawei continued to optimize its CSR strategy according to *ISO 26000* and fully integrated this CSR strategy into corporate strategies. Strategic direction was also established to systematically manage CSR.



5-Year Roadmap for Huawei's CSR Strategy

Huawei CSR Strategy



The roadmap sets progressive goals for Huawei's CSR strategy, which will be fully mature by 2015. Huawei has defined CSR management activities and requirements for the next five years based on the current CSR foundation. The segments of the roadmap are detailed as follows:

1. Optimize CSR Management System based on ISO 26000

- Optimize the system based on *ISO 26000*
- Develop preliminary CSR risk management mechanisms
- Initiate key medium- to long-term social contribution projects
- Complete joint CSR improvement projects within the supply chain. This includes identifying, evaluating, and auditing medium- and high-risk suppliers and driving improvements where necessary
- Establish a certified CSR management system in the Consumer Business Group (BG) based on the Social Accountability 8000 (SA8000) standards

2. Solidify CSR Management System

- Expand the scope of the system according to stakeholder requirements
- Develop CSR risk management tools to strengthen CSR-related issue and crisis response capabilities
- Implement key global social contribution projects and participate in discussions held by industry CSR associations to stay abreast of developmental trends
- Complete joint CSR improvement projects within the supply chain and guide key suppliers in establishing their own CSR management systems
- Expand the scope of the CSR management system in the Consumer BG as per *ISO 26000*

3. Enhance CSR Management System

- Treat CSR management as a strategic priority and align the CSR strategy with Huawei's business strategy
- Implement and upgrade CSR risk management tools to strengthen CSR-related issue and crisis response capabilities
- Promote social contribution projects
- Align Huawei's CSR projects with those of industry associations and become a leader in CSR development trends in the industry
- Complete joint CSR improvement projects with suppliers and guide suppliers in establishing their own CSR management systems
- Pilot the CSR management system in the China Region

4. Improve CSR Management System

- Promote CSR risk management tools, establish end-to-end process control mechanisms, and elevate Huawei's brand image as a company devoted to social contribution projects
- Implement CSR improvement projects with industry associations to become the industry benchmark for CSR management
- Complete joint CSR improvement projects with suppliers and promote CSR management and implementation throughout the supply chain
- Pilot the CSR management system in key overseas regions

Key Impacts, Risks, and Opportunities



Bridging the Digital Divide

- To provide products and services in emerging markets and developing countries regions
- To provide products and services that help bridge the digital divide between different income groups in developed countries and regions
- To provide ICT solutions to promote harmonious economic, environmental, and social development locally

Providing products and services in communities in which Huawei operates is mutually beneficial. This not only creates economic, environmental, and social benefits for emerging markets and developing countries and regions, bridges the digital divide between different income groups in developed countries and regions, but also helps Huawei achieve growth.

Caring for Employees

- To develop and retain talented employees by providing career development opportunities that allow them to grow with the company and ensure that dedicated employees receive reasonable and timely rewards
- To enhance employee well-being and nurture them to achieve their personal goals and full performance potential

Maintaining a harmonious employer-employee relationship depends on developing a talented workforce and reasonably allocating work. Fulfilling these items helps retain talented employees. Huawei provides employees with incentives, rewards, and clear paths for career development, allowing employees to grow with the company. Through employee welfare programs such as the Employee Assistance Program (EAP), Huawei ensures a good, fair working environment and atmosphere.

Key Impacts, Risks, and Opportunities

Fair Operations

To ensure fair and ethical business operations

To comply with regulations on intellectual property rights during production and use of products and services

Huawei judiciously adheres to ethical principles when conducting business and operations. Bribery, corruption, and infringing on intellectual property rights (IPR) are major risks to fair business practices and we believe that any illegal or unfair operating activity results in adverse impacts. Therefore, Huawei has incorporated anti-bribery and anti-corruption mechanisms into its operation processes. Moreover, Huawei mitigates IPR risks by protecting its own IPR, respecting the IPR of other companies, and complying with international IPR rules and regulations.

Environmental Protection

To provide ICT products and services that remain eco-efficient throughout their entire lifecycle, from R&D, production, and use to scrapping and recycling

To reduce the resource depletion and energy consumption impacts of producing and using products and services, and to avoid using hazardous substances

To effectively manage electrical and electronic waste to prevent and reduce negative environmental impacts

Huawei takes environmental risks into account during decision-making in order to provide consumers with eco-efficient products and services like the SingleRAN offerings. Huawei complies with laws and regulations as well as international standards in all countries in which it operates. In addition, Huawei also uses the lifecycle assessment (LCA) method to implement environmental protection strategies throughout the product development process. As part of its green drive, Huawei focuses on designing pollution-free products and carefully gathers, stores, and disposes of electrical and electronic waste throughout the product lifecycle.

Social Contribution

To contribute to improving the livelihood of local people and developing the communities in which Huawei operates

To exemplify good corporate citizenship everywhere Huawei operates to maximize economic, environmental, and long-term social benefits

During the course of its globalization, Huawei has remained committed to benefiting local communities. Huawei's social contribution initiatives fall into four main types: bridging the digital divide, providing education to develop local talent, promoting environmental sustainability, and benefiting communities.

Supply Chain CSR Management

To guarantee the supply chain's sustainability by conforming to laws and standards pertaining to labor, environmental protection, society, and business ethics

To maintain mutually beneficial relationships within our supply chain and with strategic partners

Effective sustainability of the supply chain requires the concerted efforts of the entire industry chain. While voluntarily fulfilling CSR obligations, Huawei also ensures that mitigating CSR risks is a top priority for global suppliers and partners.

Stakeholder Communication

To communicate with stakeholders to deepen mutual understanding and trust

To enhance customer satisfaction

Frequent interactions and communications are instrumental to deepening trust and understanding and maintaining mutually beneficial relationships between Huawei and stakeholders. Understanding customer requirements and addressing customer complaints is essential to enhance customer satisfaction and retain existing customers while developing new ones.

Safe Operations

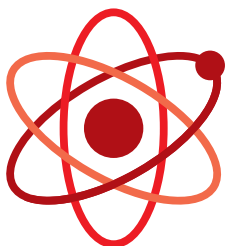
To ensure safety at Huawei's workplaces

To ensure the safety of products and services

At Huawei, safety initiatives fall into two types: initiatives for safe operations and initiatives for safe products and services. Huawei cares deeply about employees' occupational health and safety at every workplace. As such, we implement safe operations, which require we take appropriate measures to control risks and improve safety. Huawei is also concerned about safe products and services. Huawei continually strives to minimize safety risks to both individual users and society as a whole.

Corporate **Profile**

- 2.1 Corporate Overview
- 2.2 Awards
- 2.3 Economic Performance





Corporate Overview



Huawei is a leading global ICT solutions provider. Through our dedication to customer-centric innovation and strong partnerships, we have established end-to-end capabilities and strengths across carrier networks, enterprise/industry, and consumer fields. We are committed to creating maximum value for telecom carriers, enterprises, and consumers by providing competitive ICT solutions and services. Our products and solutions have been deployed in over 140 countries, serving more than one-third of the world's population.

Huawei's vision is to enrich life through communication. By leveraging our experience and expertise in the ICT sector, we help bridge the digital divide by providing opportunities to experience broadband services, regardless of geographic location. Contributing to the sustainable development of society, the economy, and the environment, Huawei creates green solutions that enable customers to reduce power consumption, carbon emissions, and resource costs.

Products, Solutions, and Services



Carrier Network BG



- Wireless Networks: LTE, GSM, WCDMA, CDMA, TD-SCDMA, WiMAX, OSS, antenna, site energy, PS core and EPC
- Fixed Networks: FTTx, DSL, ODN, WDM/OTN, MSTP/Hybrid MSTP, microwave, core routers, routers, switches, and network security gateways
- Global Services
 - Consulting services: business consultations, network consultations, and O&M consultations
 - Managed services: NOC O&M services, network performance managed services, IT managed services, and business process outsourcing (BPO) services
 - Quality enhancement and assurance services: SmartCare services
 - System integration services: network integration services, OSS integration services, data center integration services, and site integration services
 - Energy retrofit services: site energy retrofit services and green energy services
 - Customer support services: network operation assurance services
 - Learning and capability development services: knowledge transfer services, Huawei certification services, and Huawei education services
- Carrier Software and Core Network: BSS & OSS, service delivery platform (SDP), Digital Home, mobile broadband value growth solution (MBB VGS), cloud computing, RCS-RCSe, unified communications, Mobile Office, IP contact center (IPCC BPO), convergent conference, SmartCare, SmartPCC, and SingleSDB
- Energy and Infrastructure: hybrid energy, site power supplies, communications site, and data center power supplies



Enterprise BG

- IT: media networks, desktop clouds, servers, storage products, data centers, and cloud management platforms
- Enterprise networks: access routers (ARs), NE core routers, campus switches, data center switches, WLAN, transport networks, access networks, and network management
- UC&C: intelligent video surveillance, unified communications, contact centers, convergent conference, telepresence and videoconferencing systems, IP communications devices, industry-specific TVs, enterprise IMS/NGN, enterprise information security, digital TVs, and industry-specific billing
- Security: secure routing gateways, firewall and united threat management, VPN gateways, intrusion detection and prevention, anti-DDoS attack, and security management software
- Enterprise wireless and auxiliary products
- Industry-specific solutions: solutions for power, energy, transportation, government, finance, ISP, and other industries



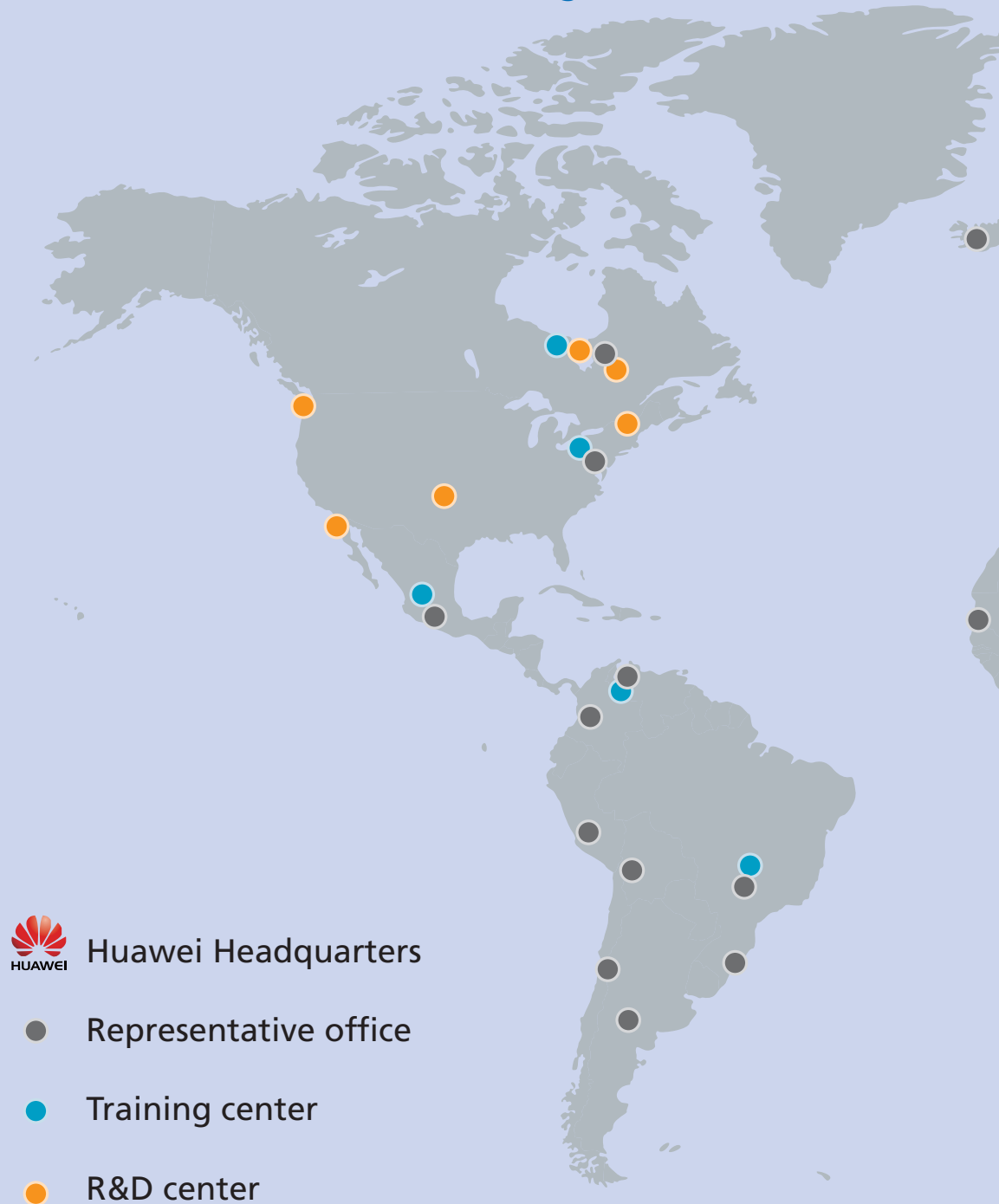
Consumer BG

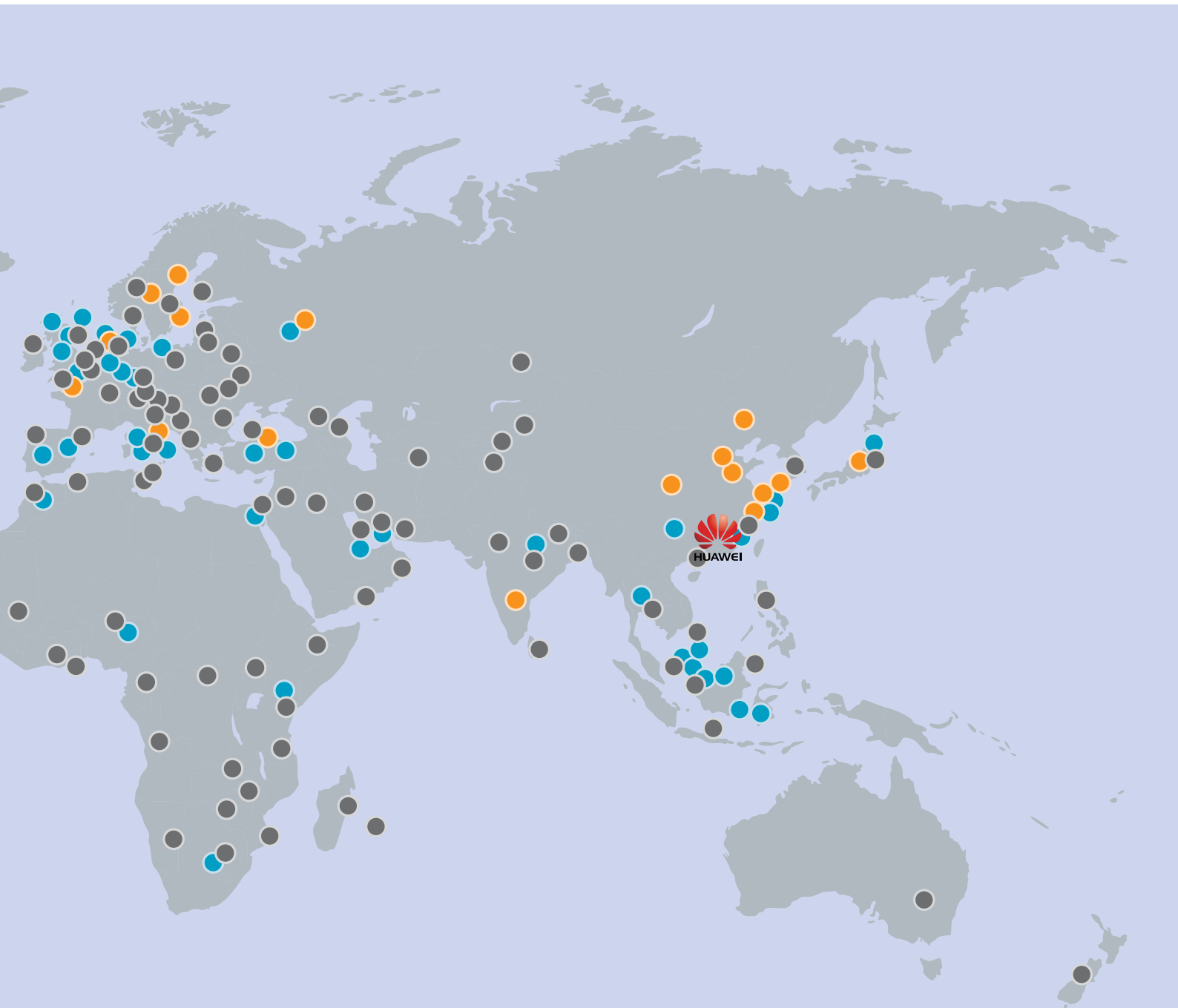
- Handsets: smartphones and feature phones
- Mobile broadband devices: data cards, wireless routers, and modules
- Home convergence devices: fixed/wireless access devices, set-top boxes, digital photo frames, and tablets



Corporate Overview

Global Operations of Huawei Investment & Holding Co., Ltd.





146,000+ employees in more than 150 countries worldwide

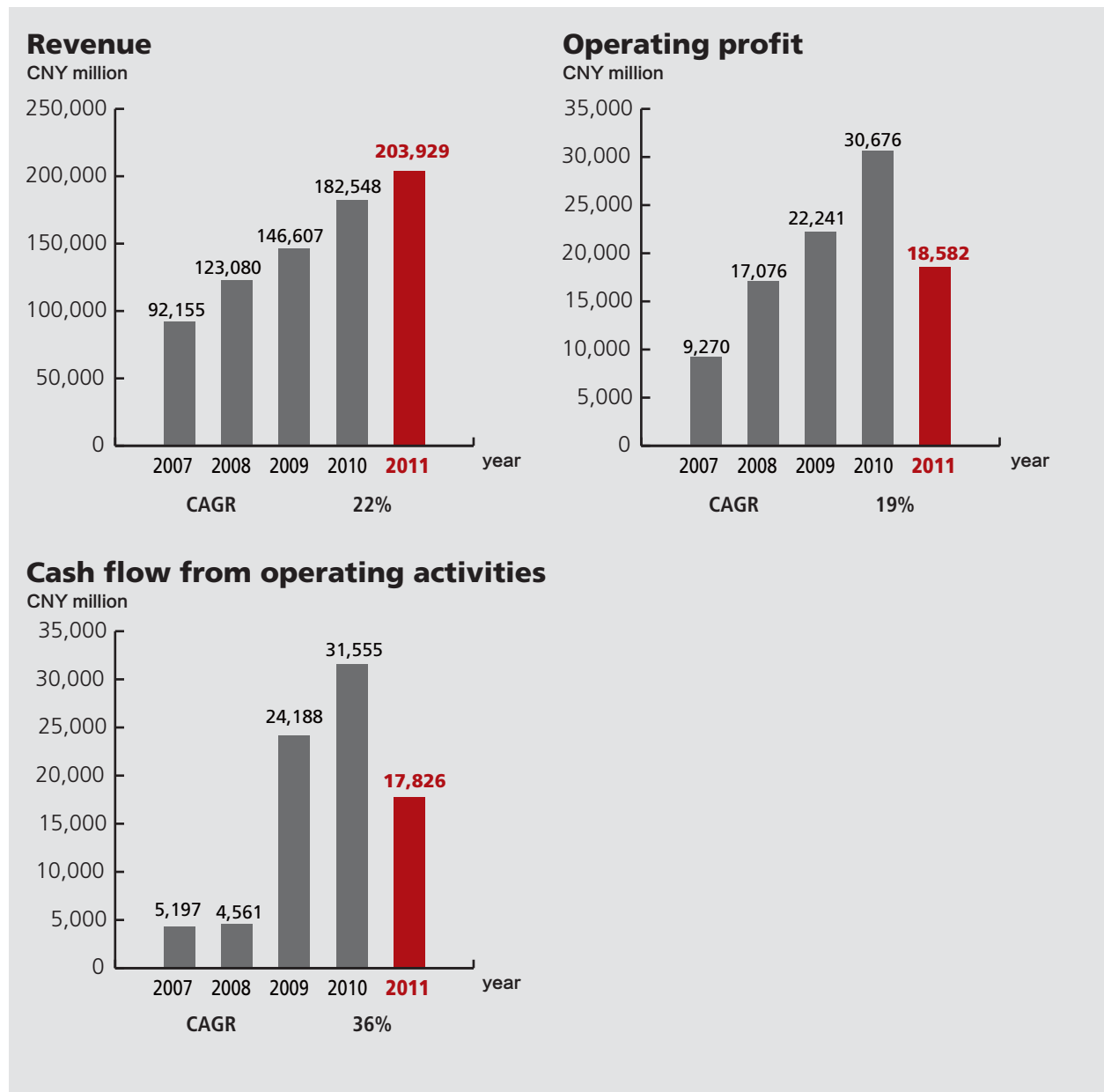
Awards

Major Awards in 2011

| Name of Award | Awarding Body |
|--|---|
| <ul style="list-style-type: none"> Best LTE Commercial Performance Award Best LTE Network Equipment Award Best LTE Development Contribution Award Best LTE Standard Contribution | LTE International Summit |
| <ul style="list-style-type: none"> Telecommunication Supplier of the Year Wireless Networking Vendor of the Year Broadband Network Provider of the Year | Telecom Asia Magazine |
| <ul style="list-style-type: none"> User Perceived Service Excellence Award – for Huawei SmartCare Professional Service Solutions | Frost & Sullivan |
| <ul style="list-style-type: none"> Best Network Infrastructure Solutions – for Huawei’s Small Cell Solutions | Communications Conference and Exhibition in North America Awards |
| <ul style="list-style-type: none"> Broadband Network and Services Management and Operations – for Huawei’s Intelligent ODN (iODN) Solutions Content, Entertainment, Applications and Services category awards – for Huawei IPTV Access Solutions | Broadband World Forum |
| <ul style="list-style-type: none"> 2011 Customer Service Outstanding Service Provider for Chinese Financial Industry | Call Center Excellence Awards of Chinese Financial Industry |
| <ul style="list-style-type: none"> 2011 Best Customer Contact Center Technology Solutions | 2011 Best Customer Contact Center and CRM Awards |
| <ul style="list-style-type: none"> Best Service Award of the Year Annual Special Award of Organizing Committee | 2011 China International Financial Awards |
| <ul style="list-style-type: none"> Best Customer Service Solution Provider in China China Customer Service Outstanding Contribution Honor Award | China Best Customer Service Awards |
| <ul style="list-style-type: none"> Best Femtocell Business Processes (Progress in Commercial Deployment) Industry Award | Femtocell Forum |
| <ul style="list-style-type: none"> Contribution Award of Excellence in Standards Development – for IEEE 802.1AS Standard | United States Institute of Electrical and Electronics Engineers |
| <ul style="list-style-type: none"> Industry Leadership Award | Ireland Telecommunications Management Forum |
| <ul style="list-style-type: none"> Best IPTV Service Deployment Platform Honorable Mention | IPTV World Forum |
| <ul style="list-style-type: none"> Housing Construction of the Year 2011 Information Outstanding Hardware and Software Supplier Award | The 6th China Digital City Construction Technology and Devices Exposition |
| <ul style="list-style-type: none"> Informa 2011 Most Innovative Business Based on Traffic Management Award – for Huawei MBB VGS | Broadband Traffic Management Forum |
| <ul style="list-style-type: none"> Most Innovative Mobile Broadband Deployment – for Huawei’s SingleRAN LTE Solutions | RCR Wireless Telecom Industry News |
| <ul style="list-style-type: none"> Broadband Innovation of the Year – for Huawei’s 200G Express Router Line Cards | Broadband World Forum |
| <ul style="list-style-type: none"> CDMA Network Technology Innovation Award Mobile Innovation Award | CDMA Development Organization |
| <ul style="list-style-type: none"> LTE Network Infrastructure Innovation – for SingleRAN Solutions Deployment | Global Telecom Business |
| <ul style="list-style-type: none"> 2011 Product of the Year Award for Innovation – Outstanding Performance Award for Huawei Honor Mobile Phone | ICT World |
| <ul style="list-style-type: none"> 2011 Best Market Performance Award – Gold Award for CDMA Terminal Manufacturer | China Telecom |
| <ul style="list-style-type: none"> No.1 Huawei Data Card/Mobile Router in Japan in 2011 (Huawei has won this award four times since 2008) | GFK |
| <ul style="list-style-type: none"> 2011 Best Mobile Broadband Device Award for Huawei Mobile WiFi E5 21M Weekly by Chinese Academy of Sciences | China Internet |
| <ul style="list-style-type: none"> Top 100 (Chinese) Enterprises with Global Green Fortune in 2011 | 2nd Global Green Economic Fortune Forum |
| <ul style="list-style-type: none"> Green Social Responsibility Outstanding Contribution Award | Shenzhen Green Products Promotion Association |
| <ul style="list-style-type: none"> Support and Improvement in Quality of Education Category Award | Blue Dart World CSR Day and Star News |

Economic Performance

Five-Year Financial Summary



For more information, see the 2011 Huawei Annual Report.

