



Huawei Investment & Holding Co., Ltd.

### **Report Profile**



## 2013 Sustainability Report Huawei Investment & Holding Co., Ltd.

Since 2008, Huawei Investment & Holding Co., Ltd. ("Huawei," "the company," or "we") has voluntarily released sustainability reports and disclosed sustainability initiatives each year so that the public can better understand and monitor the approaches and practices behind the company's sustainability efforts. Doing so is conducive to our sustainable development as we increase communication, awareness, and interaction between us, our stakeholders, and the general public.

This report covers all entities that Huawei either has control of or a significant influence over in terms of financial and operational policies. The scope of the entities in this report is consistent with the scope of organizations discussed in the *Huawei 2013 Annual Report*. Unless otherwise specified, this report describes the economic, environmental, and social performance of Huawei and its subsidiaries worldwide during the January 1, 2013 to December 31, 2013 reporting period. All data herein is derived from Huawei's official documents and statistical reports.

This report is prepared in line with the "In Accordance – Core" Global Reporting Initiative (GRI) G4 *Sustainability Reporting Guidelines.* Huawei engaged TÜV Rheinland, an external assurance provider, to verify the reliability, fairness, and transparency of

this report and to issue an independent verification report (see Appendix III).



As an independent record of sustainability, this report is published online and in print in both Chinese and English in July 2014. (The previous report was published in May 2013.) The *2013 Sustainability Report* can be viewed and obtained at www.huawei.com.

We would like to thank all stakeholders for sharing their feedback and recommendations as we strive to continuously improve the quality of this important report.

For any report-related questions or suggestions, please contact: Tel: +86-(0)755-28780808 Email: sustainability@huawei.com

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### Message from the Chairwoman



Information and communications technologies (ICTs) are reshaping politics, economics, production, and the way we live at an unprecedented rate and with immense momentum. ICT technologies are helping countless individuals, businesses, and organizations significantly improve their productivity, collaborate more efficiently, and achieve agile innovation. These technologies have facilitated the free sharing of ideas, thereby empowering users to enjoy inspired experience in communication. However, we note that these rapid developments have also created many intense challenges and placed tremendous strain on achieving global sustainability. Socio-economic development has become even more imbalanced with three-fifths of the world's population still unconnected, unable to participate in the information society powered by broadband networks or benefit from the infinite opportunities presented by ICT technologies. Adding to the dilemma are environmental deterioration and excessive consumption of natural resources that have not been effectively addressed.

As a leading global ICT solutions provider, Huawei is dedicated to sustainable socio-economic development and strives to build a better connected world in which everyone can share everything. This approach aims to enable full connectivity between people, between people and things, and between things. With our expertise in the information and communications area, we are working to bridge the digital divide by enabling high-quality broadband for all. We always honor our commitment to supporting secure and stable network operations at all times and at all sites. We help customers and industries improve productivity and reduce energy consumption, thus promoting low-carbon economic growth. In addition, we integrate global resources, localize our operations, and improve technological and economic levels at each locale in which we operate, thus achieving win-win outcomes and sustainability across the ICT industry chain and various sectors.

In 2013, we continued to focus on our four strategic sustainability initiatives and comprehensively incorporated them into our business operations.

### **Bridging the Digital Divide**

Huawei has always strived to provide people with equal access to the information society. After voice communications services became readily available, Huawei began to focus more on ensuring broadband inclusion for all, providing a richer variety of content and services and helping industries succeed in their ICT-enabled transformations. In addition, we continue to nurture ICT talent and transfer ICT knowledge to improve local people's skills in applying communications technologies. Together with our partners, Huawei focuses on supporting the development of a more efficient and integrated information logistics system and contributing to bridging the digital divide while promoting equitable advancement globally. In Spain and Portugal, we launched the "SmartBus" program. By applying advanced audiovisual and human-machine interaction

equipment, we provided training to thousands of students from over 100 universities on how to use ICT equipment. In Nigeria, we deployed wireless broadband networks, allowing tens of millions of local people to enjoy convenient mobile banking, online education, and other services enabled by affordable wireless broadband. Across remote areas in Nepal, a country known as the "Mountain Kingdom", our new energy solutions provided network coverage while minimizing the environmental footprint. Our efforts promote economic prosperity and enrich the lives of local residents. As a member of the Broadband Commission, we are dedicated to increasing broadband penetration around the world in cooperation with industry peers. Our objective is to allow everyone, especially people in developing countries and regions, to enjoy fast and easy access to affordable broadband network services. In addition, we have promoted broadband applications to help developing countries and regions improve their basic social services, including healthcare and education. All of these initiatives aim to achieve the Millennium Development Goals and those defined in the Post-2015 Development Agenda more quickly.

### Supporting Stable and Secure Network Operations

As ICT technologies constantly evolve, cyber security is facing increasingly severe threats and challenges. Supporting stable and secure network operations is our enduring commitment to our customers. We have always placed stable and secure network operations above our commercial interests, and have collaborated with all stakeholders to create sustainable and transparent networks. We have incorporated cyber security elements into technology design, development, and deployment, and built and implemented an end-to-end global cyber security assurance system. We have developed multi-layered cyber security evaluation processes and provided full security assurance for customers by testing our products at the Huawei Cyber Security Lab, the Cyber Security Evaluation Center in the UK, and the added layers of customer assessments and third party audits. We believe that an open, transparent, and visible framework for security problem resolution is conducive to the sustainable and healthy development of the entire industry chain and promotes innovation in communications technologies and facilitates communication among people.

#### Promoting Environmental Protection Through Innovation

We have been judiciously implementing our "Green Pipe, Green Operations, Green Partner, Green World" policy that incorporates green ICT concepts into the entire lifecycle of all products. In addition, we are constantly looking for innovative ways to improve the energy efficiency of our products and build green communications networks. By introducing clean energies and implementing technological and managerial measures for energy conservation, we have significantly reduced our carbon footprint. In addition to applying green concepts to our internal business activities, we also help our suppliers implement energy conservation and emission reduction projects. In 2013, four of our suppliers were able to cumulatively reduce over 20,000 tons of CO<sub>2</sub> emissions on a pilot basis. In the future, we will promote these energy conservation and emission reduction projects to cover more of our suppliers and contribute even more to building a green industry chain with a lower carbon footprint. By leveraging our advantages and experience in energy conservation and environmental protection designs, we provide and promote our green ICT solutions, which have promoted energy conservation and emission reduction for different industries, boosted circular economic growth, and contributed to a low-carbon society. Huawei's Meter/Sensor/Controller over IP (MSCoIP) solution for the Internet of Things (IoT) has allowed the University of Melbourne to intelligently monitor and centrally manage power consumption, reducing power consumption by over 60%.

### Seeking Win-Win Development Through Collaboration

Through collaboration with all stakeholders, we aim to contribute to and create value for the sustainable development of the ICT industry chain. We offer our employees a broad platform where they can realize their personal value. We abide by solid business ethics and operate with integrity and in compliance with applicable laws and regulations; contribute to the communities in which we operate; continuously enhance suppliers' capabilities; and work with suppliers to stay ahead of sustainability trends. In 2013, 79% of our employees outside China were local hires. As a responsible corporate citizen, we have made considerable contributions to local societies by creating job opportunities and promoting economic wellbeing for families and society at large. In 2013, Huawei held the 5th Global Supplier Sustainability Conference, during which we discussed the sustainability-focused cooperation models with suppliers and shared best practices in sustainability to achieve win-win development.

We have never thought of corporate sustainability as just a work on paper; we have always believed it requires full engagement from our 150,000 employees and trust and support from our customers and the industry. We have held this belief for over two decades, which reflects our unchanged commitment and mission. In the future, we will continue to strengthen our capability in sustainability, and intently communicate and collaborate with our customers, partners, and all other stakeholders to build a harmonious business ecosystem and create a better connected world.