Governance, Commitments, and **Engagement**

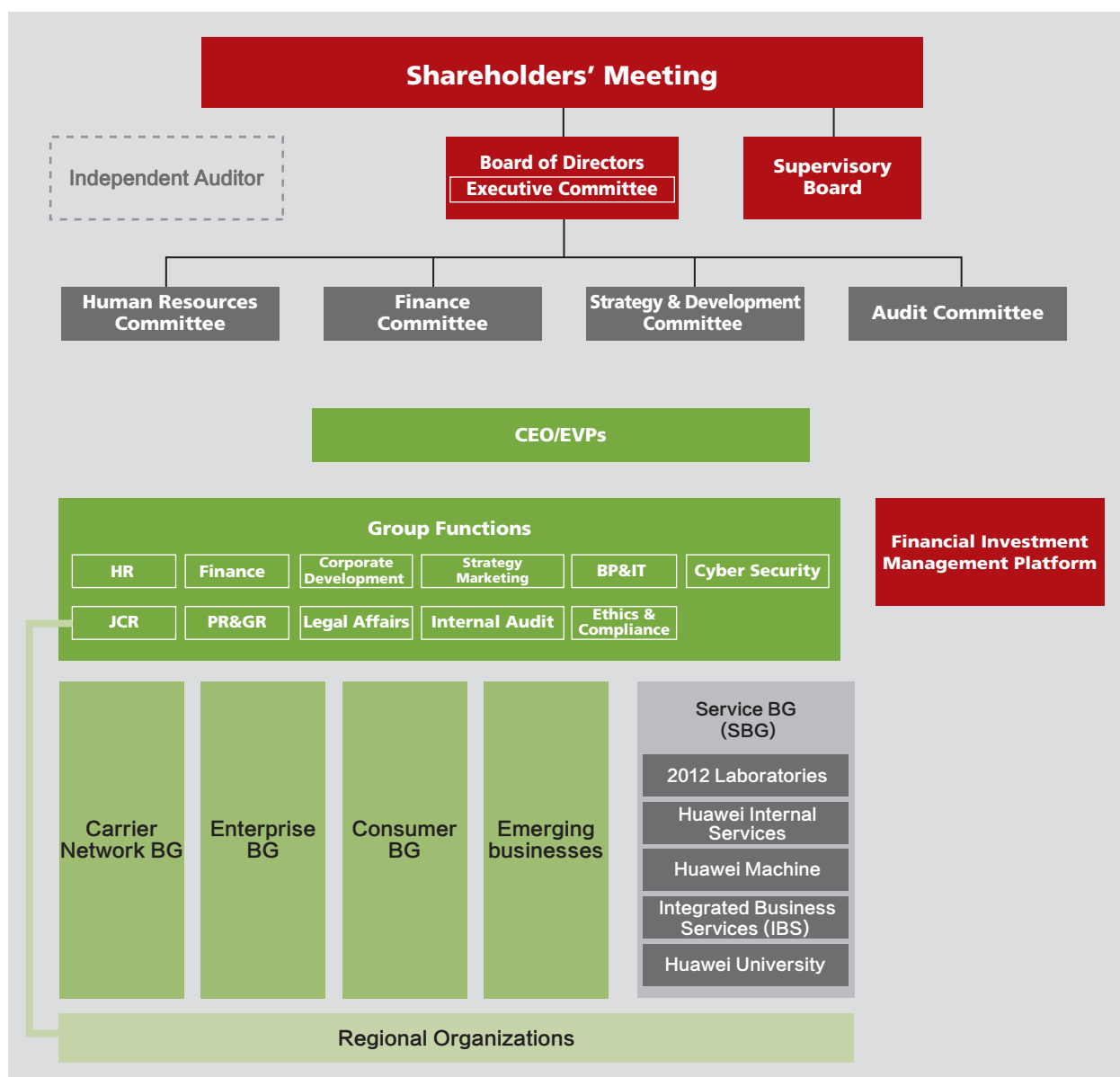
- 3.1 Corporate Governance
- 3.2 External Commitments and Initiatives
- 3.3 Stakeholder Engagement and
Material Topics





Corporate Governance

At Huawei, customers are our focus and dedicated employees are our foundation. We will continue to improve our organizational structure, processes, and appraisal systems to achieve effective growth.





Corporate Governance and Organization Structure of Huawei

Shareholders

Huawei Investment & Holding Co., Ltd. (the “company” or “Huawei”) is a private company wholly owned by its employees.

Through the Union, the company implements an Employee Shareholding Scheme (the “Scheme”), which involves 65,596 employees as of December 31, 2011. They are represented by and exercise their rights through the elected representatives (the “Representatives”). The Scheme effectively aligns employee contributions with the company’s long-term development, fostering Huawei’s continued success.

Board of Directors and Committees

The BOD is the decision-making body for corporate strategy and management. The BOD guides and oversees the overall business operations and makes decisions on significant strategic issues. The BOD established the Executive Committee, which acts as the executive body of the BOD while the BOD is adjourned. The BOD has also established the Human Resources Committee, the Finance Committee, the Strategy & Development Committee, and the Audit Committee to assist the BOD in overseeing the company’s operations.

Supervisory Board

Pursuant to the requirements of the Company Law of the People’s Republic of China, Huawei has established a Supervisory Board. The key roles and responsibilities of the Supervisory Board include overseeing the company’s financial and operational performance; monitoring the performance of BOD members, the Chief Executive Officer, and other senior management; and attending BOD meetings as non-voting participants.

For more information about corporate governance, see the 2011 Annual Report.

Corporate Governance

CSR Committee



In order to implement our CSR strategy, Huawei set up the CSR Committee in the corporate governance structure in 2010.

The CSR Committee is composed of over 20 members from Huawei's functional departments and is responsible for implementing CSR strategies and decisions across the company.

Major Responsibilities of the CSR Committee

Organize, coordinate, and supervise the establishment, implementation, and maintenance of the CSR management system; plan and develop the CSR strategy, and supervise the execution of the CSR strategy during business operations.

CSR Responsibilities of the Departments Associated with the CSR Committee:

| | |
|---|--|
| Sustainable Development Dept | A professional organization which helps the CSR Committee conduct strategic and business planning and implement the CSR strategy, indicators, and management solutions |
| Human Resources Mgmt Dept | Formulates, implements, and optimizes Huawei's policies on human rights, labor protection, and employees' rights and interests |
| Public Affairs and Communications Dept | Develops social contribution strategies and plans, and carries out social contribution initiatives |
| Supplier Mgmt Dept | Formulates supplier CSR management policies, assesses risks, conducts audits, and follows up on improvement efforts |
| Research & Development | Designs and develops green and safe products |
| Huawei Machine | Identifies and controls CSR risks during manufacturing |
| Internal Audit Dept | Identifies and mitigates corruption risks |
| Joint Committee of Regions | Identifies and mitigates bribery risks |
| Internal Service Mgmt Dept | Ensures energy efficiency of infrastructures and safe operations |
| Legal Affairs Dept | Determines, acquires, tracks, and publishes CSR laws, regulations, and requirements applicable to Huawei, and organizes relevant departments to assess their applicability |
| Committee of Ethics and Compliance | Identifies and controls CSR risks that may affect employees' rights and interests as well as business ethics. |

External Commitments and Initiatives

Governance, Commitments, and Engagement



WE SUPPORT

Huawei joined the UN Global Compact in 2004 and has applied its fundamental principles to our cultural and business activities.



GeSI
GLOBAL e-SUSTAINABILITY
INITIATIVE

Huawei joined GeSI in 2008 and has played a strategic role during discussions with communications industry peers about environmental protection strategies, implementation approaches, and technology standards for the global ICT industry.



Huawei joined the Broadband Commission in 2010 and has worked with other industry leaders to promote the application of broadband technology and encourage the parties involved to leverage broadband services to reduce carbon emissions and the total cost of ownership (TCO).



Huawei joined CSR Europe in 2011 and has leveraged its CSR management experience and expertise in the telecom sector to promote CSR in various areas.

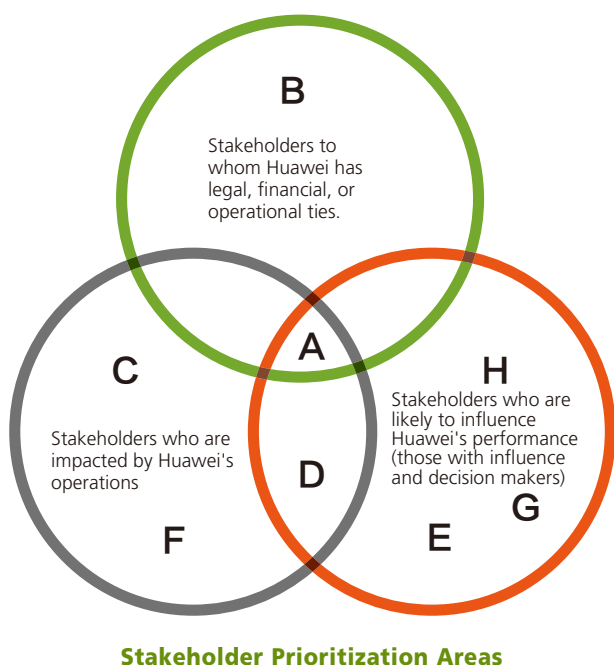
Stakeholder Engagement and Material Topics

As part of the drive to better serve customers and contribute to society, Huawei has listened attentively to stakeholders and maintained stable and open lines of communication through which we can understand and respond to stakeholder requirements completely, accurately, and promptly. By identifying and systematically managing stakeholders on a group-by-group basis and leveraging stakeholder communication mechanisms, Huawei coordinates and adopts dynamic CSR management approaches to fulfill stakeholder expectations and reach strategic CSR goals. Huawei prioritizes material issues based on the levels of stakeholder concerns.

Identification of Stakeholder Groups

The levels of influence that stakeholders have on Huawei and the levels of influence that they receive from Huawei are quite different. Huawei has identified stakeholders and prioritized material issues based on the inclusiveness, materiality, and responsiveness principles laid out in the *2011 AA1000 Stakeholder Engagement Standard (SES)*.

In 2011, Huawei hired a third-party organization to survey stakeholders about potential economic, environmental, and social issues, based on the *AA1000 SES*.






Prioritize stakeholders to whom Huawei has legal, financial, or operational ties; stakeholders who are impacted by Huawei's operations; and stakeholders who are likely to influence Huawei.

| Item | Key Stakeholders |
|------|--|
| A | Employees/Shareholders |
| B | Government/Financial institutions |
| C | Suppliers/Contractors |
| D | Customers (carriers/enterprise customers)/ Communities |
| E | Industry peers |
| F | Consumers/Users |
| G | Industry/Standards associations |
| H | Media/NGOs |









Note: The locations of stakeholders in the chart above can be adjusted according to stakeholder influence and Huawei's level of compliance with standards.

Through systematic stakeholder identification processes and surveys, Huawei has established long-term and effective lines of communication to understand and respond to the requirements of different stakeholder groups promptly, accurately, and comprehensively.

| Stakeholder Priority Focus Areas | Stakeholders | Communication Channels |
|----------------------------------|---|--|
| A | Employees/Shareholders  | Regular meetings with supervisors Employee satisfaction surveys Internal lines of communication such as bulletin board systems, CEO mailbox, open days, discussions with experts from the Employee Relationship Dept, and the suggestion mailbox Meetings for electing shareholder representatives/Shareholder meetings |
| B | Government/ Financial institutions  | Regular meetings Workshops Compliance self-checks |
| C | Suppliers/Contractors  | Regular meetings Supplier CSR training/CSR conferences Workshops and forums |
| D | Customers (carriers/ enterprise customers)/ Communities  | Customer satisfaction surveys Meetings and workshops Industry exhibitions and forums Community visits and meetings |
| E | Industry peers  | Industry forums Annual meetings |
| F | Consumers/Users  | Consumer and business research Consumer satisfaction surveys |
| G | Industry/Standards associations  | Workshops and forums Publication of research achievements Participation in industry associations such as the UN Broadband Commission for Digital Development and the Steering Committee for Smart Power Grids |
| H | Media/NGOs  | Regular meetings with NGOs such as GeSI Disclosure of information to the media, NGOs, and the public, including annual reports and CSR reports |

Stakeholder Engagement and Material Topics

Key and Material Topics Related to Sustainability

| Stakeholders | Huawei CSR Strategy | | | |
|---|---|--|--|--|
| | Bridging the Digital Divide | Caring for Employees | Fair Operations | |
| Employees  | Development of ICT solutions for developing countries and regions | Employee health and safety Compensation and benefits Training and career development | Ethical business practices | |
| Government/Financial institutions  | Education and training for talent in developing countries and regions Development of ICT solutions for developing countries and regions Technological innovations for social benefits | Employee health and safety Compensation and benefits | Ethical business practices IPR | |
| Suppliers/Contractors  | N/A | N/A | Ethical business practices | |
| Customers (carriers/enterprise customers)  | Development of ICT solutions for developing countries and regions Technological innovations for social benefits | Employee health and safety Compensation and benefits | Ethical business practices IPR | |
| Industry peers  | Development of ICT solutions for developing countries and regions Technological innovations for social benefits | Compensation and benefits | Ethical business practices IPR | |
| Consumers/Users  | Development of ICT solutions for developing countries and regions Technological innovations for social benefits | N/A | Ethical business practices IPR | |
| Industry/Standards associations  | N/A | N/A | IPR | |
| Media/NGOs  | Development of ICT solutions for developing countries and regions Technological innovations for social benefits | Employee health and safety Compensation and benefits | Ethical business practices IPR | |



| | Environmental Protection | Social Contribution | Supply Chain CSR Management | Stakeholder Communication | Safe Operations |
|--|--|---|--|---|---|
| | Green and eco-efficient products Proper handling of electrical and electronic waste Energy use and climate changes | Community development | Implementation of supply chain CSR strategies and policies | Employee communication and engagement | Safe operation practices Safety capacity building |
| | Proper handling of electrical and electronic waste Energy use and climate changes Raw materials management Green and eco-efficient products | Community development Talent development | N/A | Public policies | Product safety Safe operation practices |
| | Green and eco-efficient products Proper handling of electrical and electronic waste Raw materials management | N/A | Implementation of supply chain CSR strategies and policies Capacity building of supplier CSR | Public policies | N/A |
| | Green and eco-efficient products Proper handling of electrical and electronic waste Energy use and climate changes Raw materials management Response to other environmental problems | Community development | Implementation of supply chain CSR strategies and policies | Customer complaints and feedback management Customer satisfaction management | Product safety Safe operation practices |
| | Energy use and climate changes Green and eco-efficient products Raw materials management | N/A | Implementation of supply chain CSR strategies and policies | Public policies Standards setting and development | Product Safety |
| | Green and eco-efficient products | Community development Talent development | Implementation of supply chain CSR strategies and policies | Customer complaints and feedback management Customer satisfaction management | Product safety |
| | Green and eco-efficient products Energy use and climate changes | Talent development | N/A | Standards setting and development | N/A |
| | Green and eco-efficient products Energy use and climate changes Proper handling of electrical and electronic waste | Community development Talent development | Implementation of supply chain CSR strategies and policies | Public policies | Product safety Safe operation practices |

Stakeholder Engagement and Material Topics

Prioritized Material Topics

Huawei prioritizes the main issues that concern stakeholders according to stakeholder CSR questionnaires and the stakeholder survey conducted in 2011. The following matrix lists the CSR-related material issues according to Huawei's strategies and operations.



More information about how Huawei responds to material issues that are high-level concerns to stakeholders or are significant to Huawei's strategy can be found in the following sections of this report.

For information on product safety, refer to the "Safe Operations" section.

For information on green and eco-efficient products and energy use and climate changes, refer to the "Environmental Protection" section.

For information on ethical business practices, refer to the "Fair Operations" section.

For information on proper handling of electrical and electronic waste, refer to the "Environmental Protection" section.

For information on customer complaints and feedback and customer satisfaction management, refer to the "Stakeholder Communication" section.

For information on implementation of supply chain CSR strategies and policies, refer to the "Supply Chain CSR Management" section.

For information on training and career development as well as compensation and benefits, refer to the "Caring for Employees" section.

For information on technological innovations for social benefits, refer to the "Bridging the Digital Divide" section.

For information on IPR, refer to the "Fair Operations" section.

For information on employee health and safety, refer to the "Caring for Employees" section.

For information on development of ICT solutions for developing countries and regions, refer to the "Bridging the Digital Divide" section.

For information on safe operation practices and safety capacity building, refer to the "Safe Operations" section.

For information on raw materials management, refer to the "Environmental Protection" section.

For information on talent and community development and education and training for talent in developing countries and regions, refer to the "Social Contribution" section.

For information on capacity building of supplier CSR, refer to the "Supply Chain CSR Management" section.

For information on community development, refer to the "Social Contribution" section.

For information on standards setting and development, refer to the "Fair Operations" section.

For information on public policies, refer to the "Corporate Profile" and "Stakeholder Communication" sections.

For information on responses to other environmental problems, refer to the "Environmental Protection" section.



CSR Management System and **Performance in 2011**

- 4.1 Management of CSR Strategies
- 4.2 CSR Management System
- 4.3 Environment, Health & Safety Management System
- 4.4 Compliance Management System
- 4.5 Bridging the Digital Divide
- 4.6 Caring for Employees
- 4.7 Fair Operations
- 4.8 Environmental Protection
- 4.9 Social Contribution
- 4.10 Supply Chain CSR Management
- 4.11 Stakeholder Communication
- 4.12 Safety Operations



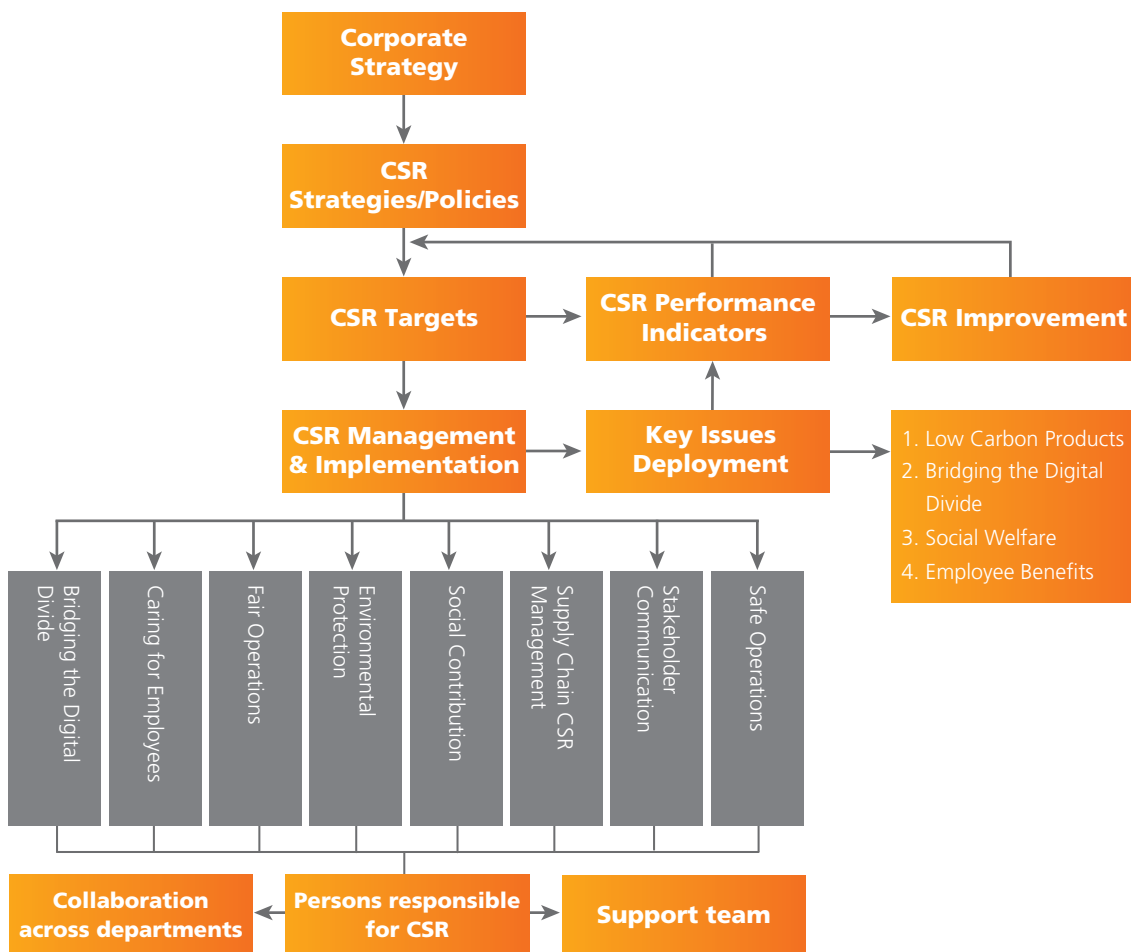


CSR Management System and Performance in 2011



Management of CSR Strategies

In 2011, Huawei aligned its eight CSR strategies with the 5-Year Strategic Plan (2011-2015), showing a firm commitment to CSR. CSR is not just a voluntary initiative, but an integral part of our business operations. This ensures that CSR strategies supplement and align with overall corporate strategy.



CSR Management System

CSR Management System and Performance in 2011



Plan

There is a Global Process Owner at the corporate level for each CSR strategy who oversees the direction and progress of their segments to ensure that the identified CSR targets are attained.

Do

Relevant business departments and responsible persons implement the eight CSR strategies.

Act

The CSR Committee analyzes the results of CSR strategy execution and develops plans to improve activities related to the eight CSR strategies.

Check

Select performance indicators to monitor CSR activities; perform internal reviews in all operational areas to ensure that the expected performance is achieved.

In accordance with the PDCA management model, Huawei has effectively identified CSR-related risks and established the corresponding goals, performance indicators, and management programs. These have been incorporated into operational processes using internal audits and other approaches to help discover new opportunities and identify areas for continuous improvements.

Based on the *ISO26000* standard, we established CSR risk assessment mechanisms and optimized the CSR management system in 2011.

Huawei's CSR management system has integrated *SA8000*, an environmental, health, and safety (EHS) management system, a compliance management system, and other related systems, and has been developed further based on the *ISO26000* standard.

SA8000

Huawei has established its CSR management system and implemented the corresponding labor policies, systems, and processes to align with *SA8000* requirements.

Huawei's Consumer BG initiated a social accountability management system in alignment with the *SA8000* framework at the end of 2011 with the goal of being certified in 2012.

Environment, Health & Safety Management System

The major activities for the EHS Management System (EHSMS) have been incorporated into the following CSR Strategies:

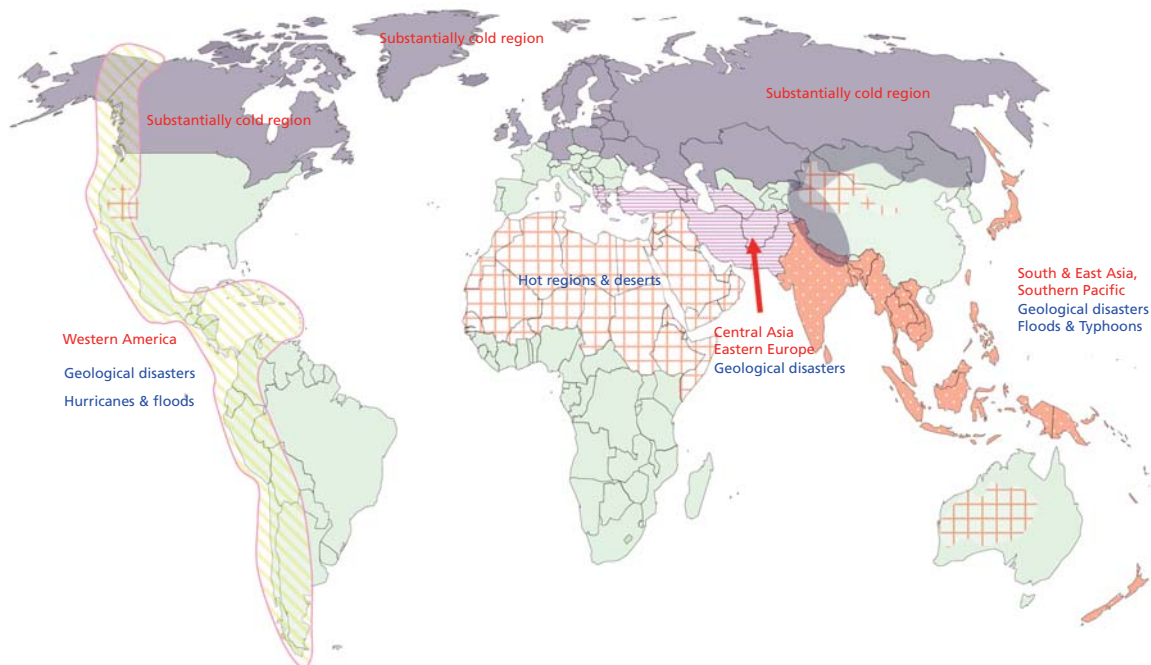
- Environmental Protection
- Caring for Employees
- Safe Operations

Huawei's EHSMS complies with the Environment Management System ISO 14001:2004 and the Occupational Health & Safety Management System Standard OHSAS 18001:2007. Huawei's EHSMS applies to all the regions we operate. These standards are applied to product design, development, manufacturing, sales, delivery, and service processes. The EHSMS in key regions has received the ISO 14001 and OHSAS 18001 certifications.

Huawei focuses its efforts on continuous EHS performance improvement by controlling global EHS risks and preventing environmental pollution accidents, work injuries, and other adverse incidents. In 2011, we implemented a number of EHS management improvement projects.

Global EHS Risk Assessment

To improve our capabilities in controlling global EHS risks, we launched an EHS risk assessment project in our representative offices worldwide in April 2011. We also set up a project team to develop EHS risk assessment tools for our representative offices. In August 2011, we completed the development of the assessment tools and deployed them across the company. In December 2011, we collected and analyzed data from more than 100 representative offices. The representative offices were graded on a scale of one through five for EHS risks. We determined that eight of our representative offices are located in high-risk areas. In 2012, we will develop and implement management strategies to fit different scenarios in each representative office according to the risk level assigned to each location. These differentiated approaches will help address the identified risks. The effectiveness of these strategies will be assessed as time passes.