Sun Yafang Chairwoman of the Board

### Message from the Chairman of the CSD Committee



In 2013, Huawei focused on our sustainability strategy and redoubled our management efforts. We have continuously incorporated sustainability requirements into our business activities, making sustainability an integral part of the day-today work for every Huawei employee. We set specific goals based on our sustainability strategy and kept track of goal attainment to ensure effective execution. By taking the following initiatives, Huawei contributes to the harmonious and sustainable development of the economy, environment, and society.

1. Huawei advocates that the digital divide is no longer about connectivity. In our opinion, narrowing the digital divide requires broadband inclusion and the availability of more content enabled at a higher bandwidth. In 2013, we boosted broadband penetration in Africa by deploying LTE TDD solutions to dramatically increase the speed and coverage of wireless broadband. This, in turn, reduced the cost of broadband access and allowed more Africans to enjoy high-speed broadband networks. We have continuously nurtured ICT professionals and transferred knowledge to local communities where we operate. Our Telecom Seeds for the Future Program, which was rolled out in eight more countries including Germany, Italy, Spain, and Vietnam in 2013, has covered 23 countries worldwide and benefits over 10,000 students. Deployed in more than 60 cities globally, our Smart City solution empowers highly-efficient modern cities with innovative offerings for scenarios as diverse as smart governance, safe city, smart healthcare, smart education, smart transport, and smart campus.

2. Huawei provides network infrastructure and solutions around the globe. Supporting network stability in all circumstances, even in extreme conditions, is a top priority for Huawei. In 2013, Huawei ensured smooth communications for approximately 3 billion people worldwide and guaranteed network availability during nearly 200 critical events and natural disasters, including the Ya'an earthquake and Typhoon Haiyan in the Philippines. While supporting network stability, we have also placed cyber security at the forefront of our efforts. In 2013, we organized cyber security awareness training and education for all Huawei staff, thereby promoting cyber security awareness across the company. We have embedded cyber security requirements into our Integrated Product Development (IPD) process. Cyber security is built into everyone's daily work as well as each product and service, meaning that cyber security is everyone's job. We have released the second edition of our cyber security white paper and promoted the formulation and implementation of uniform international cyber security standards to achieve our common cyber security objectives.

3. Issues concerning energy and climate change are drawing increasing public attention. Our energy-efficient ICT solutions not only help our customers reduce carbon emissions, they also increase our energy utilization efficiency and decrease our carbon footprint. Huawei has deployed approximately 20,000 green base stations worldwide. Wind and solar energy can be leveraged to supply most of the power used by these base stations, saving 80% of fuel consumption. This helps carriers reduce  $\mathsf{CO}_2$  emissions during network expansions and lower their operational costs. Our continued efforts to improve the energy efficiency designs of our products have paid off: In 2013, the CO<sub>2</sub> emissions of our network equipment at the use stage decreased by 10% to 40%; solar power stations in our Songshanhu Campus generated 3.5 million kWh of electricity, which is equivalent to more than 3,200 ton in CO<sub>2</sub> emission reduction. We have built concepts of circular economy into the entire product lifecycle, including product R&D, production, use, and recycling, and have established a circular economy business model to make the best use of resources. For example, the proportion of reused and recycled products keeps growing; the landfill rate of waste decreased to 2.57% in 2013.

4. Seeking win-win development means we must focus on our employees, our suppliers, and the communities where we operate. Huawei advocates developing a diversified workforce, as evidenced by the fact that 79% of employees outside China were local hires in 2013. We have gone to great lengths to transform our human resource (HR) model and establish HR platforms that help our employees grow better and realize their individual value. We have substantially raised salaries for entry-level employees and prioritized monetary and non-monetary incentives. With customer centricity in mind, we have continuously made improvements based on customer needs to enhance customer satisfaction. According to a third-party survey, Huawei's customer satisfaction score in 2013 is substantially higher than in 2012. With a large supply chain, we have embedded sustainability requirements into our procurement and supplier lifecycle management processes to increase our procurement efficiency and enhance the sustainability capabilities of our suppliers. Huawei prohibits the use of conflict minerals in any form, and requires suppliers to follow suit. To date, we have investigated the use of conflict minerals in 191 suppliers, and plan to expand the investigation to all of our key suppliers in 2014. As part of our drive to promote sustainability in local communities where we operate, Huawei rolled out 68 charity programs worldwide in 2013 to support welfare, education, charity, and disaster relief efforts.