Global EHS risk assessment tools – evaluation dimension (natural environment)

EHS Management Baselines

We established an EHS risk warning mechanism to oversee our overall EHSMS operations and assess the EHS performance and maturity of our overall operations. At the end of 2010, our EHS team set up an EHS Management Baseline Project Team, which divided core EHS services into modules. The team further defined the EHS baselines to align with laws, regulations, stakeholder expectations, EHS standards, and other requirements. We defined the EHS baseline standards and indicators and identified 30 key indicators in October 2011. We launched a trial deployment of the EHS baselines in December 2011. In 2012, we will promote EHS management baselines and maturity assessments at HQ.

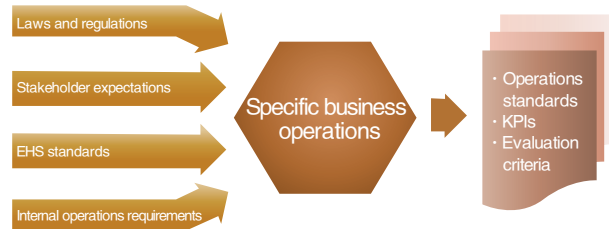


Chart illustrating the EHS management baselines

EHS Management Baseline:

An operations standard, KPI, or evaluation criterion that quantitatively or qualitatively evaluates a particular business to determine the EHS management level of that business.

Compliance Management System

Huawei's Compliance Management System (CMS) handles all legal disputes, improves dispute management, and establishes internal regulation and risk prevention mechanisms. The Legal Affairs Dept is responsible for the CMS. The CMS is aligned with the CSR strategy to ensure compliance issues related to CSR initiatives are properly handled to minimize negative impacts on the company's operations and image.

Potential Risk Management Procedure

For projects or activities that have potential legal risks, business departments that handle the projects or activities collaborate with the Legal Affairs Dept to identify and assess the risks. Based on the assessment results, the Legal Affairs Dept assists the related departments to develop risk prevention measures. Once in place, the related departments implement the risk prevention measures, monitor progress, and provide timely feedback to the Legal Affairs Dept.

Legal Dispute Resolution Procedure

If a legal dispute arises, the department involved provides the Legal Affairs Dept with detailed information on the dispute, the expected impact of the dispute on the business, and any potential actions that governmental bodies may take to handle the dispute. The Legal Affairs Dept then formulates an action plan to handle the dispute.

Action plans ensure that the issue is effectively solved and that similar issues will not reoccur.

Bridging the **Digital Divide**



- To enable more people to access information by providing customized ICT solutions
- To support and develop telecom networks at regional and national levels
- To nurture and support education in telecom technologies in underdeveloped regions



Through our “Bridging the Digital Divide” strategy, Huawei aims to better allocate information resources by developing effective communications networks in underdeveloped regions that would enable more people to have access to communications and information systems. To achieve this goal, Huawei is consistently expanding the coverage of communications networks in underdeveloped regions and providing training opportunities for local technicians and talent.

To sustain communication services and help bridge the digital divide, Huawei focuses its activities on three main elements: technology, funds, and knowledge transfer, which foster mutual support and improvement.

A Decreasing network costs through technological innovations and providing customized solutions to help carriers successfully operate in outlying areas

B Providing financing solutions for cash-strapped local governments and carriers to develop telecom networks

C Establishing training centers and launching joint teaching initiatives to develop local talent, transfer knowledge, and improve the ability of locals to build digital communities



Huawei aims to bridge the digital divide to ensure that communications and information services are equally accessible to everyone. – Quote from the Chairwoman

A Decreasing Network Costs Through Technological Innovations and Providing Customized Solutions to Help Carriers Successfully Operate in Outlying Areas

Case Study: The “Phone Lady” Initiative in Bangladesh

Background

In remote areas of countries like Bangladesh, a lack of information access means rural residents are unable to lead a more economically beneficial life. The “Phone Lady” initiative aims to resolve the Universal Access Service (UAS) issue to enable people in rural areas to easily communicate with relatives, friends, and trading partners.

Bridging the Digital Divide

Phone Lady Solution

Huawei partnered with the largest local carrier in Bangladesh, to initiate the Phone Lady project and establish Communication Information Centers (CICs) to provide UAS. The aim of the initiative is to increase the availability of telephone and information access services for residents in rural areas and enable them to benefit from economic and social success.

Through this initiative, the carrier engages a large number of local proprietors, most of whom are female, by arranging loans from the local bank for purchasing mobile phone devices and providing training on how to operate the service. The initiative has proven to be a great success in resolving the UAS issue in rural areas and has led to increased economic activities and facilitated overall communications.

The carrier and Huawei will further expand UAS to information services such as the Internet and related services.

CIC Initiative

The carrier organizes the local collective units and some proprietors to establish CICs that the proprietors independently own and operate. The CICs function as customer service centers that provide services such as pay phones, e-recharge, printing, scanning, copying, as well as notifications and news (including the price of farm products, government websites, and job information). As a result, people in remote areas are able to have better incomes, find jobs, get information on farm products, and increase the overall economic activity of the region.

Huawei's Participation

Huawei, as a strategic partner of the carrier, provides network support throughout the project's implementation. In addition to network equipment, Huawei actively customizes service features for the project. The entire network is integrated with green technology solutions, and the adoption of a green power solution offers coverage to rural areas with unreliable electrical power while also enabling the realization of sustainable business growth.

Impact and Benefits of the Phone Lady Initiative

The carrier gets good financial returns from mobile services and the "Phone Lady" initiative employs more than

28,000 proprietors, whose average income is three times higher than the per capita income in Bangladesh. The initiative employs people in rural areas and improves their livelihoods, and by providing access to communications and information services, it has also brought significant social benefits.

Case Study: The instant network brings you more survival opportunities

An instant network is a useful tool for bridging the digital divide. The network not only rapidly provides telecommunication services for developing countries and regions, but also plays a crucial role after a natural disaster happens.

Millions of people today suffer as a result of war or disaster, both natural and man-made. After a disaster strikes, in most cases, local communications are badly disrupted and there is a long delay in service restoration. This leads to more lives lost and a prolonged period of hardship. It is important that emergency rescue teams are able to quickly rebuild and recover communications networks. This helps them deliver messages to the outside world so that the emergency rescue teams can get food, water and medical assistance for the disaster victims. After the emergency rescue team has the communications networks up, victims can also communicate with their relatives to obtain information and seek help.



The “Instant Network” Solution

Huawei partnered with Customer V to launch the “Instant Network” solution in the Joint Innovation Center in Madrid, Spain, to create a super GSM network. The network provides advanced emergency communications services such as voice, text, and data, and can be rebuilt quickly in disaster-stricken areas. The instant network is a self-contained portable system weighing 100kg. It can be packed into three suitcases and taken anywhere in any commercial flight. No matter how complicated the disaster situation, the instant network can rebuild the local network within 40 minutes using satellite communications as a wireless backhaul to restore communications services and save more lives.

In May 2011, a team consisting of Huawei, Customer V, and Télécoms Sans Frontières, an NGO, joined together for a humanitarian mission in Barsaloi, a village in Kenya. Due to various factors, local residents had been unable to talk with their relatives for two years. After an instant network was set up, locals in an area with no network coverage could communicate with their relatives within two days.

Huawei also cooperated with governmental authorities and relief forces following a train crash simulation in Barcelona city center. Key emergency relief forces such as the fireman brigade, policemen, and Red Cross were involved and they used the instant network to provide mobile services.

The instant network is a major breakthrough in emergency communications, as it drastically reduces the response time during disasters and enables communications with remote areas that do not have mobile network coverage. This advanced technology has significantly changed people’s lives around the world.

B Providing Financing Solutions for Cash-strapped Local Governments and Carriers to Develop Telecom Networks
National Broadband Networks

The “Telephone for All” project (first promoted by the Maitland Commission more than two decades ago) has

achieved a certain amount of success. According to the latest report by the ITU Secretary-General, its objective has basically been achieved. The world’s top priority for the next twenty years will be to bridge the digital divide caused by national information networks (broadband) and make “Broadband Inclusion for All” a reality. However, constructing national broadband networks often requires a substantial investment, and both public and private sectors must work hard to achieve this goal.

National broadband networks (NBNs) can significantly boost a country’s competitiveness and can stimulate economic development, according to multiple studies. Statistics from the World Bank in 2009 show that in developing countries, NBNs can increase the gross domestic product (GDP) of a country by an additional 1.5%. Consequently, financing for NBNs has become an increasingly important element of governmental policy in various countries to stimulate the economy. These policies have played a key role in bridging the digital divide after the global economic crisis in 2008. Huawei has made efforts to facilitate financing and reduce initial costs through innovative solutions. Our all-encompassing products, services, and solutions allow us to be at the forefront of assisting a number of countries in the construction of NBNs.

| Developing Countries |
|---|
| Mobile broadband |
| Connectivity |
| Low cost and high coverage |
| Eliminating poverty, increasing employment, and improving education |
| Satisfying personal information needs |
| Bridging the digital divide |

NBN Requirements for Developing Countries

Huawei’s NBN solutions cater to different requirements of both developed and developing countries. For developing countries, the driving force lies in satisfying people’s communication needs and bridging the digital divide.

Bridging the Digital Divide

NBNs can transfer “connections” into social wealth and narrow the gap between developing and developed countries using the following applications:

| | | |
|----------------------|---|---|
| Communication | <ul style="list-style-type: none"> • VoIP • Telecommuting | <ul style="list-style-type: none"> • Videophone |
| Infotainment | <ul style="list-style-type: none"> • IPTV • VOD/PVR | <ul style="list-style-type: none"> • Multimedia Content • Online Gaming |
| Lifestyle | <ul style="list-style-type: none"> • Domestic Services • E-Government | <ul style="list-style-type: none"> • E-Education |
| Web 2.0+ | <ul style="list-style-type: none"> • P2P/BT • Virtual Reality | <ul style="list-style-type: none"> • Ajax • Other Non-IMS Services |

C Establishing Training Centers and Launching Joint Teaching Initiatives to Develop Local Talent, Transfer Knowledge, and Improve the Ability of Locals to Build Digital Communities

Below are some of the activities carried out by Huawei in 2011:

1. Donated equipment to the St. Petersburg State University of Telecommunications in Russia, set up a joint lab, and provided training for 250 college students annually.
2. Continued the ‘E-HOPE’ project in India.
3. Donated computers and office equipment to schools in developing areas of Northern Laos.
4. Set up a training center and established a foundation at the National Institute of Advanced Communications in Belarus to encourage and support talented college students.
5. Conducted the Huawei Undergraduate Work Experience Program for talented students from higher education institutes around the world.

Huawei provided and facilitated education opportunities and developed talent in developing countries and regions using communications services. Details are provided in the “Social Contribution” section.

Promoting the “Bridging the Digital Divide” Strategy

Huawei carried out the following activities in 2011:

- Sponsored the World Economic Forum to help it release the Network Readiness Index for promoting ICT development in developing countries.
- Delivered the key message on bridging the digital divide at the eG8 Summit and to the Broadband Commission for Digital Development.
- The “Phone Lady” initiative was recognized by the World Economic Forum and the Boston Consulting Group at the Davos World Economic Forum as a role model for bridging the digital divide.

Huawei's long-term effort has been to expand communications network coverage in developing countries and regions and provide training opportunities to local technical personnel. As a result, more people enjoy conveniences brought by communications, the distance between people has been shortened, and lives have been enriched through communications via terminal products, services, and solutions such as eCity.

Case study ▶

Let's simply share

In August 2011, Huawei Device launched "Let's simply share," the world's first branded concept for mobile Internet, to drive innovation in Huawei Device's brands and build a "Business to Person (B2P)" device brand centered on user experience. The CEO of Huawei Device said, "It is our unshaken belief that the real value of innovation is to help people enjoy a better life and bring people closer."

Cloud computing is sweeping the world, and Huawei has launched an industry-leading cloud services platform. Building on its fresh new concept of "Let's simply share," Huawei Device has launched two flagship products: the Vision phone and the MediaPad tablet. The aim is to draw people closer and enable consumers to enjoy new and enhanced mobile Internet capabilities.



Bridging the Digital Divide

Case study ▶

eCity Solution

Huawei provides the future-oriented eCity Solution with five products (Unified Communications, Cloud Contact Centers, Collaborative Conference, Telepresence, and Video Surveillance) and a government collaboration platform that is driven by cloud applications and carried by devices.

Huawei's eCity Vision



Huawei's eCity solutions are widely deployed:

Digital urban administration in Baiyin, Tianshui, and Jinchang in Gansu Province



Digital urban administration in the Xi'an high-tech zone



Digital urban administration in Xingtai and Cangzhou, Hebei Province



Digital city in Yanbian and Liaoyuan in Jilin Province
Digital Medical Care in Angola



Teleconference in the UK

Distance education in Uzbekistan

Digital urban administration in Anshun, Guizhou Province

Smart traffic in Bijie, Guizhou Province

Kelamayi – The safest city

Digital urban administration in Shihezi

Digital firefighting in Xingtai

Ecological smart Langfang

Cloud computing in Shanghai

Smart healthy Ningbo

Happy smart Shenzhen

Long-distance court in Hainan

National project in Nigeria



Digital Medical Care in Angola



Emergency police command system in Laos



National project in Cambodia



National project in Cuba



Huawei's eCity solutions are deployed in more than 50 cities worldwide.

Caring for **Employees**

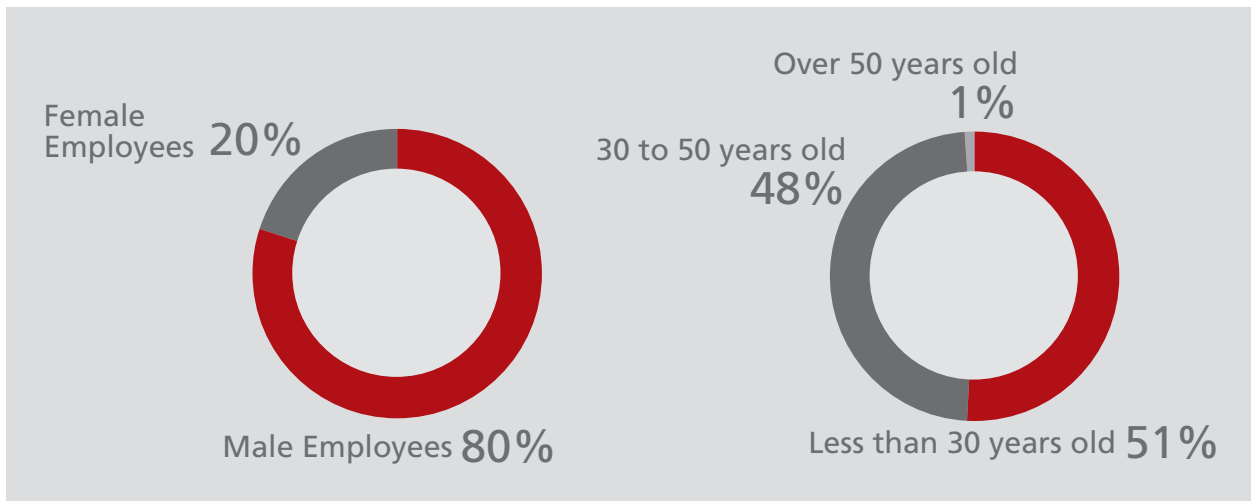


- To ensure employees' health and welfare
- To promote the individual value of employees
- To enhance the well-being of employees

Huawei focuses on enhancing employees' awareness of and compliance with ethics. We attach great importance to employee health and welfare by creating a sound work environment and climate. We also ensure that dedicated employees receive reasonable and timely rewards. As the company continues to grow, we care about our employees' career development by offering different paths for both international and local personnel to realize their own personal potential.

Total Number of Employees:

146,000+



| | |
|-----------------------|---------------|
| China | 79.81% |
| Other Asian Countries | 7.56% |
| Oceania | 0.21% |
| Africa | 2.85% |
| Europe | 4.92% |
| North America | 1.72% |
| South America | 2.93% |

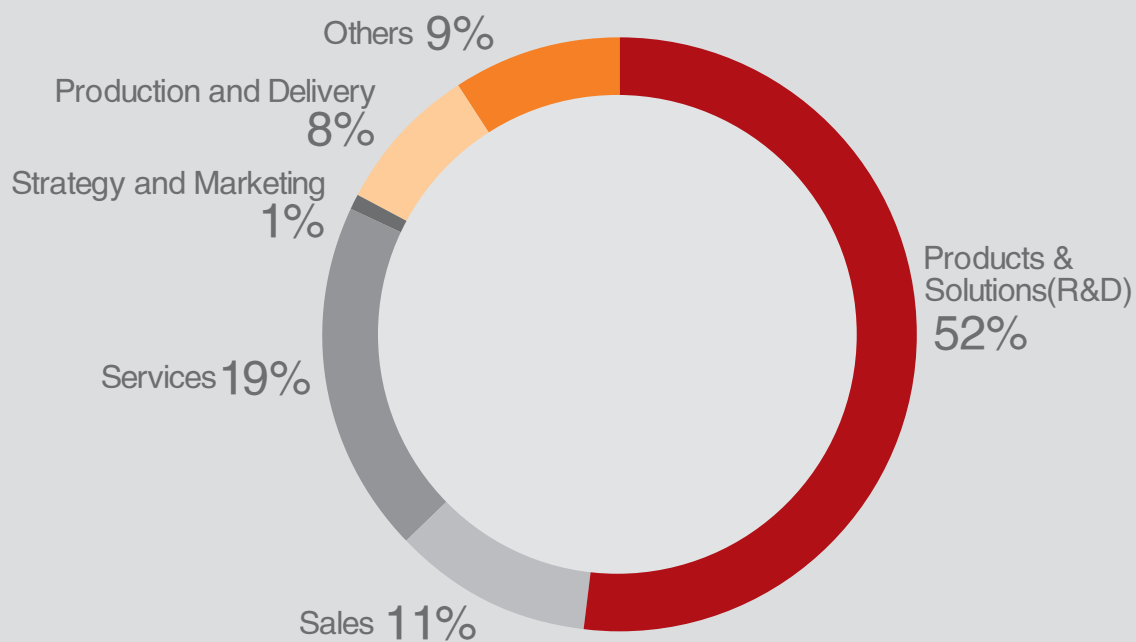
Huawei has operations in 155 countries around the world. The regional employee workforce breakdown is shown in the table on the left. Given this diversified and globalized employee population, Huawei wants to ensure that maximum benefits are brought to both the business and the employees.



Caring for Employees

Quote from an HR supervisor:

"Efficient and upbeat employees are our most valuable asset, without which Huawei could not have been able to achieve long term success. We will continue to adhere to our practice of employee care as it is a vital element of a progressive enterprise. We assess our level of employee care not only in terms of employee satisfaction with compensation packages but also through employees' perception of the company as one that truly cares about them."



Employee breakdown based on business fields

Non-discrimination

Huawei's policy of equal opportunity is reflected in our recruitment, promotion, compensation, and other aspects. Huawei stipulates that there should be no discrimination in terms of race, gender, region, nationality, age, pregnancy, or disability. In addition, we have established a policy for anti-discrimination and abide by the requirements of applicable laws in different locations.

Employee Compensation

While complying with the minimum wage requirements as stipulated by local laws, Huawei has established a competitive compensation system and a set of social security and welfare mechanisms for all employees. Under these systems, the compensation Huawei offers is not lower than the requirements of local policies, including mandatory social security insurance and additional welfare benefits. The bonus plan for Huawei employees closely relates to employee performance and is decided on a quarterly basis based on:

- Responsibilities undertaken by individual employees
- Work performance
- Completion of main projects

Huawei reviews the compensation scheme annually to ensure that the scheme is balanced in terms of competitiveness and costs.

Employee Benefits

Huawei has set up a complete employee benefits system, including additional commercial insurance benefits (listed below) beyond those stipulated by local laws, and has introduced a company-wide medical assistance plan for special circumstances:

| | |
|---|--|
| ① | Commercial Personal Accident Insurance |
| ② | Commercial Critical Illness Insurance |
| ③ | Commercial Life Insurance |
| ④ | Commercial Medical Insurance |
| ⑤ | Business Travel Insurance |

Huawei's Total Benefit Plan Cost for global employees in 2011: CNY 4.534 billion

Special Needs Employee Management Process

Huawei has established a Special Needs Employee Management Process which is used for managing female employees under "four special phases" and employees with certain physical disabilities. The management process is aimed at ensuring Huawei's compliance with applicable laws and regulations and protecting the health and rights and interests of employees in specific groups.

Caring for Employees

Overseas Local Employees

Huawei's strategy for local employees overseas:

- Selecting, deploying, developing, and retaining excellent local managers and employees
- Deepening local employees' understanding of Huawei's core values, policies, processes, and systems

The majority of Huawei's operations outside China are sales and retail-oriented activities. In 2012, Huawei will institute a local hiring policy that seeks to employ more local people in these regions who will be responsible for coordinating with local customers to ensure smooth communication and a thorough understanding of customer needs.

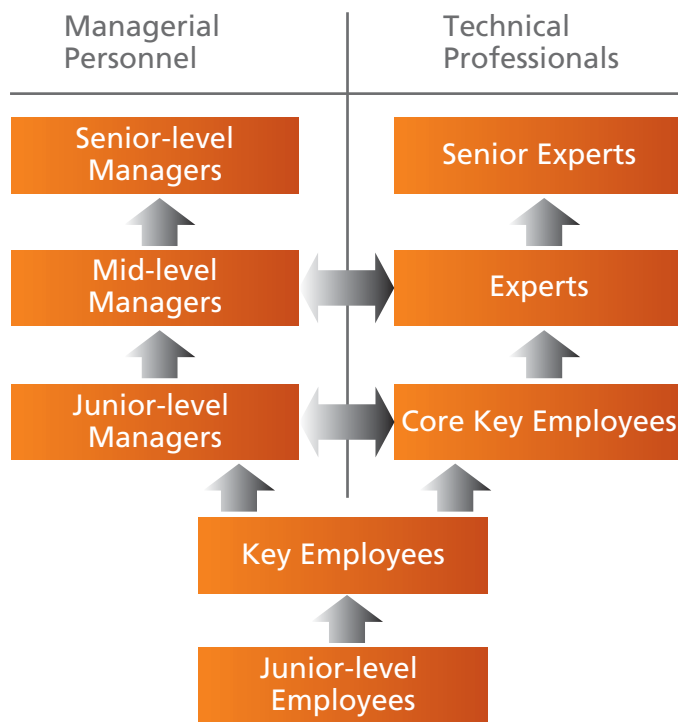
The percentage of local employees outside China is 72%.



Talent Management

100% of Huawei employees receive regular performance and career development reviews.

The following diagram shows the career development model for Huawei employees:



Huawei motivates employees to contribute to the company by publishing appointment notifications, clearly defining their career development paths, and designating their positions and responsibilities. We select managers who demonstrate high performance, solid adherence to moral principles, and outstanding leadership capabilities.

Case study ▶

Talent Development at Overseas Locations

Huawei awards employees according to their contributions and length of employment at Huawei. Huawei grants contribution service awards to local employees who hold important managerial positions in overseas representative offices or who work in key technical positions if these employees satisfy the requirements for job levels, length of employment, and performance.

Local Managers: Through in-depth interaction and communication between Chinese and non-Chinese trainees as well as between trainees and management teams, we help enhance mutual understanding, facilitate integration, improve local managers' understanding of the company's core values and the role of managers, and help them meet the requirements of their positions.

Local Key Employees: To motivate local key employees to perform outstandingly, we provide job rotation opportunities at Huawei headquarters to help them better understand company operations.

Local New Employees: We provide comprehensive on-the-job training for new employees and allocate tutors during their probation period to assist them with required skills and knowledge.

Caring for Employees

Building Employee Capabilities

We believe that the foundation for Huawei's progress is to build employee capabilities. Employee training is an important part of developing employee capabilities. Huawei provides employees with technical expertise and professional skills based on the business needs and individual characteristics of each position.

2011 Employee Training Highlights

| | |
|--|----------------|
| Total Participants in 2011 | 60,176 |
| Total Training Person-time in 2011 | 849,170 |
| Average Training Hours Per Employee in 2011 | 40.65 |

e-Learning Training

Huawei has instituted an e-Learning system to provide online interactive training to employees to build up their capabilities. More than 7,500 courses were provided and over 1.5 million participants used the e-Learning platform in 2011.

Huawei University

Huawei University supports Huawei's overall strategy. Currently, the most important mission of Huawei University is to disseminate Huawei's management philosophy, galvanize Huawei's corporate culture, train personnel for business and management, and help employees realize their potential. Huawei University focuses on key personnel, key abilities, leadership development, and the dissemination of corporate culture and core values through general training sessions, core learning and development programs, and cross-departmental professional skill development programs. These capability-building activities involve summarizing business cases and experiences, and provide business performance related workshops based on key case studies and strategic focus.

Employee Health

Overtime Management Policy

Huawei's overtime management policy specifies the overall requirements within the company. Employees follow a voluntary principle for working overtime, which shall be declared and approved. Overtime shall not exceed two hours a day generally or three hours a day under special circumstances. There shall be at least one day off duty per week. Huawei has introduced the following measures to ensure that the overtime policy is implemented:

1. Established the overtime management system for the manufacturing department where overtime is monitored through an IT platform and adjusted if too much overtime is planned.
2. Strengthened cross-skill employee training to help with manpower adjustments at peak times for different products by developing employees with skills for multiple positions
3. Carried out an overtime analysis which reviews abnormal overtime and performs an audit. The review results are circulated and the "Overtime Management Briefing" is prepared and released on a monthly basis

Stress Relief

Huawei requires managers and HR departments at all levels to focus on employees' physical and mental health. In May 2011, Huawei started a "Stress Relief" initiative in departments such as R&D and the Joint Committee of Regions. This initiative is aimed at helping employees recognize their stress levels and identify the sources of their stress. Through onsite team discussions and sharing, employees learn methods of stress relief. Through in-depth communication between managers and employees, we help create an open and upbeat team climate, strengthen mutual understanding and trust, and increase team cohesiveness.

By the end of December 2011, Huawei had organized 2,200 stress self-tests for over 63,460 employees. Health and safety materials were also distributed to increase employee awareness of "caring for oneself and others." We promote the "4x1" initiative (making a friend, participating in an activity, developing a hobby, and reading a good book) to help staff alleviate stress and improve their physical and mental health.

In 2011, the manufacturing department organized a “Healthy and Happy Work and Lives” seminar for frontline employees to promote healthy living and work. The seminar was attended by over 1,200 people. Along with experts on ethics and compliance and representatives from relevant departments and the local government, we carried out health education and staff psychological counseling activities to enable employees to practice a healthy living lifestyle. In addition, our courseware, Creating Happiness Through Dedication, has been well-received among employees.

Case study ▶

Employee Assistance Program

The Employee Assistance Program (EAP) is an initiative that requires managers at all levels to focus on the mental health of their employees and take precautionary measures whenever they notice unusual behavior.

Huawei worked with a reputable enterprise management consulting firm to conduct a series of EAP-related training programs for its employees from March 2011 through March 2012. The EAP consists of four trainings:

1. Identification of and Assistance for Psychological Crises
2. Fulfilling Work – Enhancing Mental Competencies
3. Energy Management – Being Efficient in Work and Life
4. Management of Generation Y Employees

Huawei employees appreciated the EAP program and acknowledged its benefits.

Medical Examinations and Disease Prevention

Huawei provides free medical examinations for its employees, including examinations for new employees, annual examinations for regular employees, occupational health examinations, and medical examinations for overseas employees. Huawei provides professional channels to interpret employees’ medical examination reports, track health problems found during the examinations, and provide guidance on how to handle health issues. Huawei also identifies positions that are exposed to occupational hazards according to regulatory requirements, standardizes the management of these positions, and arranges for staff to have occupational health examinations. As a result, no occupational diseases occurred in 2011.

| | |
|--|---------------|
| Medical examinations for new employees | 24,000 |
| Special health checks for overseas employees | 3,400 |
| Annual medical examinations for regular employees | 58,000 |
| Occupational health examinations | 3,400 |

Pictures of the company’s first-aid kits



First-aid kit for cars



First-aid kit for individuals



First-aid kit for cars



First-aid kit for offices

In 2011, Huawei continued to focus on the prevention of infectious diseases in areas where they are prevalent and promoted the implementation of travel health care systems across the globe. For employees working in areas where diseases are prevalent, disease prevention awareness and knowledge increased to 80% and 85% respectively, and the infection rate decreased by 10.2%. For cholera-affected areas in the Congo, dengue-affected locations in the Middle East, and flood-stricken areas in Thailand, Huawei provided employees with full medical support and guidance. Over the course of the year, Huawei provided 2,000 emergency medical first-aid kits for employees in 107 countries.

Fair Operations



Aim

- To ensure compliance with the legislation and national standards for fair and ethical practices in our business operations
- To comply with regulations for intellectual property rights

Huawei has established ethical compliance organizations to strengthen employees' legal awareness, integrity, and moral character. We have created a good environment for ethical compliance, which helps our employees consciously comply with laws and regulations as well as the company's ethical guidelines. We have put in place a supervisory mechanism that features "points, lines, and sites" to ensure that fairness and ethical behavior are incorporated into our business operations. During the process of producing and utilizing products and services, we ensure that we comply with intellectual property laws and regulations, grow together with our peers, and create a favorable environment for development.

Huawei firmly believes that operations should be based on business ethics. Huawei defines bribery, corruption, intellectual property violations, and other similar behavior as major risks in business. Any behavior that violates the rules for fair play will have a negative impact on the company. Therefore, Huawei has introduced procedures to incorporate anti-bribery and anti-corruption principles into its operations. The IPR risks Huawei is exposed to include protection of its own IPR and respecting other companies' IPR. Huawei will continue to adopt similar initiatives to ensure that the company complies with international intellectual property laws and regulations.

Huawei's Business Conduct Guidelines

Huawei's Business Conduct Guidelines (BCG) provides the foundational principles for our general business conduct, which we expect all employees to follow. The BCG was developed by analyzing situations that occurred in our company and the global environment in which we operate, as well as the regulations with which our employees must comply while conducting business activities. The BCG provides guidance and assistance for Huawei to comply with laws and ethical standards.

New Huawei employees are required to learn and sign the BCG. Each year, all employees are required to learn the BCG based on their specific positions, take online examinations, and sign a letter of commitment.

The business environment and the outside world are constantly changing, and new problems related to ethics and laws emerge every minute. We will constantly build upon our BCG as new issues emerge so that our BCG and specific business guidelines can address any new situation.

Huawei expects that its employees work with integrity and comply with the BCG. At Huawei, no fraud is tolerated. Every Huawei employee is required to:

- Have integrity when dealing with Huawei business activities and business relationships
- Comply with laws and regulations that apply to Huawei's business operations
- Protect and properly use Huawei's assets and respect others' intellectual property rights
- Safeguard the company's interests and properly handle the relationship between company interests and individual interests
- Respect differences and treat customers, suppliers, business partners, and employees from different cultures and religious beliefs fairly



Quote from management

"Every Huawei employee should comply with laws and ethical standards. This is an important means to ensure Huawei's long-term sustainable development. We feel it is our obligation to inform our employees of what is right and wrong when conducting business and ensure that they do the right things. The BCG makes clear the right direction for Huawei's compliance with laws and regulations as well as ethical standards, and also for Huawei's fair and ethical operations. The BCG is the cornerstone for our long-term success and development."

Fair Operations

BCG-related Topics

Internal Business Conduct

Prohibiting Discrimination or Harassment
Prohibiting Illegal Conduct
Prohibiting Alcoholic Beverages
Physical Assets
Protecting Huawei's Information and Communications Systems
Protecting Huawei's Proprietary Information
Protecting Huawei's Intellectual Property Rights
Recording, Reporting and Retaining of Information
Personal Information and Property

External Business Conduct

Authority to Make Company Commitments
Avoiding Misrepresentation
Dealing with Suppliers
Competing in the Marketplace
Terminating Business Relationships with Competitors
Relationships with Government Departments or Officials
Relationships with the Media, Judiciary Personnel and Other Stakeholders
Respecting Others' IPR

Personal Conduct

Avoiding Conflicts of Interest
Not Using Inside Information and Insider Trading
Community Activities
Personal Ethical Practices

Extracted from the Table of Contents of the Huawei Business Conduct Guidelines

Anti-corruption and Anti-bribery

Huawei believes that corrupt activities like bribery severely undermine the legal system, harm free and fair competition, and have negative effects on the development of society, the economy, and enterprises. Huawei believes that by employing an efficient and transparent anti-corruption and anti-bribery control system, it can win trust from its partners and customers to guarantee its sustainable development. Huawei strongly prohibits bribery in business situations. Huawei will abide by business ethics, perform all operations with integrity, adopt active and effective systems and measures, and oppose and prevent bribery and other corrupt activities. Huawei stresses that employees shall abide by all laws, and conduct themselves ethically at all times in business situations. The BCG and legal documents state that:

- Employees must not give or accept gifts or business amenities that exceed normal value
- Employees are strongly forbidden to perform illegal actions, such as bribery, in business situations
- Employees must comply with all government laws and regulations when conducting business

Huawei's policies on anti-corruption and anti-bribery include the following:

1. No use of bribery or illegal commission to obtain illegal interests or special treatment;
2. Comply with laws and regulations on gift giving in countries where we operate; no giving of money or precious gifts to managers or employees of the customers which may impact or may be suspected of impacting their relationship with Huawei; all gifts or customer receptions shall not influence or be suspected of influencing the decision making of related parties;
3. Any employee who has shown improper behavior such as taking or offering bribes shall be dismissed from Huawei. If any employee violates the law, the employee shall take legal responsibility.

In the second half of 2011, Huawei had videoconferences with Customer X, sharing experiences in anti-bribery and discussing prospects for future work in this field. Huawei plans to build a more complete anti-bribery system across the company and complete the signing of letters of commitments

by employees in key positions so as to more effectively manage their business conduct. In addition, Huawei will provide reliable channels for complaints about the improper behavior of Huawei employees.

Case study ▶

Anti-bribery & Anti-corruption Practices in Western Europe

In December 2011, Huawei established an anti-bribery committee in the Western European Region and appointed anti-bribery officers in countries where it operates, including the UK, Ireland, Germany, France, Spain, Portugal, Italy, Switzerland, the Netherlands, Belgium, and Luxembourg. All of Huawei's European subsidiaries released a series of anti-bribery systems and measures, including:

1. Letter of Commitment by Management
2. Anti-Bribery and Anti-Corruption Systems
3. Anti-Bribery and Anti-Corruption Code of Conduct
4. Gift Giving and Customer Reception Systems
5. Case Handling and Complaining Systems

Anti-monopoly

Huawei always adheres to business ethics, complies with international guidelines, and promotes fair play. We request that all our employees comply with our BCG while competing in the market.

Child Labor

Huawei abides by all applicable laws and regulations and prohibits child labor. A comprehensive system is in place during important processes such as recruitment and deployment to ensure that no child is employed. There has never been an instance of child labor in any of Huawei's operations.

Forced Labor

Huawei abides by all applicable laws and regulations and prohibits the use of forced labor. Huawei has instituted a detailed and reasonable system during operations such as recruitment, deployment, and termination of employment to ensure that no forced labor is ever used. There has never been an instance of forced labor in any of Huawei's operations.

Intellectual Property Rights

Huawei respects its own intellectual property and actively accumulates IPR in its core businesses. Huawei invests at least 10% of its sales revenue in R&D, of which 10% is invested in research, standards, patents, and new technologies. We adopt a standards patent strategy and actively take part in the development of international standards.

Huawei respects the IPR of other organizations, complies with international intellectual property rules, and resolves IPR issues through consultations, cross-licensing, and product cooperation. Huawei protects its own rights against malicious IPR violations by legal means. By the end of 2011, Huawei had:

- Participated in 123 international standards organizations, including ITU, 3GPP, IEEE, IETF, ETSI and OMA
- Held 180 positions in international standards organizations
- Submitted 23,000 qualified papers to international standards organizations

By the end of 2011, Huawei had filed for 47,322 patent applications worldwide, 23,522 of which were granted, with 10,978 being from overseas. Huawei also had 5,415 granted patents in the US, Europe, and other countries and regions, and had filed for 10,650 patent applications under the Patent Cooperation Treaty (PCT).

Environmental **Protection**



- To practice “Green Communications, Green Huawei, Green World” strategy
- To design and provide green solutions
- To respond actively to climate change by implementing energy conservation and emissions reduction measures



Environmental Protection Policy of "Green Communications, Green Huawei, Green World"

The ICT sector is an energy-intensive industry with further user growth and traffic growth leading to greater energy consumption. Huawei realizes the importance of providing energy-efficient solutions. To address this issue, Huawei has implemented the "Green Communications, Green Huawei, Green World" strategy in its operations, products, and services.

Huawei fully considers the need for environmental protection and evaluates its impact on the key areas of resource and energy consumption, greenhouse gas (GHG) emissions, and waste handling procedures for its products, services, and business activities. This understanding allows us to develop innovative solutions that minimize negative environmental effects and maximize our active influence in facilitating the development of a low-carbon economy. Additionally, Huawei hopes to spread our environmental protection practices, such as energy conservation and emissions reduction, throughout society to achieve the goal of "Green Communication, Green Huawei, and Green World."



Quote from management

Huawei is dedicated to provide leading green solutions to address challenges of global climate change. We help telecommunications carriers and other industries realize energy conservation and reduce emissions in order to create a green world. We continuously make efforts to manage emissions reduction of products in an end-to-end manner, promote the assessment of lifecycle carbon emissions, and make innovations in energy conservation and emissions reduction in products, technologies, and services. We also provide end-to-end green communications solutions to sustain environmental protection through our Green Base Station, Green Equipment Room, Green Transmission, and Green Energy solutions.

Environmental Protection



Energy

By establishing and implementing the key performance indicators (KPIs) of Unit Energy Consumption and Energy Conservation Quantity, Huawei has established and optimized an energy management system. Huawei's energy management system implements energy conservation and emissions reduction activities in infrastructure construction, property management, management of lab electricity use, and management of manufacturing energy consumption. Huawei focuses on improving energy utilization, makes plans for energy conservation renovation projects, and continuously improves the energy efficiency of office environments, including the central air-conditioning system, lighting system, and office and lab equipment. The power consumption of Huawei's global R&D equipment and production equipment is centralized in the research centers and production facilities in China, which together account for 91% of all Huawei employees in China and 68% of Huawei global employees. At Huawei representative and local offices, the major resources consumed are energy and water.

In 2011, the CO₂ emissions from our research centers and production facilities in China totaled 690,065 tons. This increase over 2010 emissions is due to two factors:

1. Increase of about 32% in the total number of employees in China;
2. Increase in the size of our R&D facilities in Nanjing, Shanghai, and Beijing, amounting to a total of 638,000 m², which requires greater amounts of power consumption, as well as natural gas for heating.

| Energy Name | Unit | 2009 | 2010 | 2011 | CO ₂ Emissions Factor |
|---------------------------|--------------------|---------|---------|---------|----------------------------------|
| Natural gas | 10 km ³ | 350 | 375 | 630 | 19.84 tons/10 km ³ |
| Gasoline | ton | 520 | 556 | 1,474 | 2.9848 tons/tons |
| Diesel | ton | 40 | 60 | 67 | 3.1605 tons/tons |
| Electricity | 10,000 kWh | 48,945 | 55,000 | 71,793 | See remarks for details |
| CO ₂ emissions | ton | 474,276 | 532,616 | 690,065 | – |

Remarks: 1. The electricity emissions factor is from "2011 Baseline Emission Factors for Regional Power Grids in China."
 2. The natural gas, diesel, and gasoline emissions factors are from "China Energy Statistical Yearbook 2007" and "2006 IPCC Guidelines for National Greenhouse Gas Inventories."



In 2011, Huawei's Shenzhen and Dongguan bases implemented energy conservation audits and strategies based on the 12th Five Year Energy Conservation Plan. The major production facilities in the China Region saved a total of 14.13 million kWh through management and technology.

Energy Conservation and Emissions Reduction

The energy consumption of the research center and manufacturing base in Huawei's China Region is primarily related to the power consumption of manufacturing, R&D equipment, central air-conditioning, and lighting systems; the diesel consumption of generators; the gas consumption of service cars; and the natural gas consumption of canteens and heating.

Huawei strictly implements regulations on air-conditioning and lighting for indoor heating, strictly controls environmental temperatures, adjusts the on-and-off time of its systems in a timely manner, and reduces the consumption of diesel and gas by maintaining generators and establishing fuel consumption per hundred kilometers for cars.

| Area | Energy Conservation Activities | Power Savings (kWh) |
|----------|---|---------------------|
| Shenzhen | <ul style="list-style-type: none"> Green Area Transformation Automatic Door Facility Air Curtain Machine Automatic Control Optimization of Basement Wind Machines Energy Conservation Renovation of Lighting Systems Wind Machine Optimization of the Cooling Tower | 1.28 million |
| Dongguan | <ul style="list-style-type: none"> Energy Conservation Renovation of Lighting Systems Wind Machine Optimization of the Clean Room Cooling Tower Optimization Water Chiller Optimization Elevator Optimization | 6.23 million |
| Nanjing | <ul style="list-style-type: none"> Automatic Control of Heaters Energy Conservation Renovation of Lighting Systems | 1.42 million |
| Shanghai | <ul style="list-style-type: none"> Energy Conservation Renovation of Lighting Systems Idle Equipment Power Off Refrigeration System Optimization | 4.5 million |
| Beijing | <ul style="list-style-type: none"> Energy Conservation Renovation of Lighting Systems | 0.7 million |

Environmental Protection

12th Five-Year (2011-2015) Energy Conservation and Emissions Reduction Plan

Target 40 million kWh of power savings by 2015

The following key projects under the Plan are being implemented at our main facilities at Shenzhen and Dongguan:

| Area | Energy Conservation Activities | Power Savings (10,000 kWh/year) |
|--------------------------|--|---------------------------------|
| Shenzhen Base | Use of active filters to handle harmonic. Optimization of the power supply and distribution system | 20 |
| | Renovation of energy-saving lights in indoor and outdoor lighting systems | 1,310 |
| | Frequency conversion of the chilled water system and technological improvements in the smart control system | 869 |
| | Improvement of the appraisal system for energy measurement, statistics, and quota | 528 |
| Dongguan Production Base | 4 million kWh solar powered, clean energy projects | 420 |
| | Optimization of temperature and humidity control systems of factories to reduce device load | 514 |
| | Project of improving energy conservation of humidifiers in factories | 79 |
| | Group control of wind machines for the process cooling tower and air-conditioning refrigeration tower (optimization) | 18 |
| | Renovation of energy-saving lights in indoor and outdoor lighting systems | 400 |
| | Air compressor energy conservation through joint control technology and waste heat utilization | 137 |
| | Replacement of obsolete equipment on the production line | 251 |
| | Efficiency improvement of SMT equipment and testing equipment through technical renovation and management optimization | 81 |

GHG Emissions

Case study ▶

Carbon Disclosure Project

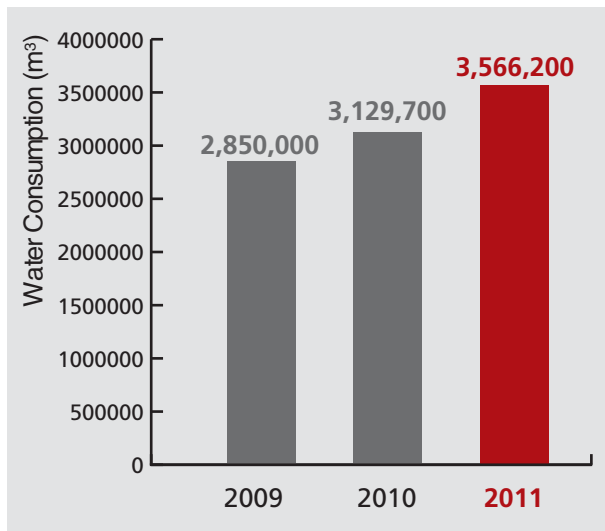
The Carbon Disclosure Project (CDP) is a joint initiative of the world's largest investors to promote dialogues between companies and investors based on high-quality information disclosure to help companies reasonably address climate change.

To address the challenges of climate change, Huawei established the CDP project team in September 2011 and established a GHG management mechanism and calculating method based on the ISO 14064 standard. Huawei identified risks and opportunities in climate change and measured and disclosed its 2011 corporate GHG emissions. Huawei continuously reduces any impact that may worsen climate change by implementing GHG emissions reduction measures.

Water Resources

Huawei is attentive to the protection of water resources and proper disposal of sewage. Our water consumption is mainly related to landscape maintenance, food service, cooling, and production activities. In the process of operations, we promote cleaner production technologies to reduce water consumption and implement water conservation measures, such as using recycled cooling water and purchasing reclaimed water for cleaning and landscape maintenance of the campus.

Huawei's production and domestic water is from the municipal water supply system, which has no negative impact on external water sources, such as surface water and groundwater. The figure below shows Huawei's water consumption data in China for the past three years.



Wastewater

Huawei's wastewater effluents are primarily domestic sewage. The results of the testing of wastewater generated at our Shenzhen, Dongguan, Beijing, Shanghai, and Nanjing bases are in compliance with national standards. The table on the right lists the monitoring results for wastewater effluents at our Dongguan manufacturing base:

| Contaminant Type | Effluent Concentration Achieved (mg/L) | Concentration Limits for Water Contaminants Specified by Guangdong Province (mg/L) |
|---------------------------|--|--|
| Suspended Solids | 33 | 400 |
| Chemical Oxygen Demand | 217 | 500 |
| Biological Oxygen Demand | 84.8 | 300 |
| Animal and Vegetable Oils | 3.1 | 100 |

Waste Gas

Huawei's waste gas emissions are primarily generator gas, fume exhaust in kitchens, and welding gas. Test results of waste gas emissions at our Shenzhen, Dongguan, Beijing, Shanghai, and Nanjing bases show that all waste gas emissions are in compliance with national standards. The table on the right lists the monitoring results for waste gas emissions at our Dongguan manufacturing base:

| Waste Gas Type | Emissions Concentration Achieved (mg/L) | Concentration Limits Specified by Guangdong Province (mg/L) |
|------------------------|---|---|
| Lead and Its Compounds | 0.07 | 0.7 |
| Tin and Its Compounds | 0.292 | 8.5 |
| Soot Emission | 1.12 | 2.0* |
| Particulate Matter | 49.2 | 120 |
| Sulfur Dioxide | 102 | 550 |

* Note: the soot emission limits with reference to the "cooking fume emission standards"

Environmental Protection

Waste

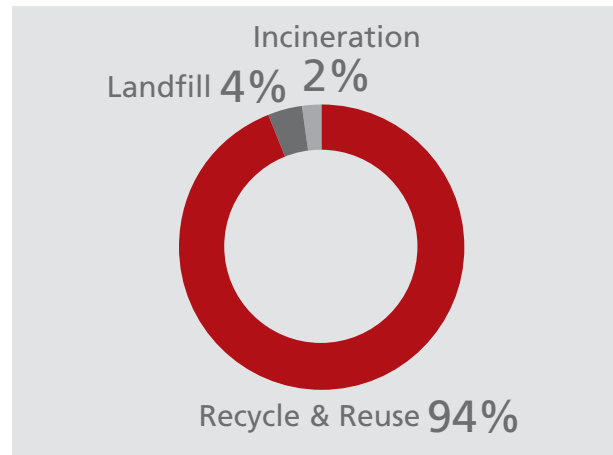
During normal operations, Huawei generates wastes, including recyclable solid waste, hazardous waste, and general solid waste.

In 2011, bases in China produced a total of 1,600 tons of solid waste, 630 tons of hazardous waste (where 400 tons of hazardous waste was reused), and 765 tons of administrative recyclable waste, excluding recyclable waste generated during the manufacturing process. To reduce the environmental impact, waste that cannot be recycled or reused is sent to qualified recycling companies for legal disposal in accordance with local regulations.

As a responsible enterprise, Huawei fully understands the need to effectively treat and manage electrical and electronic waste. According to the European Union (EU) Waste Electrical and Electronic Equipment Directive and waste regulations of all countries, we formulated a system for waste recycling to recycle, reuse, and dispose of scrapped products and materials.

Huawei established a waste scrap disposal center in Shenzhen and also jointly established regional scrap disposal platforms with waste service providers in Latin America, Europe, Africa, Asia Pacific, and China. This enabled us to provide one-stop services to disassemble and recycle waste from Huawei, and waste delegated by customers. This also enabled us to further facilitate the follow-up of waste treatment until the process is completed. We have successfully handled our waste in an environmentally friendly manner.

Product Waste and Waste During the Manufacturing Process



Ecological Benefits and Green Products Lifecycle Analysis

Huawei's Lifecycle Analysis (LCA) process assesses a product's entire lifecycle, from raw material procurement, parts manufacturing, product processing, transportation, and usage, to product waste and recycling. Using the LCA, we can determine the impact of each phase of the product's life cycle on climate change and other aspects of the environment. We can identify key influencing factors, from which we can take measures to reduce our overall environmental impact. In 2010, Huawei developed a quick lifecycle assessment (Quick-LCA) tool for products, based on the product environment database, to ensure LCA assessment and continuous improvement of products. In 2011, Huawei conducted an LCA for 35 types of products covering the range of our main products with the help of the Quick-LCA tool. We focus on our LCA initiatives in the following areas:

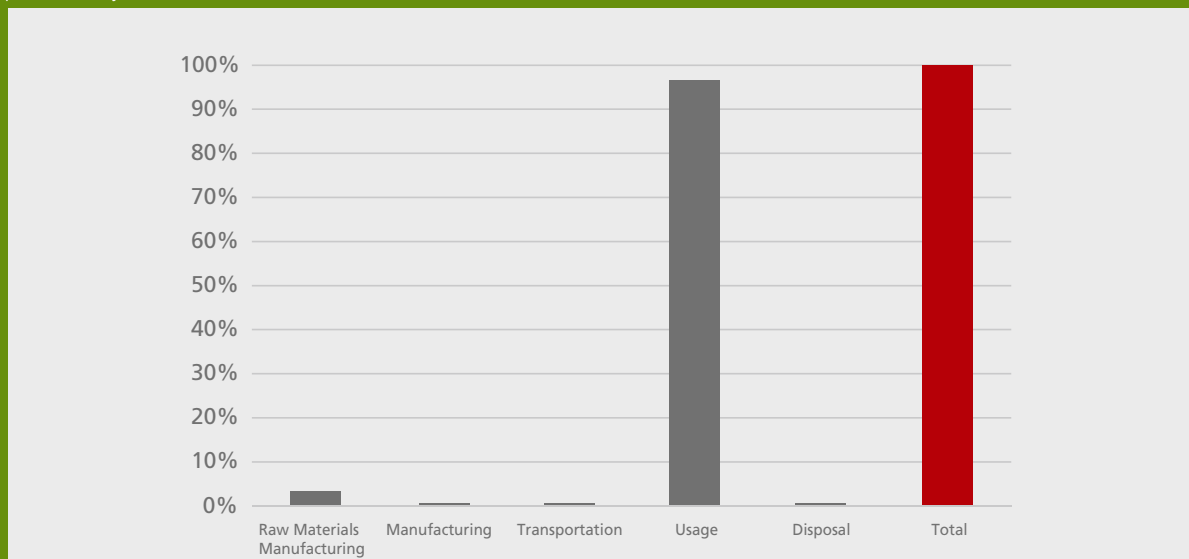
| | |
|-----------------|--|
| Internal | <ul style="list-style-type: none"> Continuously enhance energy efficiency of products Provide innovative energy conservation solutions to serve customers better |
| External | <ul style="list-style-type: none"> Control environmental impact together with suppliers and customers during product development and delivery processes |

| Stages in a Product's Lifecycle | Initiatives to Reduce Environmental Impact |
|---------------------------------|---|
| Green R&D | <ul style="list-style-type: none"> ■ Energy-saving product design ■ Energy-saving chip design ■ Alternative energy research |
| Green Production | <ul style="list-style-type: none"> ■ Air-conditioning energy conservation ■ Reasonable lighting system ■ Automatic logistics center ■ Escalator energy conservation |
| Green Delivery | <ul style="list-style-type: none"> ■ Reusable packaging ■ Electronic information and B2B cooperation ■ Simplified internal and external packaging standard |
| Green Operation | <ul style="list-style-type: none"> ■ Network optimization ■ Improvement of hardware and software energy efficiency ■ Introduction of green energy |
| Green Recycle | <ul style="list-style-type: none"> ■ Cooperation with authorized recycling companies in regions where we operate |



Case study ▶

Carbon Footprint Assessment for Enterprise Network Switches. The usage stage accounts for 96% of the carbon footprint throughout the product lifecycle.