In the future, Huawei will continuously implement our four sustainability-related strategic initiatives to reinforce sustainability, and expand and fine-tune our management approaches. We will further integrate sustainability into business processes, assess the maturity of corporate sustainable development (CSD) management, strengthen Huawei's leadership in this area, create a culture of sustainability, improve supply chain capabilities, and increase the supply chain's overall sustainability. Through these concrete measures, we work towards building Huawei's leadership in sustainability and contributing more to the long-term healthy development of the industry chain.

Deng Biao Chairman of the CSD Committee



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# **Sustainability Management**

## Progress

- Contribute economic benefits to society
- Abide by ethical business practices and operate in compliance with applicable rules and regulations
- Continuously improve the sustainability management system



As a global company, Huawei undertakes social responsibilities by promoting harmonious social development rather than merely focusing on our own development. Huawei incorporates sustainability requirements into our business operations and establishes and optimizes management systems to fulfill sustainability initiatives. In addition, Huawei abides by business ethics and operates with integrity and in compliance with applicable rules and regulations. We continuously improve our sustainability management by working closely with stakeholders to build a harmonious business ecosystem.

### **1.1 Corporate Profile**

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 the carrier networks, enterprise, consumer, and cloud computing 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 170 countries, serving nearly 3 billion people.

Huawei's vision is to enrich life and improve efficiency through a better connected world. By leveraging our experience and expertise in the ICT sector, we help bridge the digital divide by providing opportunities to enjoy broadband services, regardless of geographical 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.



### **Core Values**



### **Customers First**

Huawei exists to serve customers, whose demands are the driving forces behind our development. We continuously create longterm 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.

### **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.

### Integrity

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

### 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.

### **Openness & Initiative**

Driven by customer needs, we passionately pursue customercentric 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.

### 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.

### Sustainability Management $(\mathbf{f})$

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### **Economic Performance**

### Five-Year Financial Summary



Operating profit **CAGR: 6% CNY** Million



Cash flow from operating activities



For more information, see the Huawei 2013 Annual Report.

### **Sustainability Awards and Honors**

Sustainability Awards and Honors in 2013:

Name of Award	Awarding Body
Best Use of Mobile in Emergency or Humanitarian Situations Award for Huawei Instant Network	Mobile World Congress
China's Top 100 Green Companies	Daonong Center for Enterprise, and Green Companies
GoldenBee 2013 Excellent CSR Report – Leading Enterprise	China WTO Tribune
Ranked second among Top 100 Chinese Private Enterprises in CSR (2013)	Chinese Academy of Social Sciences
ICT Industry and Talent Development in Malaysia Award	Malaysia Multimedia Development Corporation (MDeC)
Green Data Center Award for a joint project undertaken by Huawei and its partner China Mobile	Datacenter Dynamics
Vodafone Responsible Supplier of the Year 2013 Award	Vodafone
2013 Sustainability Best Practice Award in recognition of Huawei's supply chain sustainability management	United Nations Global Compact Network China
Telecom Seeds for the Future was endorsed by the UN-backed Principles for Social Investment (UNPSI) as a best practice of social investment	UNPSI

### 1.2 Corporate Governance and Legal Compliance

Adhering to "customers as our focus and dedicated employees as our foundation" from our core values, we continue to improve our corporate governance structure, organizations, processes, and appraisal systems to achieve long-term effective growth.