Environmental Protection

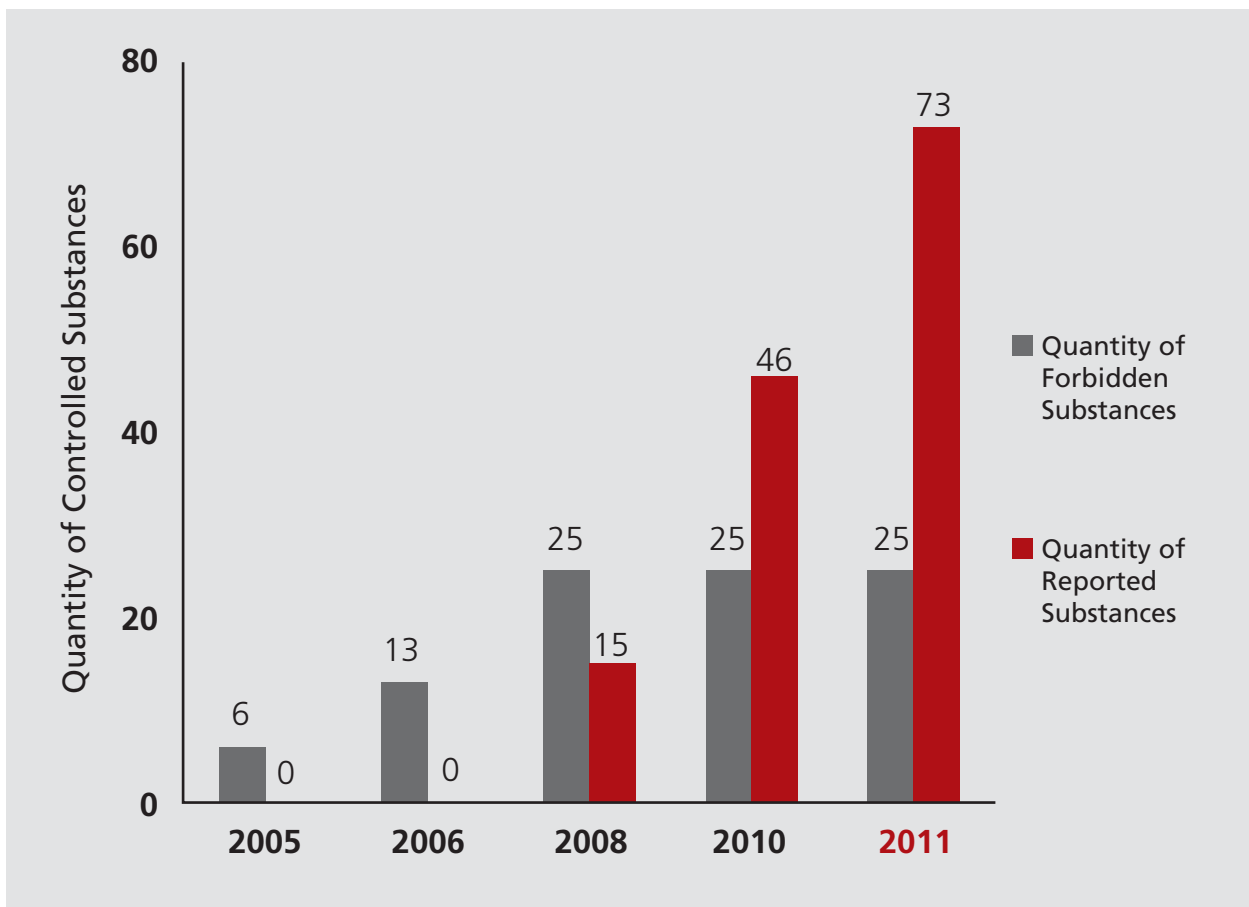
Raw Materials Management

Huawei complies with all product-related global environmental laws and regulations for the control of chemical substances. We have developed the Huawei Substance List to mandate requirements for the control of chemical substances in materials during the manufacturing of parts and products. We actively seek substitutes to continuously reduce the use of hazardous chemicals.

In 2011, the global community urged stricter, standardized controls on toxic and hazardous substances. These efforts included the following:

- EU Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) Regulation increased the categories of reported substances to 73
- The EU updated the Restriction of Hazardous Substances (RoHS) Directive and released RoHS2.0, which will be put into force on January 3, 2013
- India and Vietnam also released new regulations on controlling toxic and hazardous substances

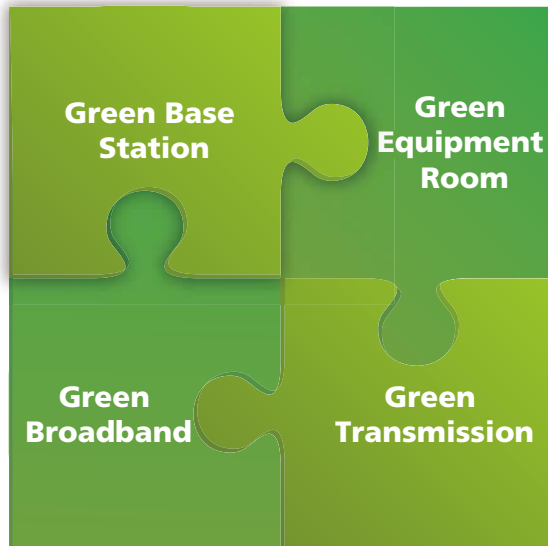
Anticipating the changes to these regulations, we updated our policy regarding hazardous substance control and included the policy in our commitment, to ensure that Huawei's green products always comply with the regulations.



Trend of the Quantity of Huawei's Controlled Substances



Huawei Energy Efficiency Solutions



Huawei provides energy efficient products, services, and solutions for telecommunications carriers through the following four measures:

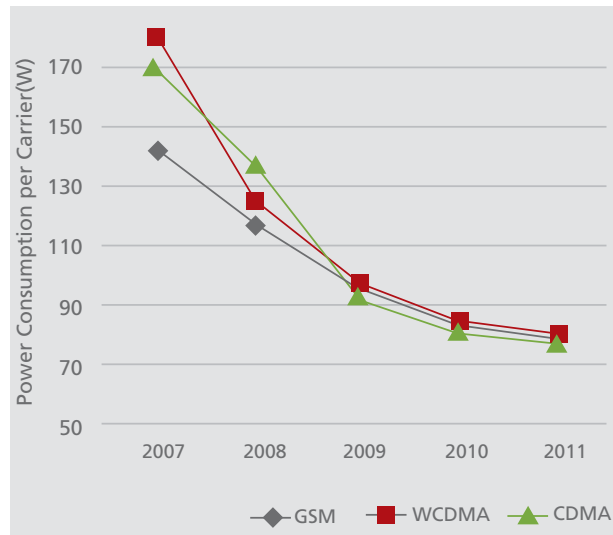
- Green Base Station
- Green Equipment Room
- Green Broadband
- Green Transmission

| | Energy Efficiency Challenges | Huawei's Solutions |
|-----------------------------|---|--|
| Green Base Station | <ul style="list-style-type: none"> • High energy consumption of the Base Station Transceiver due to low equipment density and traditional software • High energy consumption of cooling systems | <ul style="list-style-type: none"> • Efficient broadband multi-mode base station, efficient MCPA technology and energy conservation features • Create a distributed architecture for cooling systems to reduce energy consumption |
| Green Equipment Room | <ul style="list-style-type: none"> • Ineffective energy management due to complex traditional network components, resulting in high energy consumption • High energy consumption of traditional servers | <ul style="list-style-type: none"> • Reduce the number of network components through measures such as ALL IP and the mobile switching center (MSC) Pool • Replace traditional servers with efficient servers • Implement thermal management to improve equipment room efficiency |
| Green Transmission | <ul style="list-style-type: none"> • High energy consumption due to the low efficiency of traditional transmission networks • Low energy efficiency of network components | <ul style="list-style-type: none"> • Implement automatically switched optical network (ASON) intelligent networks to improve network efficiency • Create intelligent bypass systems to improve router efficiency • Enable creative unified distribution mode to improve the energy efficiency of network components |
| Green Broadband | <ul style="list-style-type: none"> • Transforming networks to be energy efficient • High energy consumption of equipment • High energy consumption of cooling equipment | <ul style="list-style-type: none"> • Create a next generation network transformation solution • Implement intelligent loop design, system on a chip (SoC), and non-fan multi-dwelling units • Enable underground cooling |

Environmental Protection

Green Base Station

Our research has shown that carbon emissions occur mostly in products used for base stations in mobile networks and broadband access in fixed networks. Based on our analysis of our customers' energy consumption, we are focusing on the need for a more energy-efficient design of our networks: primarily our access network, core equipment room, and transport network. In 2011, Huawei reduced its power consumption by implementing various measures and developing energy-conservation soft features during the operation of its base station. The reduction in our power consumption has also led to a reduction in carbon dioxide emissions and air pollution.



Power Consumption Trend of Wireless Access Equipment

Green Broadband

According to Huawei's research, most energy consumption occurs during narrow and broadband access, which accounts for over 50% of our total energy consumption. This is where we primarily focus our energy conservation activities in fixed networks.

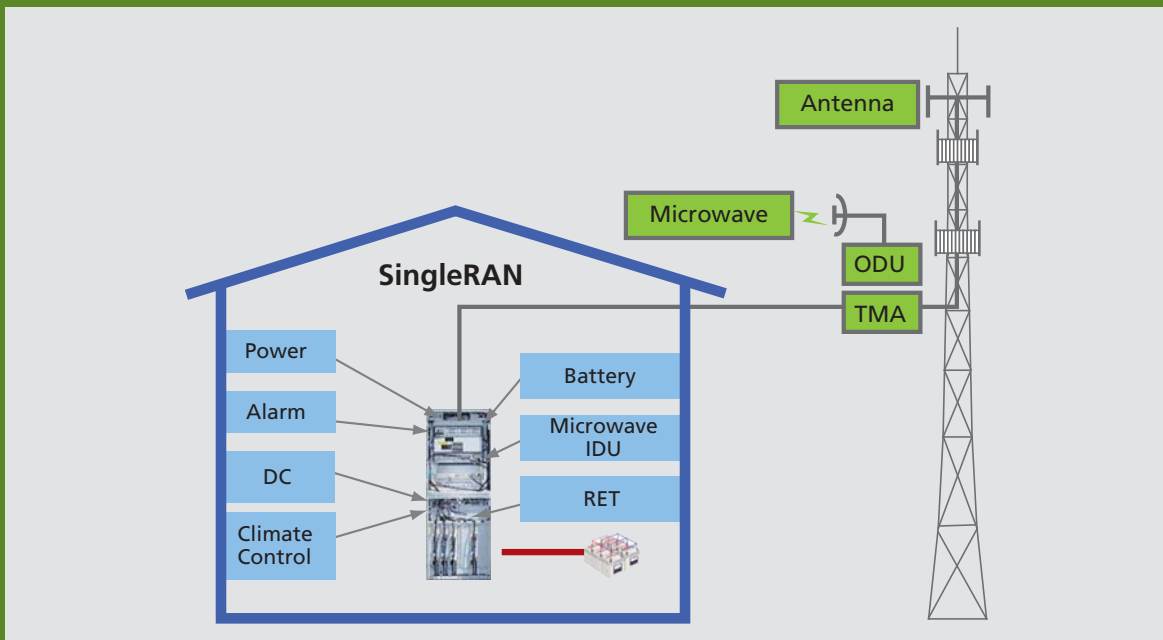
Based on a green design, whose goal was to "produce less heat, improve heat dissipation, and enhance heat resistance," in 2011, the green broadband network with millions of nodes has the capacity to save over 200 million kWh of electric power annually. This savings is equivalent to the annual power consumption of 250,000 Chinese families. In the next three years, Huawei's access network user ports will cut energy consumption by 30% (700 million kWh) and reduce carbon dioxide emissions by approximately 5.9 million tons.

In the next three years, Huawei's access network user ports will cut energy consumption by **30%**



Case study ▶

SingleRAN Solution for Green Base Stations



Schematic Diagram of SingleRAN technology

Huawei has developed SingleRAN radio access network technology, an innovative solution that allows mobile telecom carriers to support multiple mobile communications standards and wireless telephone services on a single network. This solution allows telecom carriers to deploy a single infrastructure rather than the traditional multiple infrastructures that are commonly deployed for different mobile communications standards.

Telecom carriers can significantly reduce energy consumption using SingleRAN technology, which offers fewer cabinets, causes no combination loss, and shares its cooling system and transmission, contributing to:

- Floor area savings of up to **66%**
- Energy conservation of up to **50%**

SingleRAN



=

Traditional Technology



GSM

+



UMTS

+



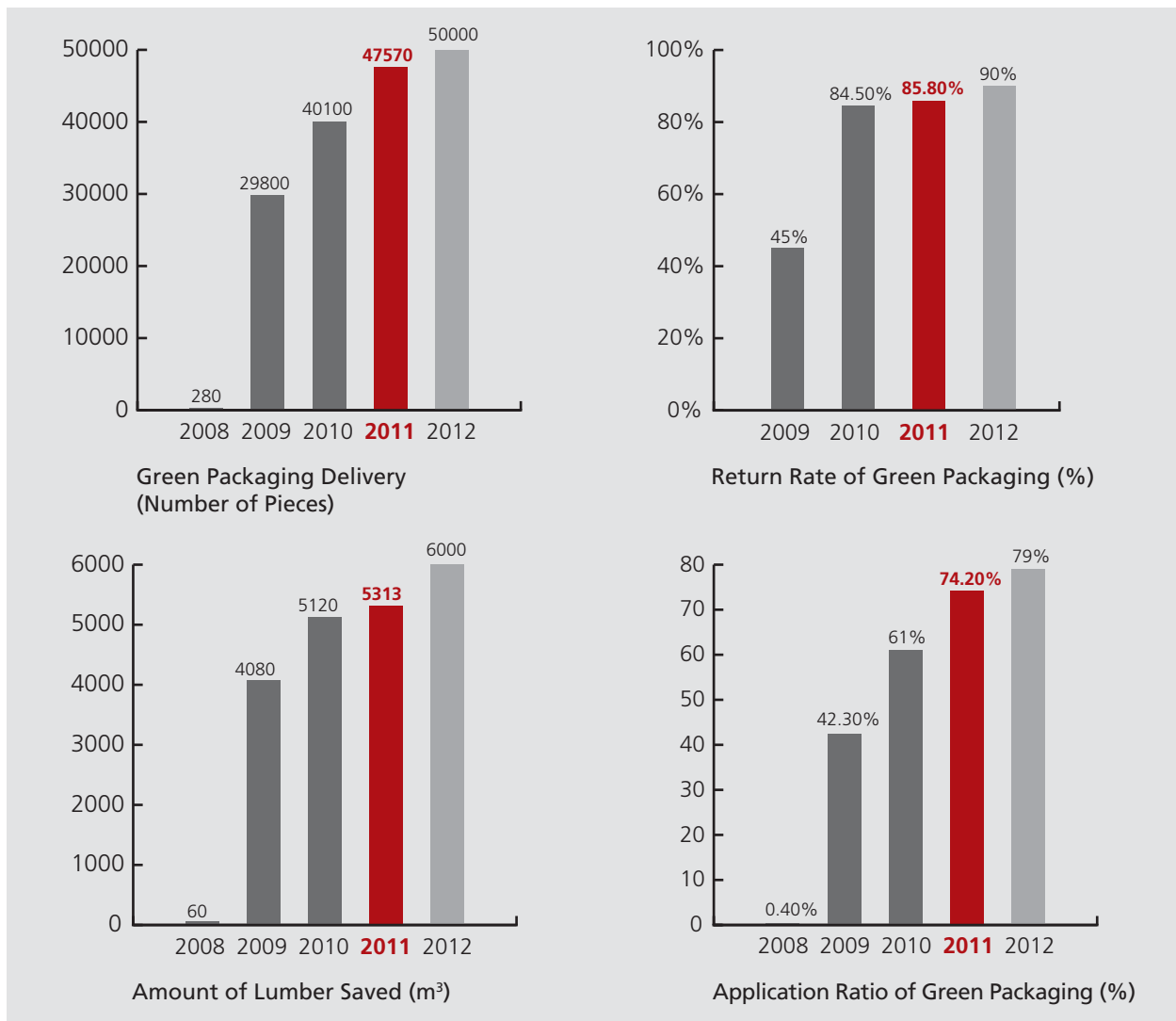
LTE

Environmental Protection

Green Packaging

Huawei has developed a green “6R1D” packaging strategy based on right packaging, which means that packaging is designed to be reduced, returned, reused, recycled, and recovered, and is degradable. The 6R1D packaging strategy also allows for the systematic development, application, and promotion of key green packaging solutions, such as circulation racks, turnover trays, and turnover boxes.

In 2011, Huawei delivered 47,600 pieces of green packaging, which reduced the consumption of trees by 5,300m³, and lowered CO₂ emissions by 13,000 tons. Of the packaging used for major equipment, 79% was green packaging, and 85.8% of all packaging was recycled.



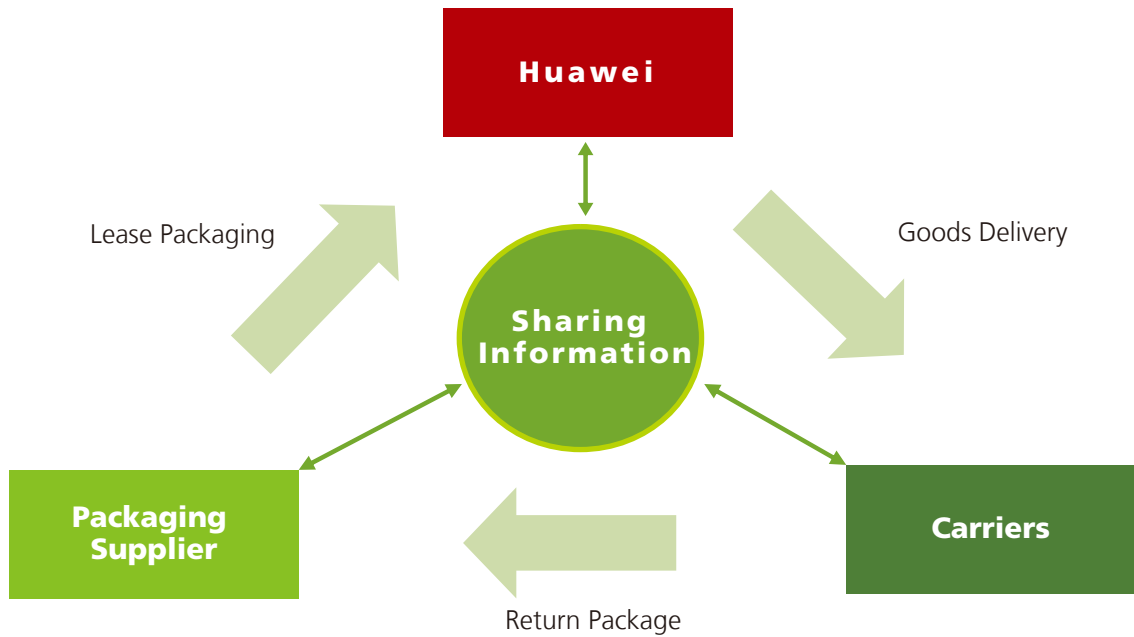
* 2012 data are estimated targets

By reducing the weight and size of packaging, Huawei has reduced the use of materials and the overall cost of transportation. We are also continuously improving and extending the recycling rate of materials. In 2011, metal circulation racks and metal turnover trays were widely used in China region.

Huawei is dedicated to continuously simplifying its packaging; removing excess packaging; and researching, developing, and using packaging made of paper, plastic, and metal rather than wood. In 2011, we developed plastic turnover boxes and trays for wireless products, which raised Huawei's green packaging rating to the customer's highest CM3A grade.

According to the requirements of the National Ministry of Industry and Information Technology, Huawei, along with its customers and packaging suppliers, established a three-party circulation sharing system. This system simplifies logistics management, improves the reuse rate of packaging materials, and increases the environmental protection benefits for all parties involved. We are continuing to work on the widespread implementation of this model.

In the future, Huawei will apply the key points of energy conservation and emissions reduction to its integrated supply chain and logistics activities. The continued and growing use of green packaging and logistics will create increased economic and social benefits and promote Huawei as a green industry brand with an environmentally friendly industry chain.



| | |
|-----------------------------|--|
| Carriers | Conserve energy, reduce emissions, and deliver service fees for returning packages to packaging suppliers |
| Huawei | Pay for package leasing, simplify logistics management, and reduce recovery and transportation costs |
| Packaging Supplier | Gain economic and social benefits |
| Society and the Environment | Improve the reuse rate of packaging materials and increase the environmental benefits of energy conservation and emissions reduction |

Green Packaging Model of the Three-Party Circulation Sharing System

Environmental Protection

Case study ▶

Project Delivery of Environmental Protection

Huawei fully considers the environmental impact of constructing its base stations and clearly defines environmental protection requirements in the contracts it signs with engineering subcontractors. In addition, Huawei base station management personnel check the environmental protection status during the construction of these base stations. The results of these checks are one of the criteria for appraising the performance of engineering subcontractors.

During construction, environmental protection requirements include the following:

- Site acquisition: Sites should not be constructed on lands where wildlife migrates or gathers. The ecosystem, such as lakes, rivers, mountainous regions, and agricultural lands, along with archaeological, cultural, and historical relics, must not be damaged.
- Site design: If towers are constructed in scenic spots, the towers must be integrated with the environment – landscape towers. Moreover, they must promote energy-conserving designs. Refer to the chapters about green base stations for details.
- Site construction:
 - ✓ Construction near residential areas will not take place at night.
 - ✓ After the construction is complete, trash and debris will be disposed of in a timely manner and scrapped equipment will be recycled. Waste containing hazardous substances (like batteries) will be sent to qualified local recycling companies.
 - ✓ After the construction is complete, the ground's surface will be filled and recovered.



Base station equipped with a solar power system



Green Logistics

Huawei has attached increasing importance to reducing greenhouse gas emissions when transporting products over long distances. Huawei not only reduces costs and energy consumption, but also actively addresses climate change using green logistics.

As a result of the continuous growth in its overseas business, Huawei has focused on the direct shipment of goods, increasing the proportion of local procurement, and reducing the logistics cycle and transportation distances. In 2011, the volume of materials that were directly shipped was 40,000 m³.

Huawei is actively increasing the coverage of its overseas supply centers to significantly reduce the transportation cycle and its associated costs. In 2011, the proportion of supplies shipped from these overseas centers increased from 7.1% in 2010 to 11.4%, based on the cost of materials.

Huawei has continued to reduce the percentage of global transportation through air transport. The percentage of products transported by air dropped from 19.3% in 2010 to 14.6% in 2011. Specific instances of reduced products transported by air are in Latin America, where the percentage of products shipped by air was reduced from 34% to 27%, and Africa, where the percentage of products transported by air was reduced from 33% to 15%.



Social Contribution



- To be a responsible corporate citizen
- To contribute to the development of the communities where we operate
- To contribute to positive economic, environmental, and social changes



Huawei believes that the power of information and communication can transcend the boundary of economies, society, and regions. We are committed to popularizing communications technologies, increasing educational opportunities, and developing ICT talent. We actively join our partners, promote sustainable development, contribute to local communities, and enrich life through communication.



Quote from management

As an international and global company, we pay attention to our joint development with the community. As a responsible citizen of the community, we are committed to creating value for the community by contributing to its harmony and prosperity.



Social Contribution

An overview of Huawei's major social activities in 2011

Canada

Huawei sponsored a charity event held in Toronto and donated money to the local mental health center

The US

1. Huawei donated to Children's Medical Center at Legacy in Plano to improve community medical services
2. Huawei supported the charitable activities of the North Texas Food Bank through donations and employee volunteering

Venezuela

Huawei worked with local charities CAJA MAGICA to visit children in poor areas and donated toys

Colombia

Huawei donated money to Colombia to support the government's efforts in dealing with the floods

The UK

1. Huawei launched the undergraduate work experience program for the students from Royal Holloway University and the University of Southampton
2. Huawei organized a Prince's Charities Foundation concert in the UK and donated the money raised to the Prince's Charities Foundation

France

1. A Chinese Spring Festival Concert was held locally to promote cross-cultural communication
2. Huawei started the work experience training program for excellent students from the Ecole Polytechnique which enables them to do an internship in Huawei

Italy

Huawei sponsored the China Disabled Art performance in Rome and promoted cross-cultural exchanges between the two countries

Morocco

Huawei launched a network technology institute to promote IP technology and develop ICT talent by cooperating with the State University of Posts and Telecommunications in Morocco

Ghana

1. Huawei donated a complete package of facilities to help the university of Cape Coast to build a new ICT laboratory, provided training courses, and developed ICT talent for local enterprises, research institutes, and government
2. Huawei donated some equipment to the local hospital to improve medical conditions and healthcare technologies

Nigeria

Huawei worked with the Nigeria Charity Foundation organizations to organize the "Happy Children's Day" initiative in Nigeria's capital, Abuja

Guinea

Huawei Guinea contributed to the Guinean Government's policy on "Youngsters Employment", donated telephone booths and tools for repairing mobile phones, and provided training to create job opportunities for young people

Mali

Huawei cared for women and children of the community and donated to the local foundation for women and children

Kenya

Huawei donated money to the Kenya Red Cross Society for relief of the biggest drought in 60 years as part of the "Kenyan for Kenya" initiative

CSR Management System and Performance in 2011



Poland

Huawei got involved in fundraising to support youth education and called on volunteers to take care of orphans and the poor

Hungary

Huawei cooperated with Hungary's Economics University and Technology University and provided scholarships to the students

Latvia

Huawei donated telepresence systems to improve medical services

Belarus

Huawei set up a training center in the National Institute of Advanced Communication (VGKS) in Belarus and is going to establish a fund to encourage and support excellent students

Russia

Huawei donated communications equipment to Russia's St. Petersburg State University of Telecommunications

Kazakhstan

Huawei provided scholarships to Kazakhstan International IT University to develop local ICT talent

China

1. Huawei cooperated with 45 universities in China and went on providing scholarships and faculty fellowships to support educational development
2. Huawei donated money for the earthquake-stricken area of Yingjiang, Yunnan
3. Huawei supported the "Care Association" for charitable activities

Japan

Huawei employees offered their assistance to the disaster relief in response to the earthquake and tsunami by deploying equipment and emergency solutions to help restore communication networks at the earliest possible time

Thailand

Huawei contributed money, goods, and equipment to assist the Thai government in resolving the flood situation in many regions

Malaysia

Huawei launched a program to develop and train 10,000 ICT professionals in cooperation with the government of Malaysia over the next five years

India

Huawei continued the E-Hope initiative to enable students from underdeveloped regions to get equal access to the latest information and knowledge

Laos

Huawei donated computers and office facilities to the Lao government to improve the level of school conditions of the northern developing regions

Indonesia

The STEI/ITB/Huawei datacom IP advanced training center was completed and inaugurated as a technical development base oriented toward school and society, and was dedicated to the development of local communications talent

Cambodia

1. Huawei donated money to the Cambodian Red Cross to support educational development of the community and assist the poor
2. Huawei donated some equipment and materials to the Cambodian government for rebuilding after the flood

Australia

Huawei sponsored local foundations committed to cancer prevention and research to support local community healthcare careers

Social Contribution



Our global social activities focus on:

- **Bridging the digital divide**
- **Creating opportunities through education**
- **Promoting environmental sustainability**
- **Contributing to local communities**

In 2011, we fulfilled our commitments to local communities by implementing various social projects.

1. Bridging the Digital Divide

Huawei is dedicated to enriching life through communication. In 2011, we improved information access in developing countries and remote areas and developed ICT talent through our social projects aimed at leveraging the enormous potential of communications technologies to bridge the digital divide.

Aims of Bridging the Digital Divide

To improve information access in developing countries and remote areas.

To donate communications equipment to educational institutions or NGOs to support the local development of ICT education or provide communications services to developing countries and remote areas.

To cooperate with internationally accredited organizations or institutions to research solutions to expand network communication services in developing countries and remote areas.

To sponsor programs that are designed to bridge the digital divide.

Case study ▶

“Telecom Seeds for the Future” project:

To narrow the gap between the knowledge learnt at school by ICT students and the current state of the industry, and to support local ICT talent, Huawei continued to implement the “Telecom Seeds for the Future” project in 2011 by cooperating with ICT colleges to offer scholarships and to implement training programs. As an important part of the project, Huawei cooperated with universities and educational institutions in many countries to establish the Huawei Authorized Network Academy (HANA). It provides training programs in IP and optical transmission for both teachers and students and with career certifications. Huawei will continue to globally promote the Telecom Seeds for the Future project throughout 2012.



Indonesia

Huawei worked with Bandung Institute of Technology (ITB) to establish HANA dedicated to promoting ICT talent. An STEI/ITB/Huawei datacom IP advanced training center was launched in April 2011 to serve as a technical development base for students, employees, third-party partners, and end users. Through this program, 500 excellent technical professionals will be trained each year.

Malaysia

Huawei worked with the Malaysian government to establish HANA. Huawei will collaborate with Multimedia Development Corporation (MDeC) and Dream Catcher Consulting over the next five years to set up a global training and professional testing facility to promote Huawei engineers' certifications along with the Malaysian government. Datacom engineers' certification will be promoted first.

Kenya

Huawei cooperated with the telecommunications carrier S and three local universities (Moi, JKUAT, and Nairobi Universities) to help engineering students in Kenya master the latest communications skills to meet current industry needs. "The facets of technology keep changing every day, and for students to remain competitive in the job market or in their own entrepreneurial endeavors – they require modern training. Thanks to Huawei for making this possible," said Dr. Bitange Ndemo, PS Ministry of Information and Communications, Kenya.

Morocco

On June 27, 2011, Huawei established HANA in cooperation with the National Institute of Post and Telecommunications (INPT) in Morocco, as the first HANA project in North Africa.



Launch of HANA in Morocco



Minister of Communication and Information Technology of the Republic of Indonesia is visiting Huawei's Datacom IP Training Center

Social Contribution



2. Creating Opportunities Through Education

Huawei believes that education is vital for creating opportunities that support sustainable and fair development in the countries in which we operate. We are particularly focused on leveraging communication technologies to improve the conditions of education system and to provide more young people with opportunities in education. Huawei is achieving this goal through the cooperation with educational institutions. Our efforts to improve the quality of education have been recognized by the society. We have been granted with the “Support and Improvement in Quality of Education Category” Award from Blue Dart World CSR Day and Star News in India.

| | |
|---|---|
| Aims of Creating Opportunities through Education | To develop and support educational programs that use communications technologies as the content or delivery method |
| | To support the establishment of ICT training centers by governments or NGOs |
| | To cooperate with accredited educational institutions or NGOs to research innovative applications of communication technologies in education programs |
| | To support the development, application, and dissemination of e-learning programs by accredited educational institutions |
| | To provide scholarships for excellent students |

Case study ▶

E-hope Program to Provide Computer Education to Students in the Developing Regions of India

In most schools in rural areas of India, helping students become more familiar with the outside world is a long-term challenge. Facing this issue, Huawei launched the E-hope for Rural Education program in October 2010. The aim is to build a bridge to the outside world through computers for students in rural areas and enable the students to conveniently obtain a wide range of information and



Huawei receiving the “Support and Improvement in Quality of Education Category” award from Blue Dart World CSR Day and Star News.



knowledge. To fulfill this goal, Huawei plans to provide computers, Internet access, and information technology training to 1,000 public schools across India over the next three years. In 2011, Huawei promoted this program in 400 schools in Orissa, Delhi, Uttar Pradesh, West Bengal, and Rajasthan. In 2012, this program will be promoted to more remote schools in Himachal, Bihar, and Rajasthan. Each year, 300,000 students will benefit from this program.

“Modern education is incomplete without an early introduction of computers and relevant technologies,” said the Honorable Chief Minister of Delhi, Smt. Sheila Dikshit at the opening ceremony of the E-hope program in Delhi. “I welcome this initiative from Huawei, for their commitments and contributions to bridging the digital divide in India.”



E-hope program in India

Case study ▶

Huawei Undergraduate Work Experience Program

Developing ICT talent by working with prestigious colleges is a key focus for Huawei in education. In the Huawei Undergraduate Work Experience Program, Huawei selected students from top ICT universities to go to its headquarters in China for training and practical activities. This program includes an introduction to Huawei, training programs on ICT basics, lab visits, and interactions with Huawei employees.

In August 2011, Huawei cooperated with the UK’s University of Southampton and the Royal Holloway University of London, as well as France’s École Polytechnique. 14 college students were chosen for a 3-week internship in China. It was an opportunity for these students to become better acquainted with Huawei and extend their ICT knowledge. This project was supported by local governments, such as the education department and was deeply appreciated by the universities and students. One student participant commented, “I would recommend this internship program to others, as it was really one of the most valuable and significant experiences of my life so far.”

In 2012, Huawei will continue this program and cooperate with additional colleges.



British College Students’ Internship at Huawei



French College Students’ Internship at Huawei

Social Contribution

3. Promoting Environmental Sustainability

Huawei recognizes the need for every enterprise to play a role in protecting the world's environmental resources. Huawei adheres to the concept of "Green Communications, Green Huawei, and Green World" and is actively seeking opportunities to collaborate with partners on green programs that promote environmental protection and sustainable development.

Aims of Promoting Environmental Sustainability

To sponsor environmental education programs, especially those oriented towards young people

To support research or related activities in environmental science conducted by accredited organizations or institutions

To support governments or NGOs to promote environmental sustainability, such as green technology summits, recycling and reusing electronic waste, and online publications

To support the development and distribution of environmental educational materials

To support relevant institutions to develop prototypes or tools that can be used by companies or individuals to address issues related to environmental sustainability



Tree planting initiative in Pakistan

Case study ▶

Tree planting initiative in Pakistan

In collaboration with Pakistan's Capital Development Authority (CDA), on March 2011, Huawei participated in a Tree Planting Day activity to make the local environment more beautiful and promote the environmental awareness of people in Islamabad, Pakistan's capital. More than 1,000 pine saplings were planted by Huawei. This activity was part of a large tree planting initiative involving governments and enterprises, with the theme of promoting environmental protection locally.

"This program aims to promote public awareness of environmental protection by planting trees that make the local environment more beautiful," said the CEO of Huawei Technologies Pakistan (Pvt.) Ltd. "Actually, Huawei has always been an initiator in promoting public sectors, especially environmental protection, which is a crucial part of sustainable development."



4. Contributing to the Communities Where We Operate

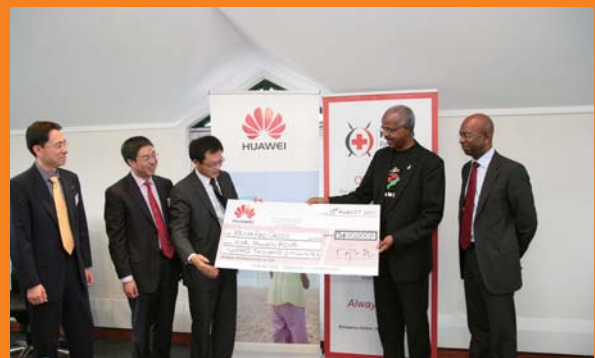
Huawei is committed to supporting communities where we operate by contributing to the welfare, health, and disaster relief in these locations. We provide the communities with financial, material, and human resources to help build a better world.

| | |
|---|--|
| Aims of Contributing to the Communities Where We Operate | To develop or to promote healthcare initiatives and leverage communications technologies to serve developing regions |
| | To support emergency preparedness or disaster relief efforts, especially those that need communications networks or technologies |
| | To support programs that leverage communications technologies to improve the lives of disadvantaged people |
| | To sponsor programs that enrich the cultural exchanges of most of people |
| | To sponsor cross-cultural exchanges |

Case study ►

Support for drought relief efforts by donating to the Red Cross in Kenya

In 2011, Kenya experienced its worst drought in six decades, affecting 3.5 million people. To support the Kenya Red Cross in its disaster relief efforts, Huawei actively participated in the “Kenyans for Kenya” initiative and donated KES9.4 million for humanitarian relief.



Huawei contributes to the Kenya Red Cross

The “Kenyans for Kenya” campaign brings together the KCB Foundation, Safaricom Foundation, and the country’s mainstream media operating under the framework of the Media Owners Association (MOA), with the goal of raising KES1 billion over four weeks. The funds help finance immediate aid such as emergency food relief and water delivery, and medium-range solutions that include rehabilitating or digging wells, setting up greenhouses, and improving food security. “I would like to thank Huawei for supporting this campaign through their generous contribution of KES9.4 million to help thousands of Kenyans who are currently in dire need of food and medical treatment, as a result of the effects of drought,” said Abbas Gullet, the Secretary General of Kenya Red Cross.

Social Contribution

Case study ▶

Care Association – Expression of charity and good will

Huawei encourages its employees to participate in community activities and has established the “Care Association” to help employees actively participate in community services and charity activities.

Major donation activities by employees in 2011 are listed below:

Employees made some donations through the donation platform of the Care Association.

Organized the “One Item of Clothing for One Warm Day” initiative in which clothes were donated to designated poverty alleviation areas of Dongguan.

Collected clothes and stationery to support poor areas in western China and disaster-stricken areas. Collected 44 cartons of clothes and stationery and sent them to Chengduo County, Yushu State, Qinghai province, and Fuhai Peace Primary School, Daofu County, Ganzi State, Sichuan Province.

Organized the “Hand in Hand Walking into the Orphanage” initiative where CNY8,963 was donated along with some goods to 150 disabled children in Shenzhen Huayang Special Children Rehabilitation Center.

Organized the “Let Love Continue to Shine” initiative in which four computers and 23 cartons of materials were sent to the teachers of the Beijing Tongzhou Guang'ai School.

Organized “A Drop of Love Ignites Hope” initiative in which employees donated CNY20,150; 60 books; stationery; and sports goods; and provided financial aid to the Dongdajian Primary School, Zhouzhi County, Xi'an.

Moreover, the Care Association regularly organizes environmental protection and care activities providing assistance to the disabled, young, and elderly people.



Donation and financial aid to the Dongdajian Primary School, Zhouzhi County, Xi'an

Supply Chain **CSR Management**



- To work with suppliers to promote sustainable development and social responsibility
- To establish Huawei's supply chain social responsibility and gain the confidence of global customers
- To integrate CSR standards into the whole procurement process and supplier lifecycle management
- To cooperate with industry peers to solve supplier CSR issues using innovative approaches

Supply Chain CSR Management



To achieve sustainable development of our supply chain, Huawei requires our suppliers to be as committed to sustainable development as we are. We focus on the areas of ethics, the environment, health and safety, and labor conditions. The potential shortcomings of suppliers have multiple implications on a business, including loss of production and a negative brand image through association with the non-complying supplier. As an integral part of a company's value chain, a risk to a supplier is also a risk to our company and our customers. We believe a supply chain is only as strong as its weakest link. That is why we require our suppliers to cascade our requirements down through the entire supply chain.

Huawei established the Supplier CSR Committee chaired by the chief procurement officer. Procurement supervisors and CSR experts sit on the committee, which regularly reviews the strategies, principles, standards, processes, solutions, and performance of supplier CSR management. These reviews ensure that supplier CSR is managed throughout the procurement process and the supplier lifecycle. The Supplier CSR Management Department is responsible for formulating and optimizing the management process and standards, and for coordinating global supplier CSR management. We also established a cross-functional CSR working group, which is headed by our chief CSR expert, to incorporate CSR management into major procurement functions and daily operations and to ensure that suppliers comply with CSR requirements and make continuous improvements. These functions and operations include supplier qualification and selection, ongoing supplier management, supplier performance management, and supplier termination.

Huawei communicates the standards, principles, strategies, and programs of supplier CSR management to all our procurement staff and incorporates the above elements into a departmental performance index. In 2011, we provided CSR management training to 223 key procurement staff.

"We want to move away from "forcing" our suppliers to comply with our standards (by constantly auditing them) and instead develop a relationship of trust whereby we can see by their proactive behavior that they really are embracing the spirit of Corporate Social Responsibility. Even though we see some islands of excellence in meeting that vision, it is still a significant challenge to make this vision a reality."

– Supplier CSR management director

CSR Requirements for Suppliers

Based on the EICC code, SA8000, and ISO 26000, as well as customer requirements and industry characteristics, Huawei has defined our CSR requirements for suppliers and incorporated these requirements into the supplier CSR agreement that must be signed by all suppliers. Building on the Supplier CSR Agreement, Huawei mandates our suppliers to institute a comprehensive CSR strategy into the core of their operations. We view the implementation of these CSR requirements as the foundation for our suppliers to carry out activities in line with their CSR Strategy, and to ensure continual improvement of their practices. Our suppliers benefit, and in turn Huawei and our customers also benefit from their success.

Through the CSR strategy, we expect our suppliers to install systems that incorporate the following aspects:

- Labor Standards
- Health and Safety
- Environmental Protection
- Business Ethics
- CSR Management System



Principles of Huawei's Supplier CSR Agreement

1. All suppliers must operate in full compliance with the laws, rules, and regulations of the countries in which they operate.
2. All businesses must go beyond legal obligations by drawing upon internationally recognized standards.
3. All businesses must be deployed and implemented as per the agreement.
4. All suppliers must require their next tier suppliers to acknowledge and implement the CSR principles in a cascade effect throughout the supply chain.
5. Huawei reserves the right to audit our suppliers with advance notice.
6. All suppliers must be certified by the international standards of ISO14001 and OHSAS18001, and develop management systems based on the SA8000 standard.

New Supplier Qualification

Huawei qualifies all new suppliers on their comprehensive management systems, including their CSR compliance and management system. We assign CSR experts to audit potential supplier sites on their CSR management capabilities through employee interviews, document review, on-site inspections, and third-party information searches to assess the potential risks as well as improvement opportunities. If deficiencies are found, Huawei will require the suppliers to take corrective and preventive actions in a timely manner. A candidate that fails to meet the CSR requirements will not be accepted as a qualified supplier.

Ongoing Supplier Management

Huawei integrates CSR into our ongoing supplier management process, giving priority to high-risk countries/regions, high-risk suppliers and high-risk issues. In 2011, we optimized our supplier CSR risk ranking tool in accordance with international standards and guidance. Annually, we assess supplier CSR risks and identify the risk level of each supplier. We manage our suppliers based on their risk level, regularly audit high-risk supplier sites, and audit those medium risk suppliers selected based on random sampling approach in order to drive supplier self-management. If problems occur, we will require the suppliers to take preventive and corrective measures, and follow up on their improvement progress until its closure.

Supplier Performance Management

Huawei incorporates CSR into our supplier performance management programs and measures supplier CSR performance based on the supplier audit results and improvement effect. Huawei regularly reviews the CSR performance results with each supplier's top management. We also communicate with strategic suppliers, preferred suppliers, and approved suppliers about their performance results on a quarterly, semi-yearly, and yearly basis, respectively. For suppliers with better CSR performance, Huawei will provide incentives to them, such as increasing their procurement quota. For suppliers with poor CSR performance, Huawei will decrease their procurement quota, restrict bidding opportunities, or in a few special cases, terminate the business relationship.

Case study ▶

Red Card System

Safety and health is always a top priority for construction projects. By adhering to the principle of "Safety First," we have established a Red Card System that applies to engineering service subcontractors. Huawei's project managers, QA engineers, and safety managers regularly check whether the construction sites of engineering service subcontractors are safe in order to determine the safety and health risks in the construction process. In case a major safety risk is identified, Huawei will require the subcontractor to take prompt corrective measures. If a significant risk is exposed and the subcontractor fails to take immediate corrective measures, Huawei will issue a Red Card and ask the subcontractor to stop site work immediately and take corrective measures until the risk is reduced or eliminated.

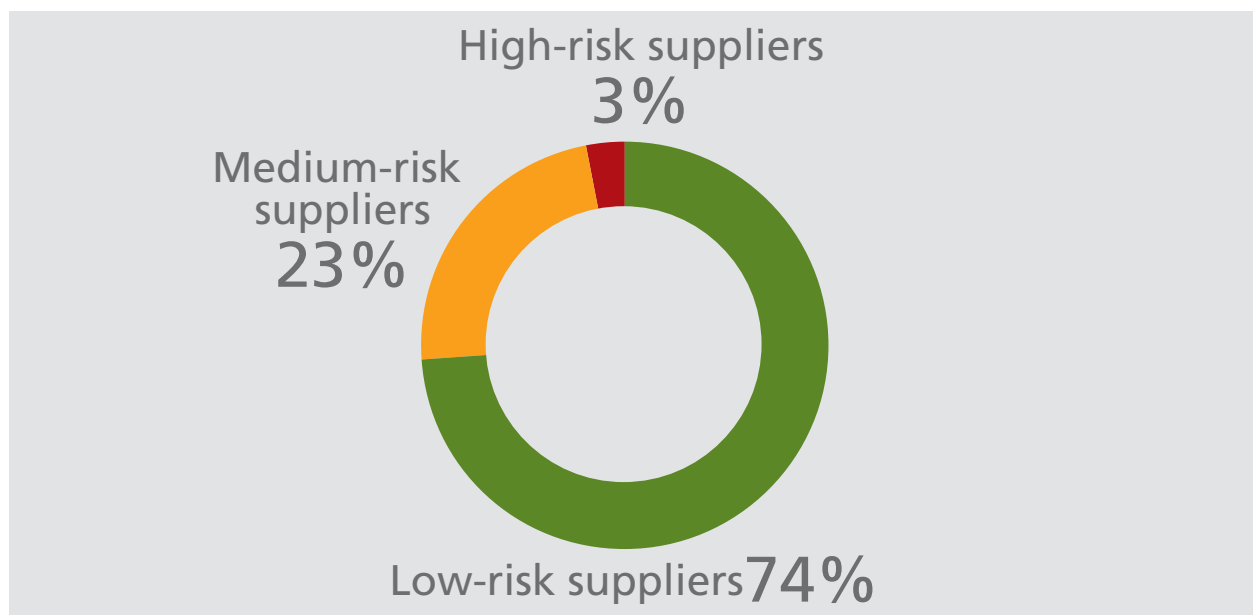
Supply Chain CSR Management

Supplier CSR Management Highlights

CSR Risk Ranking

| Year | Number of Ranked Suppliers | Number of High-risk Suppliers | Number of Medium-risk Suppliers | Number of Low-risk Suppliers |
|------|----------------------------|-------------------------------|---------------------------------|------------------------------|
| 2010 | 670 | 14 | 75 | 581 |
| 2011 | 633 | 19 | 144 | 470 |

Note: Huawei's supplier CSR risk ranking criteria became more stringent, so the number of high-risk and medium-risk suppliers in 2011 was higher than in 2010.



CSR Audit

| Year | Number of New Suppliers Audited | Number of High-Risk and Medium-Risk Suppliers Audited | Number of Follow-up Audited Suppliers |
|------|---------------------------------|---|---------------------------------------|
| 2010 | 18 | 42 | 136 |
| 2011 | 55 | 87 | 195 |

Huawei Green Partner Program

The product environmental program is an integral part of Huawei's supplier CSR management. In 2011, Huawei continued implementing the Huawei Green Partner (HW GP) certification program. The program standards cover all regulations, directives, and requirements related to product environmental requirements. Its goal is to ensure that all products and parts are free from chemicals that are restricted by relevant laws and regulations and in line with customer requirements.

In 2011, 27 suppliers passed the certification process and became Huawei's green partners. The HW GP program encourages innovations in energy saving and emissions reduction to build green supply chains.



Certification mark of Huawei's green partners

Supplier Capability Building

The sustainable solution to tackling supplier CSR issues is to enhance suppliers' awareness and self-management capabilities. Huawei conducts several supplier conferences globally every year. At these conferences, Huawei executives and experts introduce our supplier CSR requirements, standards, and programs to the top management and key managers of our key suppliers. We also invite senior management and experts of our customers to introduce global CSR trends and demands, and invite supplier representatives to share their successful experiences and achievements. We also organize training sessions and workshops for suppliers to address the challenges and difficulties of CSR management to enhance their CSR management capabilities.

In 2011, Huawei introduced the CRCPE (Check, Root Cause, Correct, Prevent, and Evaluate) five-step method to guide suppliers in tackling CSR problems with this innovative and systematic approach. This method includes the following:

1. Check: Regularly check against identified deficiencies and CSR requirements to identify and analyze similar deficiencies and relevant risks, especially management deficiencies; list prioritized issues;
2. Root cause analysis: Ask five "whys" against the identified deficiencies to investigate the root causes until management system failures;
3. Corrective actions: Eliminate the identified deficiencies or mitigate risks with specific and traceable actions and evidences;
4. Preventive actions: Eliminate the identified root causes, including developing or optimizing management systems and capabilities to prevent re-occurrence;
5. Evaluate: Assess the effectiveness and quality of corrective and preventive actions against relevant regulations and standards, verify whether the problems are resolved or the risks are reduced, and identify continuous improvement opportunities.

Through learning and implementation of the CRCPE five-step method, the suppliers who participated have significantly improved their capabilities and have been able to make continuous improvements. When problems do arise, these exercises will also reduce the time it takes to solve a problem.

Case study ►

3rd Annual Huawei Global Supplier CSR Conference

In September 2011, Huawei held the 3rd Annual Global Supplier CSR Conference with the theme of "Commitment and Innovation," which focused on the commitment of sustainable development and behavior change through innovation. The conference was attended by 360 people from six key customers, including senior executives of Telenor, Deutsche Telekom, Vodafone, British Telecom, France Telecom, and China Mobile as well as 174 suppliers. The Chief Operation and Delivery Officer of Huawei gave the opening speech on "CSR, foundation for sustainable development" and emphasized the importance of supplier CSR management. During the conference, Huawei's CSR expert introduced CSR management processes and innovative approaches to resolving CSR issues. The representatives from our customers discussed international trends of CSR and sustainable sourcing principles, and a supplier representative shared an innovative method to address CSR issues. All the participants at the conference signed CSR Commitments.



Huawei's 3rd Annual Global Supplier CSR Conference

Supply Chain CSR Management



Cooperation with NGO

Huawei participated in a Green Choice initiative facilitated by an NGO and applied the environmental performance data of enterprises in China to our supplier CSR management program. This NGO regularly collects nationwide enterprise environmental performance data and maintains an online database, which is updated on a monthly basis. By applying this database to our supplier qualification and ongoing management process, we are able to quickly identify possible environmental violations of our suppliers and push suppliers to correct them immediately.

Case study ▶

Conflict Minerals

Minerals such as tin, tantalum, tungsten and gold (3TGs) which originate in the Democratic Republic of Congo (DRC) or adjoining countries are known as “conflict minerals” since the profits from their sale allegedly finance continued armed conflicts in these countries. Huawei takes this issue very seriously and is actively addressing it.

The issue of conflict minerals is well known in the electronics and other industries, and is extremely complex. Resolution will require the commitment and cooperation of businesses, governments and NGOs. Huawei neither procures nor supports the use of conflict minerals and requires all suppliers not to procure conflict minerals. Huawei also asks suppliers to cascade this requirement to sub-tier suppliers. In 2011, 441 key suppliers signed commitments not to procure or use conflict minerals.

Huawei continuously supports industry collaboration to address supply chain CSR issues. We continue to participate in efforts with customers and suppliers through the Global e-Sustainability Initiative (GeSI) to seek a sustainable solution to the conflict minerals issue.

Huawei has incorporated CSR into our procurement process and daily operations to the point where it is a vital part of the normal business process and an integral part of the commercial decision-making process.

As stated by the Chief Operation and Delivery Officer of Huawei, “Today, CSR is simply part of Huawei’s DNA.”

We will persist in embracing this spirit and work closely with our suppliers to continuously promote the CSR management capabilities of the global supply chain and effectively reduce risks. As long as our suppliers demonstrate their efforts to improve their CSR management capabilities, Huawei will continue to support them.

As Huawei’s chief procurement officer said, “We all live on the same planet, breathe the same air, and drink the same water. It is up to all of us in business to go beyond our financial goals of making profit and use our influence to cause our suppliers to meet their social responsibilities as well.”

Stakeholder Communication



- To strengthen the management of stakeholder inclusiveness through consultation and communication
- To incorporate stakeholders' viewpoints into our business approaches and activities
- To enhance perception management and continue to improve customer satisfaction

Stakeholder Communication



A new focus of our CSR strategy is to regard stakeholder communication as a critical factor in all of our operations. Our goal is to continuously engage with our internal and external stakeholders to understand their views and address them by incorporating the issues raised into our business strategy and operations. In this chapter, we will focus on communication with customers and staff. Engagement of and communication with other stakeholders, such as suppliers, industry associations, governments, and NGOs, are elaborated on in other related chapters. In the future, we will be expanding the scope and scale of stakeholder communication, highlighting stakeholder participation in our business.

Customer Communication

Huawei has and always will put customers first. We strive to provide high-quality products and responsive services while driving down operating costs. Satisfying customer needs is our top priority. We help customers enhance their competitiveness and profitability. In addition, we will continue to take steps to establish a global customer satisfaction management system.

Huawei has set up regional and representative offices in major countries across all continents. We listen attentively to customers and better understand their needs by establishing multi-layer customer-facing organizations and lines of communication, and through activities, such as open discussions, annual meetings, third-party satisfaction surveys, service hotlines, receptions for customers who come to audit Huawei, summits, and routine visits.

- Open discussions and annual meetings: Huawei aims to improve customer relations by encouraging customer communication and sharing experiences directly with them. In 2011, we organized over 900 open discussions globally and held 44 annual meetings with more than 250 valuable customer groups. In 2012, we will expand our experience and maintain a high level of customer interaction.
- Third-party satisfaction surveys: Since 2001, we have entrusted a third-party market research company with our global customer satisfaction surveys. Our overseas surveys in 2011 covered more than 80 countries, more than 150 customer groups, and 27 representative offices in China. We have received over 7,000 pieces of feedback from our customers. In 2012, we will further expand the survey scope to cover enterprises and end users.



- Service hotlines: We have established 12 Technical Answering Centers (TACs) in more than 150 countries to handle and resolve customer technical issues and understand customer needs by telephone or e-mail. In 2011, Huawei received 83,805 pieces of feedback from customers through the hotlines, of which 809 were negative. We have dissected the causes and made improvements. In 2012, we plan to expand the survey scope to cover enterprise customers.
- Receptions for customers who come to audit Huawei: Since 2003, Huawei has passed the audits of various world-class carriers as well as the subsequent routine assessments and audits for areas that include management systems, quality, safety, risk management, CSR, and sustainable development. These audits are very helpful for Huawei to better understand our customers' key requirements and needs.



Huawei takes the customer-first philosophy and customer requirements into consideration when designing main business processes in order to ensure that all customer requirements and expectations are incorporated into the relevant processes and addressed in a timely manner.

- Huawei manages the end-to-end process of dealing with customers' technical issues through a requirement management process and a consistent IT platform. We also track the status of customer requirements in the end-to-end process, raising customer requirements, incorporating them into R&D version development and addressing the requirements. Huawei has made the process of addressing customers' technical issues visible so that representative offices and account departments can quickly track the latest status of customer technical issues.

- Huawei has established a hierarchical management mechanism at the representative office, regional, and corporate headquarter levels to solve customer complaints in a prompt manner. We have also appointed a dedicated customer satisfaction management team to drive the rapid resolution of customer complaints and organize efforts to effectively resolve common problems and problems with management systems that have occurred. Moreover, we have set up a dedicated work team to deal with crucial customer complaints and coordinate internal resources across the company to solve problems quickly.

Stakeholder Communication

Because of the efforts in the past few years, Huawei has received no significant complaints related to CSR or product safety from customers. Huawei is improving our customer satisfaction and has obtained recognition from more and more customers who see Huawei as a strategic partner.

In 2012, Huawei will continue to adopt the customer-centric strategy to improve and optimize our customer satisfaction management system, which will better serve our customers and provide them with greater value.

Employee Communication

A wide range of formal and informal communication channels exists between Huawei and our employees. Employees can voice opinions and provide recommendations to their immediate supervisors or higher-level managers in accordance with the corporate policy for open communications.

Huawei has established a hierarchical complaint channel to receive employees' complaints in a timely manner. A unified mechanism is in place to respond to and properly address employees' complaints within a reasonable time frame. In addition, Huawei maintains multiple channels for regular, as well as unscheduled, internal communications.

 **"Huawei Community"
Bulletin Board System (BBS)**

- An anonymous online interaction platform for employees to post comments and suggestions, submit inquiries and seek assistance, and share the activities they do in their free time
- The BBS helps employees understand corporate policies

 **Family Day**

- A communication channel between the company and family members of employees
- This activity has been extended to overseas research centers and representative offices


 **CEO Mailbox**

- A channel for direct communications between Huawei employees and the company's CEO
- This channel allows the top management of each department to receive employee feedback and helps employees understand the company's culture and policies



 **Democratic Life Meeting**

- A platform to discuss a variety of issues, such as departmental policies, daily work management, as well as personal issues
- Each department holds one to two democratic life meetings each year

 **Corporate Publications**

- Huawei regularly issues internal publications, such as *Huawei People* and *Improvement*
- The publications are sent to more than 100 representative offices worldwide, and have a circulation of over 118,000

 **Open Day**

- An opportunity for employees to communicate with Huawei executives

 **Workout**

- A communication platform guided by external experts
- This platform exposes team management issues and helps search for solutions

Safe Operations



Aim

- To comply with the “Safety First, Prevention First” principle relating to occupational and product health & safety
- To systematically identify hazards, assess risks, and implement control measures to ensure sustainable development

Safe Operations

Huawei develops our management processes and operation guides and implements our occupational health and safety management system to prevent accidents in many areas, such as manufacturing, project delivery, infrastructure, firefighting, vehicle security, and food safety.

Operations indicators for safety from 2009 to 2011 are listed below:

| Indicator | 2009 | 2010 | 2011 |
|---------------------------------------|-------|-------|-------|
| Injury Rate (per thousand employees)* | 0.227 | 0.415 | 0.282 |
| Number of Work-related Fatalities** | 1 | 1 | 0 |

* Data only includes the injury rate of employees who were employed by the China Region and are working in this Region.

** Data only includes the work-related fatalities of employees who were employed by the China Region and are working in this Region.

Quote from management:
"Prevention is the main concern of safe operations. We need to develop a systematic safety management model to raise employees' safety awareness. We should carry out safety measures in our work process to prevent accidents and promote sustainable development."



Competition for forklift operation skills

Manufacturing Safety

In 2011, Huawei promoted our "I Want Safety" management concept throughout all manufacturing departments. This strategy involved establishing a multi-level safe manufacturing inspection model in multiple locations and implementing regulations and policies. In 2011, only four minor accidents occurred. There were no serious accidents. The injury rate in 2011 was 0.15 per million working hours. Over the past three years, the accident occurrence rate has been significantly reduced.

Improvement at Manufacturing Sites

Huawei conducted a safety assessment and adopted a "Three Principles" management approach for new equipment, products, and raw materials. The improvement activities at manufacturing sites included:

- Actively conducted safety checks by 3-level
- Facilitated improvement projects for identified risks
- Promoted the safety of electrical equipment and standardized project construction and acceptance
- Introduced automatic cleaning systems to protect the environment
- Reduced employee exposure to hazardous chemicals

Relocation Safety

To ensure safety in the relocation of production facilities, Huawei established a dedicated project team to identify and assess risks and develop and implement a relocation work plan to ensure the successful relocation of production facilities from Shenzhen to Dongguan without an accident.

Building a Safety Culture

Initiatives for building a safety culture included:

- Provided Level 3 safety training for all new employees working on production lines
- Provided hierarchical safety awareness and skills training for all on-the-job employees
- Trained and certified a group of first aid personnel and chemical administrators and helped them acquire work licenses issued by the government
- Held essay writing contests on the topic of safe production
- Organized "safe production promotion month" campaigns and competitions for forklift operation skills to raise employees' safety awareness, improve their skills, and build the culture of production safety in manufacturing departments
- Completed emergency drills and inspections, in accordance with emergency response plans customized for chemical warehouses and other important locations, to improve employees' emergency response ability

Experience Sharing and Skills Improvement

Initiatives for experience sharing and skills improvement included:

- Actively participated in the work safety experience sharing meetings organized by the local governments (Dongguan and Shenzhen)
- Promoted the application of EHS management technologies and tools, such as Take 2, STOP, and JSA, and provided safety skills training for employees of all departments
- Organized EHS management knowledge sharing meetings with top safety management enterprises in the industry
- Invited consulting firms to Huawei to share their experience and help continuously improve Huawei's safety management ability



Safe promotion month in workplaces

Engineering Delivery Safety

Huawei implemented the following activities to ensure the safety of the end-to-end process of global engineering delivery projects:

- Analyzing internal and external safety requirements
- Developing safety assurance programs
- Setting up safety management teams
- Identifying safety risks
- Monitoring high-risk activities
- Checking and reporting on safety management performance
- Formulating and implementing training plans
- Appraising the performance of subcontractors

In 2011, we combined our EHS management system and project quality management system to create the Quality, Environment, and Health & Safety (QEHS) management system.

In accordance with the management requirements for engineering delivery safety at Huawei, we qualify all potential subcontractors. Subcontractors who fail the qualification will not be used by Huawei to provide services. Huawei also signs EHS agreements

with subcontractors, checks the safety of construction sites, and rewards or penalizes subcontractors based on their safety performance. We check all sites during the early phase of projects. After the project implementation is stable, we randomly select more than 20% of the sites for safety checks. Extra attention is paid to checking the qualifications, personal protective equipment (PPE), and training attendance of subcontractors' construction personnel.

Huawei requires directors at all levels and the EHS management team to audit global projects to ensure that EHS management rules and regulations are enforced and to convey Huawei executives' commitment to EHS. In 2011, we audited the QEHS management status of 123 projects. For major projects, we developed monthly reports to announce their EHS management progress.

To enhance employees' safety awareness, we provided more than 220 safety training sessions and more than 130 safety knowledge promotion campaigns at all levels (corporate headquarter, region, and project team) in 2011. The training also included employees of subcontractors.



Training for engineering delivery safety and on-site safety

Safe Operations

Workplace Health and Safety

Huawei always strives to offer a comfortable, healthy, and safe work place for our employees.

Huawei subcontracts our power facilities management and property management to industry-leading property management companies. Equipment, such as elevators, heating, ventilation, and air conditioning (HVAC) systems, power supply systems, and fire control facilities, are regularly maintained and overhauled by facility management companies to ensure that the air quality, office lighting, and noise in the workplace comply with the associated rules and regulations. Security personnel of property management companies are required to observe their work instructions and service etiquette to safeguard the personal security and safety of Huawei and our employees. More than 2,500 property security personnel in the China Region were trained before they began work.

Fire Control Safety

Huawei continues to emphasize the importance of fire control. To help our employees better understand the *Huawei Fire Control Management Regulations* (updated in 2011) and adhere to the regulations in their daily work, Huawei formulated the *Fire Control Management Manual*. We encourage all employees at all levels to fulfill their fire control responsibilities and have effectively avoided fire accidents through activities, such as training, fire control inspection, and potential risk elimination. No fire accidents occurred in 2011.

In 2011, we deployed 634 full-time and part-time fire security personnel in the China Region. Some 77,291 personnel have attended online fire control training, and all new employees

have completed the fire control training. We organized 605 fire control promotion campaigns and developed and distributed more than 30,000 safety manuals to our employees. We also conducted “119 Fire Safety Promotion Week” campaigns. Through these efforts, we have effectively improved employees’ fire safety awareness. By conducting fire inspections, electrical testing, and smokestack examinations on a quarterly, monthly, and daily basis, as well as before holidays, we promptly exposed and reduced potential risks in 5,810 cases. In 2011, we also organized 70 fire drills at 94 buildings. In the drills, 69,227 employees were evacuated, accounting for 86.5% of the total employees on-site.

We have increased our capital investment to improve existing office environments, develop office environmental standards, and conduct regular monitoring and analysis. We initiated projects to eliminate adverse safety factors in the work place. Among all the safety projects implemented in 2011, 49 were associated with air quality, office lighting, noise, electromagnetic radiation, and electrical safety.



Huawei's 12th fire safety promotion week

Food Safety

In our bases in the China Region, Huawei outsourced catering services to catering companies that provide meals for employees, customers, and suppliers. Huawei has qualified, supervised, and appraised our food suppliers based on the requirements of the food safety management system. To improve our capability to respond to food poisoning incidents, in 2011 we conducted food poisoning drills in each representative office in China. Also, to guide the representative offices outside China in internal management standardization and ensure food safety, Huawei standardized the management of cafeterias outside China, built

food management platforms, and developed global processes for managing these cafeterias.

To effectively oversee the quality of ingredients, Huawei set up a dedicated project team to review the supply channels of bulk ingredients. To date, we have finished certification of the supply channels of bulk ingredients and acknowledgement of supplier brands in Shenzhen and Dongguan. In 2012, we will expand the operation to other regions.



Employees visit a cafeteria



Huawei's cafeteria

Vehicle Safety

In 2011, Huawei reinforced the safety management over Huawei-owned and leased vehicles based on Huawei's requirements for vehicle services worldwide:

1. We developed and implemented new standards for managing vehicle procurement and driver selection. We checked the safety of 1,100 vehicles and provided safety training for more than 1,600 drivers in the China Region;
2. We conducted traffic accident emergency drills in 10 offices in the China Region. There were no severe accidents involving Huawei-owned vehicles in 2011;

3. Among all 5,782 vehicles reported to be in use by overseas representative offices, 193 have been used for more than eight years or have been driven more than 200,000 kilometers. Representative offices have reinforced their management of such vehicles and replaced them in time to ensure vehicle safety;

4. We organized the 4th traffic safety promotion week with the theme of "Observe traffic rules and protect lives." More than 70,000 people were involved in the event.

Safe Operations



Huawei's 4th traffic safety promotion week

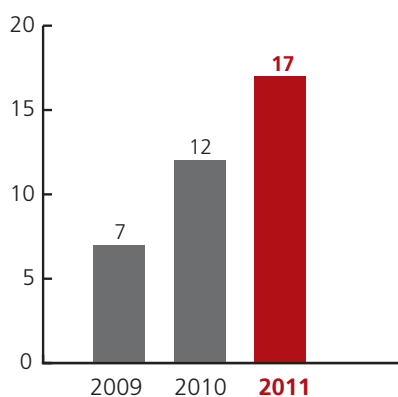
Emergency Response

Huawei established an emergency response team to help our employees respond to natural disasters, accidents, and other emergencies. To improve the efficiency of emergency handling, we developed a series of effective countermeasures, including dealing with issues at the scene of an accident, informing and consoling the families of injured persons, dealing with issues after the accident, and communicating with employees internally.

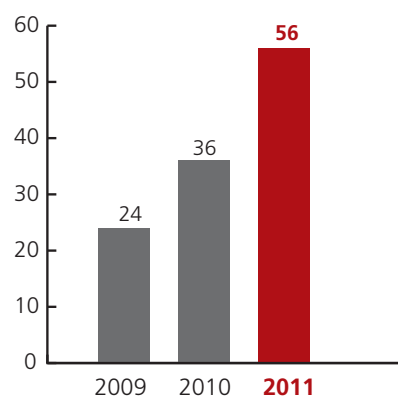
Product and Service Safety

Man-Machine Engineering

The main principle of man-machine engineering is to ensure all products comply with the applicable health and safety standards. Huawei established a design team to implement man-machine engineering. The team adopted the user-scenario-based product safety design concept and incorporated the concept throughout the product development cycle of planning, designing, developing, testing, and manufacturing. We analyzed user scenarios that included the environment in which products are used, user skills, user habits, and user behavior when using the products. By 2011, we had analyzed user scenarios of major carriers in 17 countries in North America, Europe, Africa, and Asia. Our analysis helped us understand the engineering habits and user skills of people in these countries. In 2012, we will expand the operation to more countries.



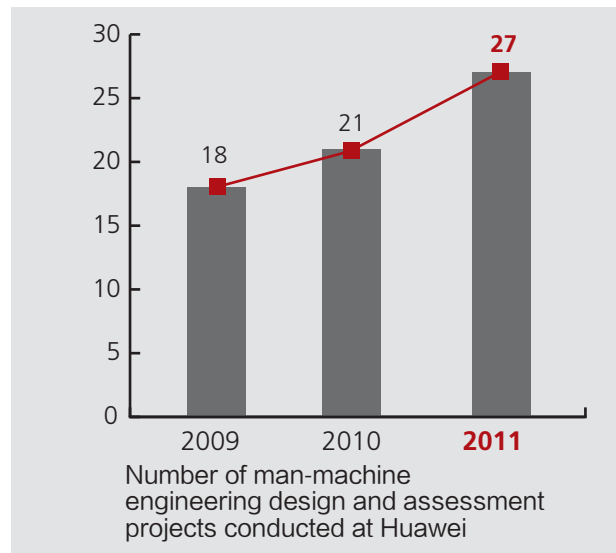
Number of countries covered by the user scenarios



Total number of user scenarios in the globe

By adopting this innovative, scenario-specific design approach, we were able to develop products that are easy to install and use. Based on our in-depth understanding of user scenarios, we applied man-machine engineering in our product design to make our products conform to the engineering habits and skill requirements of users.

These measures in man-machine engineering effectively support our product design and project delivery. They also make Huawei products superior to other products in terms of health and safety, which is widely recognized by global leading carriers and customers.



Case study ▶



iSite

Huawei developed iSite to assist Customer V in developing wireless base stations in South Africa and helped carriers reduce the size of sites in order to minimize the negative impact on equipment users. The advantages of iSite include:

- The footprint of the installed structure is smaller, and there is no need to buy a large land area for the wireless base station.
- Through modular design, generally only two people are needed to install a station, unlike the installation of traditional stations.
- The base station is well suited to its surroundings so the base station structure does not spoil the landscape.

Safe Operations

Case study ▶

Man-machine engineering design of instant network

The instant network solution (mentioned in the case for bridging the digital divide) was developed by Huawei in collaboration with Vodafone. This solution introduces an innovative type of network a mini, portable GSM network and provides instant communication services (voice, text, and data). Huawei adopted the man-machine engineering rationale in the development of instant networks to ensure that the developed products meet related requirements. After being upgraded by Huawei in 2011, the instant network product received an award from the Mobile World Congress (MWC) for the following innovative characteristics:

- **Small size:** The instant network product is small enough to adapt to any air transportation conditions and can be delivered anywhere in the world within 24 hours
- **Portability:** The instant network product is as light as a suitcase, which allows for long-distance transportation in any weather conditions
- **Ease of installation:** The entire station can be installed by two people within 30 minutes



Portable instant network product



F01S50

Noise Reduction

The location of telecommunication equipment is getting increasingly closer to people's living environments. To minimize the impact of equipment noise on people's physical and mental health, Huawei strives to offer customers more competitive products and solutions with less environmental noise, and we actively cooperate with customers to support a green and healthy lifestyle for the public.

We are always researching and exploring products that generate less noise, and using advanced acoustic testing and analysis systems to improve the heat dissipation and reduce the noise of our products. We manufacture components for the Huawei-developed active noise reduction module. The maximum level of noise that can be reduced by the module is up to 11dB (A). For the outdoor product SmartAX F01S50, the level of noise that can be reduced reaches 45dB (A) in the daytime and 35dB (A) at night, far below the noise control limits defined in the European standard, ETSI EN 300 753. Therefore, we can ensure that the noise levels of our devices do not adversely affect people's daily lives and health.

Huawei has also made a breakthrough in noise quality research and has successfully applied our research achievements to improve our products. Huawei products offer users better auditory experiences, while complying with noise control regulations. Huawei provides a quieter and more comfortable living environment while enriching life through communications.

In addition, Huawei actively researched the industrial methods for analyzing and testing environmental noise. We adopted Network Equipment-Building System (NEBS) standards and joined the European Telecommunications Standards Institute (ETSI) and other standards organizations. We also have taken part in developing global noise control standards. Huawei has introduced cutting-edge acoustic testing and analysis devices to make our environmental acoustics laboratory an industry-

leading acoustic control and testing facility. This lab has been ISO 17025 certified by the American Association for Laboratory Accreditation (A2LA) and China National Accreditation Service for Conformity Assessment (CNAS). The lab has been accredited by internationally authoritative testing organizations, such as Underwriters Laboratories, Inc. (UL); MET Laboratories, Inc. (MET); and National Technical Systems, Inc. (NTS).



Electromagnetic Radiation

With rapid growth in the number of wireless mobile phone users, the impact of electromagnetic radiation from mobile phones and wireless base stations on people's health has caused serious concern to all stakeholders in society, including governments, social organizations, the media, and the general public. According to the results of research led by the World Health Organization (WHO), scientists cannot find enough evidence from the existing radiation control standards to prove the negative health impact caused by electromagnetic radiation from mobile phones and wireless base stations. To ensure user health and safety and assure people that wireless communication equipment is safe, many countries have formulated various standards to restrict the electromagnetic radiation intensity of wireless communication equipment.

Huawei has attached much importance to the health impact of electromagnetic radiation. We established a mechanism to control electromagnetic radiation, to ensure that the wireless communication equipment designed and produced by Huawei complies with the associated laws and regulations and is safe for customers and consumers to use. We also have a system to protect the health and safety of the employees who design and manufacture the equipment.

Case study ▶

Applying appropriate technologies to reduce electromagnetic radiation of products

A Huawei pad has a built-in proximity sensor that detects the distance between a user and a wireless product and then adjusts the transmit power based on the distance. If the distance is below a certain range, the sensor will notify the associated processing unit of the product to lower the power and reduce electromagnetic radiation to protect the user's health.

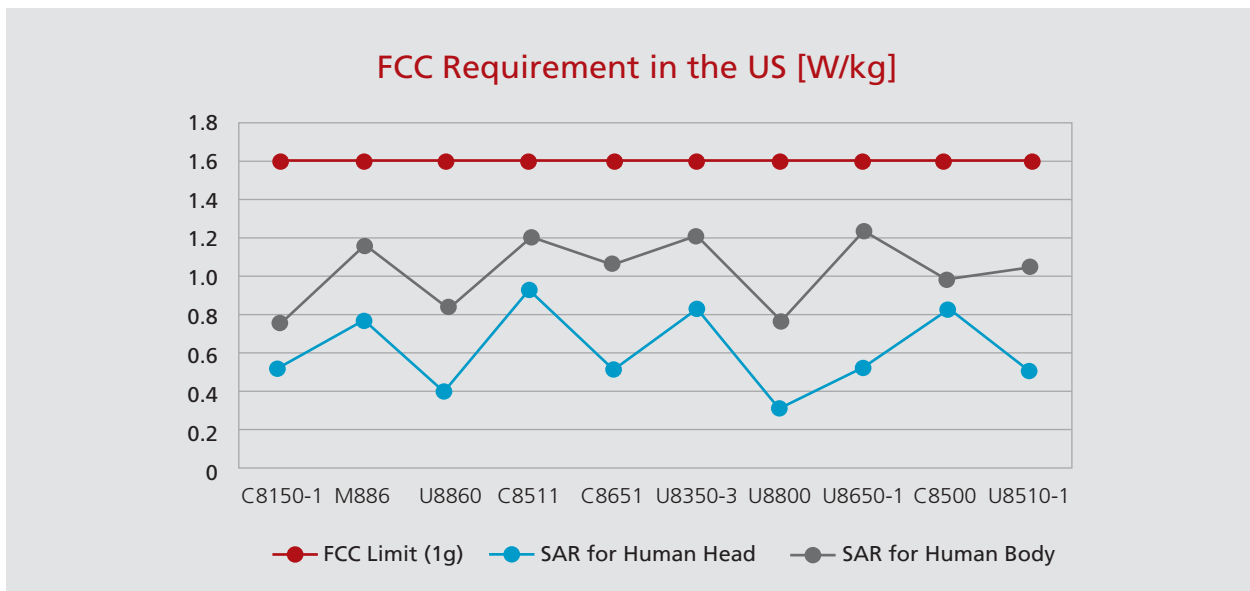
When constructing wireless base stations, Huawei always works with carriers and environmental protection organizations to conform to the electromagnetic radiation control standards and environmental impact assessment rules in all countries and regions, to offer safe mobile communication services to the local people. As the site deployment environment becomes more and more complicated, Huawei has invested a significant amount of human and other resources to help our customers tackle the challenges of electromagnetic radiation control in the new environment. Also, we always collaborate with our customers to support a green and healthy lifestyle for the public.

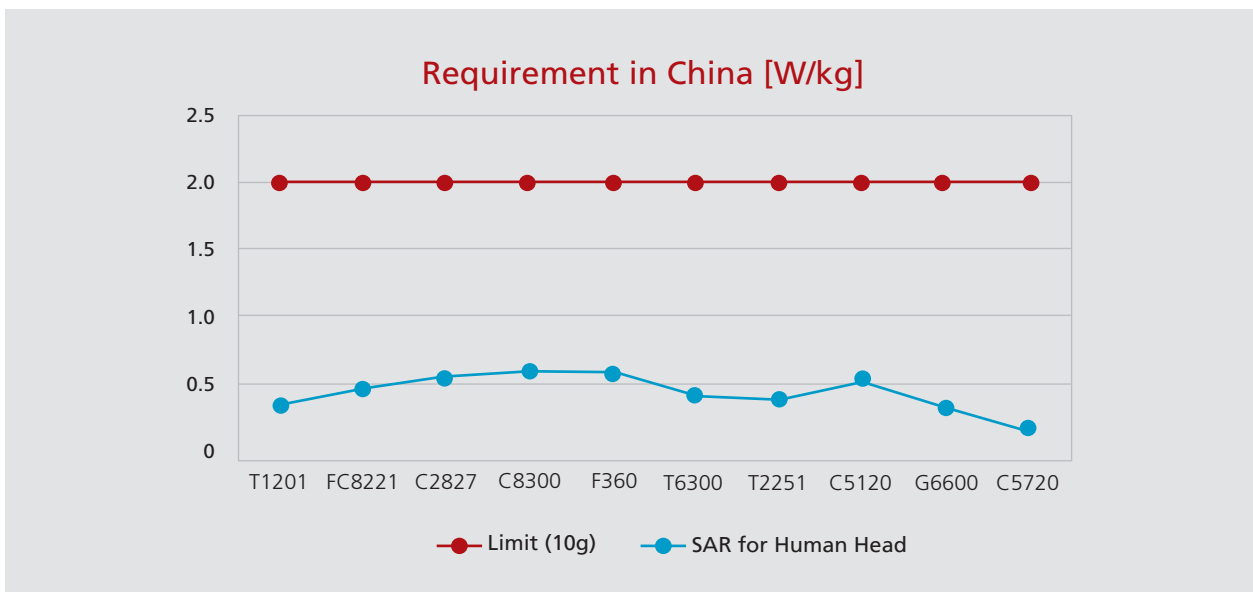
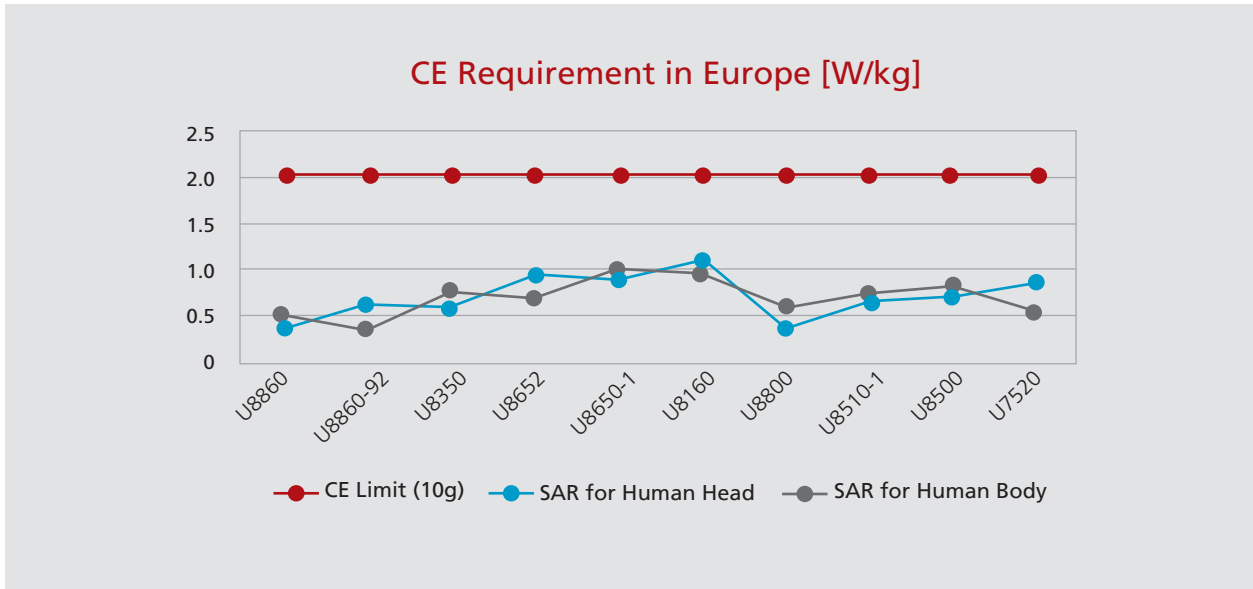
Safe Operations



We used various parameters to assess the electromagnetic radiation of various wireless terminal equipment manufactured by Huawei. We have established several professional laboratories to test and assess the Specific Absorption Rate (SAR) of mobile phones, pads, and other products. We cooperated with the product safety certification bodies in diverse countries and regions to ensure that our products comply with the associated laws and regulations. For wireless terminal products that are far away from users, we assessed the electromagnetic field (EMF) under the most extreme conditions. We also took into consideration the requirements of special users. For example, to ensure the health and safety of mobile phone users who wear hearing aids, Huawei established a Hearing Aid Compatibility (HAC) evaluation system in accordance with the relevant laws and regulations, to ensure that such users can use their mobile phones conveniently and safely.

The SAR of Huawei's wireless terminal products (typical products sold in all regions) is well below the limit specified in associated standards.





Huawei actively participates in developing global electromagnetic radiation control standards and tracks and drives the development of basic research, as well as related industry standards. To date, Huawei has joined and participated in research projects of the International Electrotechnical Commission (IEC), International Telecommunication Union (ITU), Institute of Electrical and Electronics Engineers (IEEE), ETSI, China Communications Standards Association (CCSA), and other standards organizations. Huawei’s professional laboratories for electromagnetic radiation are operated in accordance with international standards. The laboratories have been ISO 17025 certified by the A2LA and CNAS and accredited by internationally authoritative certification organizations, such as CETECOM, TUV Rheinland, TUV SUD (BAPT), and Intertek Testing Services (ITS).

Appendix I. GRI Index

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|--|--|--|
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| 2.2 | Primary brands, products, and/or services | 16 – 17 |
| 2.3 | Operational structure of the organization | 24 – 25 |
| 2.4 | Location of an organization's headquarters | 18 – 19 |
| 2.5 | Number of countries where the organization operates | 18 – 19 |
| 2.6 | Nature of ownership and legal form | 25 |
| 2.7 | Markets served | 16 – 19 |
| 2.8 | Scale of the reporting organization | 16 – 19 |
| 2.9 | Significant changes during the reporting period | No Significant changes during the reporting period |
| 2.10 | Awards received in the reporting period | 20 |
| 3. Report Parameters | | |
| Report Profile-This section to be added before the section on the GRI Index | | |
| 3.1 | Reporting period | inside the front cover |
| 3.2 | Date of most recent previous report (if any) | inside the front cover |
| 3.3 | Reporting cycle | inside the front cover |
| 3.4 | Contact point for questions regarding the report or its contents | inside the front cover |
| 3.5 | Process for defining report content | inside the front cover |
| 3.6 | Boundary of the report | inside the front cover |
| 3.7 | Specific limitations on the scope or boundary of the report | inside the front cover |
| 3.8 | Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations | inside the front cover |
| 3.9 | Data measurement techniques and calculation basis | inside the front cover |
| 3.10 | Explanation of the effect of any restatement of information provided in earlier reports, and the reasons for such restatement | Not Applicable |
| 3.11 | Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report | Not Applicable |
| 3.12 | GRI Index | 108 – 112 |
| 3.13 | Policy and current practice with regards to seeking external assurance for the report | inside the front cover |
| 4. Governance, Commitments and Engagement | | |
| Governance | | |
| 4.1 | Governance structure of the organization | 24 – 26 |
| 4.2 | Indicate whether the Chair of the highest governance body is also an executive officer | Huawei 2011 Annual Report |

| | | |
|------|---|---------------------------|
| 4.3 | State the number of members of the highest governance body that are independent and/or non-executive members | Huawei 2011 Annual Report |
| 4.4 | Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body | Huawei 2011 Annual Report |
| 4.5 | Linkage between compensation for members of the highest governance body, senior managers, and executives | Not Reported |
| 4.6 | Processes in place for the highest governance body to ensure conflicts of interest are avoided | 25 – 26 |
| 4.7 | Process for determining the qualifications and expertise of the members of the highest governance body | Not Reported |
| 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 | 4 – 9 |
| 4.9 | Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance | 26 |
| 4.10 | Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance | Not Reported |
| 4.11 | Explanation of whether and how the precautionary approach or principle is addressed by the organization | Not Reported |
| 4.12 | Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or endorses | 27 |
| 4.13 | Memberships in associations (such as industry associations) and/or national/international advocacy organizations | 27 |
| 4.14 | List of stakeholder groups engaged by the organization | 28 |
| 4.15 | Basis for identification and selection of stakeholders with whom to engage | 29 – 31 |
| 4.16 | Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group | 29 – 31 |
| 4.17 | Key topics and concerns that have been raised through stakeholder engagement | 32 – 33 |

Standard Disclosures Part II: Disclosures on Management Approach

| | | |
|--|---|---------|
| | Disclosure on Management Approach (Economic Performance) | 36 – 39 |
| | Disclosure on Management Approach (Environmental Performance) | 36 – 39 |
| | Disclosure on Management Approach (Labor Practices) | 36 – 39 |
| | Disclosure on Management Approach (Human Rights) | 36 – 39 |
| | Disclosure on Management Approach (Society) | 36 – 39 |
| | Disclosure on Management Approach (Product Responsibility) | 36 – 39 |

Standard Disclosures Part III: Performance Indicators

| Economic | | |
|----------|--|--------------|
| 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 | 21 |
| EC2 | Financial implications and other risks and opportunities for the organization's activities due to climate change | Not Reported |
| EC3 | Coverage of the organization's defined benefit plan obligations | 51 |
| EC4 | Significant financial assistance received from government | Not Reported |
| EC5 | Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation | 51 |

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| | | |
|-----|---|------------------|
| EC6 | Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation | Not Reported |
| EC7 | Procedures for local hiring and proportion of senior management hired from local community at significant locations of operation | 52 |
| EC8 | Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement | 78 – 79, 80 – 86 |
| EC9 | Understanding and describing significant indirect economic impacts, including the extent of impacts | 80 – 86 |

| Environmental | | |
|---------------|--|--------------|
| EN1 | Materials used by weight or volume | Not Reported |
| EN2 | Percentage of materials used that are recycled input materials | Not Reported |
| EN3 | Direct energy consumption by primary energy source | 62 |
| EN4 | Indirect energy consumption by primary source | 62 |
| EN5 | Energy saved due to conservation and efficiency improvements | 63 – 65 |
| EN6 | Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives | 66 – 73 |
| EN7 | Initiatives to reduce indirect energy consumption and reductions achieved | 66 – 73 |
| EN8 | Total water withdrawal by source | 65 |
| EN9 | Water sources significantly affected by withdrawal of water | 65 |
| EN10 | Percentage and total volume of water recycled and reused | Not Reported |
| EN11 | Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | Not Reported |
| EN12 | Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas | Not Reported |
| EN13 | Habitats protected or restored | Not Reported |
| EN14 | Strategies, current actions, and future plans for managing impacts on biodiversity | Not Reported |
| EN15 | Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk | Not Reported |
| EN16 | Total direct and indirect greenhouse gas emissions by weight | 62 |
| EN17 | Other relevant indirect greenhouse gas emissions by weight | 62 |
| EN18 | Initiatives to reduce greenhouse gas emissions and reductions achieved | 62 |
| EN19 | Emissions of ozone-depleting substances by weight | 65 |
| EN20 | NOx, SOx, and other significant air emissions by type and weight | 65 |
| EN21 | Total water discharge by quality and destination | 65 |
| EN22 | Total weight of waste by type and disposal method | 66 |
| EN23 | Total number and volume of significant spills | Not Reported |

| | | |
|------|--|--------------|
| EN24 | Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally | 66 |
| EN25 | Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff | Not Reported |
| EN26 | Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation | 69 – 75 |
| EN27 | Percentage of products sold and their packaging materials that are reclaimed by category | 72 – 73 |
| EN28 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations | Not Reported |
| EN29 | Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce | 75 |
| EN30 | Total environmental protection expenditures and investments by type | Not Reported |

Labor and Decent Work

| | | |
|------|--|--------------|
| LA1 | Total workforce by employment type, employment contract, and region | 49 – 50 |
| LA2 | Total number and rate of employee turnover by age group, gender, and region | 49 – 50 |
| LA3 | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations | 51 |
| LA4 | Percentage of employees covered by collective bargaining agreements | Not Reported |
| LA5 | Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements | Not Reported |
| LA6 | Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advice on occupational health and safety programs | Not Reported |
| LA7 | Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region | 98 |
| LA8 | Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases | 54 – 55 |
| LA9 | Health and safety topics covered in formal agreements with trade unions | Not Reported |
| LA10 | Average hours of training per year per employee by employee category | 54 |
| LA11 | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings | 53 |
| LA12 | Percentage of employees receiving regular performance and career development reviews | 53 |

Human Rights

| | | |
|-----|---|--------------|
| HR1 | Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening | Not Reported |
| HR2 | Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken | 90 |
| HR3 | Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained | 57 |
| HR4 | Total number of incidents of discrimination and actions taken | 51 |

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| | | |
|-----|---|--------------|
| HR5 | Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights | Not Reported |
| HR6 | Operations identified as having significant risk for incidents of child labor, and measures taken to help eliminate child labor | 59 |
| HR7 | Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor | 59 |
| HR8 | Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations | Not Reported |
| HR9 | Total number of incidents of violations involving the rights of indigenous people and actions taken | Not Reported |

| Society | | |
|---------------------------|--|----------------|
| Aspect – Community | | |
| SO1 | Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting | 78 – 86 |
| SO2 | Percentage and total number of business units analyzed for risks related to corruption | 58 – 59 |
| SO3 | Percentage of employees trained in the organization's anti-corruption policies and procedures | 58 – 59 |
| SO4 | Actions taken in response to incidents of corruption | 58 |
| SO5 | Public policy positions and participation in public policy development and lobbying | Not Reported |
| SO6 | Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country | Not Applicable |
| SO7 | Total number of legal actions for anticompetitive behavior, anti-trust, and anti-monopoly practices and their outcomes | 59 |
| SO8 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations | Not Reported |

| Product Responsibility | | |
|-------------------------------|---|--------------------|
| PR1 | Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and the percentage of significant products and services categories subject to such procedures | 66 – 67, 102 – 107 |
| PR2 | Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their lifecycle, by type of outcomes | Not Reported |
| PR3 | Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements | Not Reported |
| PR4 | Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes | Not Reported |
| PR5 | Practices related to customer satisfaction, including results of surveys measuring customer satisfaction | 94 |
| PR6 | Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship | 94 – 95 |
| PR7 | Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes | Not Reported |
| PR8 | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data | Not Reported |
| PR9 | Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services | Not Reported |

Appendix II. Terms & Abbreviations

Appendix

| Abbreviation | Full Name |
|--------------|--|
| 3G | Third Generation Mobile Telephony |
| 3GPP | Third Generation Partnership Project |
| AA1000 | AccountAbility 1000 |
| ADSL | Asymmetric Digital Subscriber Line |
| BSS | Business Support System |
| CAPEX | Communication Automatic Processing Equipment |
| CCSA | China Communications Standards Association |
| CDMA | Code Division Multiple Access |
| CDN | Content Delivery Network |
| CEO | Chief Executive Officer |
| CSR | Corporate Social Responsibility |
| CAGR | Compounded Annual Growth Rate |
| CNAS | China National Accreditation Service for Conformity Assessment |
| DSL | Digital Subscriber Line |
| EHS | Environment, Health and Safety |
| EICC | Electronic Industry Citizenship Coalition |
| ETSI | European Telecommunications Standards Institute |
| FTTx | Fiber To The x (e.g. x= [H, P, C, N], H=home) |
| GeSI | Global e-Sustainability Initiative |
| GSM | Global System for Mobile Communications |
| GRI | Global Reporting Initiative |
| ICT | Information and Communications Technology |
| IEC | International Electro technical Commission |
| IEEE | Institute of Electrical and Electronics Engineers |
| IMS | IP Multimedia Subsystem |
| IETF | Internet Engineering Task Force |
| IP | Internet Protocol |
| IPTV | Internet Protocol Television |
| ISO | International Standardization Organizations |

Appendix II. Terms & Abbreviations

| | |
|----------|---|
| ISO26000 | Guidance on Social Responsibility |
| ITU | International Telecommunication Union |
| ICNIRP | International Commission on Non-Ionizing Radiation Protection |
| LCA | Lifecycle Assessment |
| LTE | Long Term Evolution |
| NGBSS | Next Generation Business Support System |
| NGN | Next Generation Network |
| NGO | Non-government organization |
| OHSAS | Occupational Health and Safety Assessment Series |
| OPEX | Operating Expense |
| OSS | Operation support system |
| OTN | Optical Transport Network |
| OMA | Open Mobile Alliance |
| PCT | Patent Cooperation Treaty |
| P2P | Peer-to-Peer |
| PVR | Personal Video Recorder |
| SA8000 | Social Accountability 8000 |
| SDP | Service Delivery Platform |
| TCO | Total Cost of Ownership |
| TD-SCDMA | Time Division-Synchronous Code Division Multiple Access |
| UNGC | United Nations Global Compact |
| UMTS | Universal Mobile Telecommunications System |
| VoIP | Voice over Internet Protocol |
| VOD | Video on Demand |
| WEEE | Waste Electrical and Electronic Equipment |
| WCDMA | Wideband Code Division Multiple Access |
| WiMAX | Worldwide Interoperability for Microwave Access |
| WDM | Wavelength Division Multiplexing |
| WHO | World Health Organization |

Appendix III. Verification Statement



Independent Assurance Statement

Introduction:

TUV Rheinland (Guangdong) Ltd., member of TUV Rheinland Group, Germany (We, TUV) has been entrusted by the management of Huawei Investment & Holding Co., Ltd. (HUAWEI, the Company) to conduct independent assurance of HUAWEI Corporate Sustainability Report 2011 (the Report). All contractual contents for this assurance engagement rest entirely within the responsibility of HUAWEI. Our task was to give a fair and adequate judgment on the HUAWEI Report 2011.

The intended users of this assurance statement are stakeholders having relevance to the HUAWEI overall Sustainability Performance and impacts of its business activities during 2011 (January 2011 ~ December 2011). TUV Rheinland is a global service provider of CSR & Sustainability Services in over 61 countries, having qualified professionals in the field of Corporate Sustainability Assurance, Environment, Social and Stakeholder Engagement. We have maintained complete impartiality and independence during the assurance engagement and were not involved in the preparation of report contents.

Assurance Standard:

The Independent Assurance was carried out in accordance with AccountAbility, U.K Standard AA 1000 AS (2008) and related standards AA 1000 APS(2008), AA 1000 SES 2011 (Final exposure draft), Principles of Inclusivity, Materiality & Responsiveness, Global Reporting Initiative (GRI) Reporting guidelines Version 3.0(G3) and TUV STAR (Sustainability-Trustworthy-Accountability-Responsiveness) assessment protocol.

Scope & Type of Assurance:

Our assurance engagement covers the following:

- HUAWEI Corporate Sustainability performance as described in the report 2011 in accordance with GRI reporting guidelines and performance indicators from Economic, Environment & Social category (GRI application Level "B"), also defined in Reporting boundaries.
- Evaluation of disclosed information in the report as per the Assurance Standards.
- Type-1, Moderate as per AA 1000 AS (2008)

Limitation: The assurance engagement was carried out at HUAWEI Headquarter at Bantian Longgang, Shenzhen and site visits to major manufacturing units located at DongGuan and Shenzhen NanShan within P. R. China. The consultations with external stakeholder were not carried out. We have not observed any significant situations to limit our assurance activity. The verification is carried out based on the data and information provided by HUAWEI, assuming they are complete and true. We did not verify the reported financial data as same is verified by another third party.

Assurance Methodology:

TUV has challenged the report contents and assess the process undertaken by HUAWEI from source to aggregate in disclosure of information/data related to Sustainability performance. Our judgment is based on the objective review of reported information as per criteria defined under Assurance standards.

Analytical methods and the performance of interviews as well as verification of data, done as random sampling, to verify and validate the correctness of reported data and contents in light of contractual agreement and the factual HUAWEI CSR strategy as mentioned in the report. Our work included consultation with over 50 HUAWEI representatives including senior management and relevant employees. The approach deemed to be appropriate for the purpose of assurance of the report since all data therein could be verified through original proofs, verified database entries.

The Assurance was performed by our multidisciplinary team of experienced professionals in the field of Corporate Sustainability, Environment, Social and Stakeholder Engagement. We are of the opinion that our work offers a sufficient and substantiated basis to enable us to come to a conclusion mentioned below and based on the content of our contract.

Appendix III. Verification Statement

Positive Observation:

We would like to mention some of the positive aspects observed during HUAWEI assurance engagement as below:

- HUAWEI has defined 4-stage approach for CSR management system at the highest management level viz Establish, Optimize, Solidify & Enhance.
- HUAWEI has identified, established & implemented 8-CSR strategies covering its entire business activities and majority of its stakeholders viz. Bridging the digital divide, Caring for employees, Fair operation, Environment protection, Social contribution, Supplier CSR management, Stakeholder Communication and Safety operation. There is an established process for each CSR strategy means responsibility, performance targets, periodic reviews at highest management level etc.

Opportunity for Improvement:

During assurance engagement, we found further opportunity for improvements reported back to HUAWEI management as below. However, these do not affect our conclusion on the report.

- To further align existing CSR management system with International standards like Guidance on Social responsibility ISO 26000 (2010).
- To further enhance stakeholder participation & communication both internal & external, leading to Innovation, Learning and Sustainability Performance improvement.

Adherence to AA 1000 principles:

Inclusivity: HUAWEI has identified, prioritize and engaged with its internal and external stakeholders through formal and informal mechanism like supplier, customer survey by third party, employees weekly meeting, Employees blogs etc. as a response to sustainable development issue.

Materiality: HUAWEI has identified the material issues related to sustainable development viz. economic, environment & social performance and provide balance information in the report. CSR strategy is align to address identified material issues.

Responsiveness: HUAWEI has responded to its stakeholders against identified material issues critical to sustainable development through disclosure made in report 2011, CSR strategy, Policies, implementation systems and processes, allocation of resources to stakeholder engagement and communication.

Conclusion:

In conclusion, we can mention that no instances or information came to our attention that would be to the contrary of the statement made below:

- HUAWEI Corporate Sustainability Report 2011 meets the requirement of Type-1, Moderate Assurance according to AA1000AS(2008) and GRI application level "B+"
- The performance data we found in the report are collected, stored and analyzed in a systematic and professional manner and were plausible. A more stringent and target oriented data collection would enhance the quality and is a goal for the future
- TUV Rheinland shall not bear any liability or responsibility to a third party for perception and decision about HUAWEI based on this assurance statement.

For TUV Rheinland (Guangdong) Ltd.,



Mr. Peter Chen

Greater China CSR Senior Manager

Shenzhen, China, 1st March 2012



AA1000
Licensed Assurance Provider
000-51



Mr. Ganga C. SHARMA

Lead Verifier

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