### **Shareholders**

Huawei Investment & Holding Co., Ltd. (the "company" or "Huawei") is a private company wholly owned by its employees. Shareholders of Huawei are the Union of Huawei Investment & Holding Co., Ltd. (the "Union") and Mr. Ren Zhengfei.

Through the Union, the company implements an Employee Shareholding Scheme (the "Scheme"), which involved 84,187 employees as of December 31, 2013. The Scheme effectively aligns employee contributions with the company's long-term development, fostering Huawei's continued success.

Mr. Ren Zhengfei is the individual shareholder of the company and also participates in the Scheme. As of December 31, 2013, Mr. Ren's investment accounts for nearly 1.4% of the company's total share capital.

### **Board of Directors and Committees**

The Board of Directors (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 has established the Human Resources Committee, the Finance Committee, the Strategy & Development Committee, and the Audit Committee to assist and support BOD 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 responsibility fulfillment of BOD members and senior management, as well as the standardization of BOD operations. Members of the Supervisory Board attend BOD meetings as non-voting participants.

### For more information, see the *Huawei 2013 Annual* Report.



Corporate Governance Structure of Huawei

### **Compliance Management**

Huawei abides by ethical business practices, conforms to applicable international conventions as well as laws and regulations of local countries, and operates with integrity. We adhere to the *Huawei Business Conduct Guidelines (BCG)*, implement transparent procurement and sales, and oppose bribery and corruption. In addition, we advocate fair competition and obey anti-dumping and anti-trust laws and regulations defined by local countries, thereby creating a harmonious business ecosystem.

We have incorporated compliance management into as many business scenarios as possible. Our Legal Affairs Department provides legal guidance in export control, cyber security, trade competition, human resource management, and anti-bribery and anti-corruption tasks. The department also identifies, assesses, and provides warnings against internal and external legal risks, and assists other business departments in ensuring legal compliance in all operations. To mitigate risks related to intellectual property rights (IPR), the department protects our own IPR while respecting the rights of other intellectual property holders and ensures that Huawei complies with international IPR regulations.

### **Huawei Business Conduct Guidelines**

We adhere to the *Huawei Business Conduct Guidelines (BCG)*, which includes regulations on the general business conduct that all Huawei employees must obey. The BCG is one of the new hire packages that must be learnt and signed by new hires.

In 2013, Huawei revised the BCG to include new cyber security requirements and published *Huawei Business Conduct Guidelines* V2.0.

### **Anti-Corruption and Anti-Bribery**

Huawei abides by business ethics, operates with integrity, and prohibits bribery and corruption. In 2013, we continuously optimized our control mechanism for preventing and eliminating bribery and corruption, and required all employees worldwide to adhere to the BCG and attend associated training. Furthermore, we required all our partners and suppliers to sign the *Honesty and Integrity Agreement*.

Public channels for reporting bribery and corruption: Email: BCGcomplain@huawei.com Tel: +86-755-28562338

#### **Trade Competition**

Openness and competition are the cornerstones of the market economy system. Huawei firmly believes that openness, competition, and cooperation play crucial roles in promoting economic growth and prosperity. Therefore, we abide by ethical business practices, advocate fair competition, and comply with all applicable laws and regulations enforced by international authorities and countries in order to build a harmonious industry chain ecosystem and enhance fair competition.

To accomplish these tasks, Huawei has released a series of processes and systems that clearly prohibit unfair methods in market competition. Huawei also requires employees to attend training programs to ensure legal compliance.

### Export Control

Trade compliance is one of the key factors that ensure Huawei's secure and stable operations. At Huawei, obligations of export control are placed ahead of our commercial interests. Under the principle of overall control, we have established and implemented the Internal Compliance Program (ICP), and formulated compliance mechanisms for export control in line with industry practices. We have set up the Trade Compliance & Customs Compliance Committee and Trade Compliance Office led by the Chief Legal Affairs Officer. In addition, we promptly identify risks in trade compliance, and effectively manage and continuously monitor these risks in order to ensure legal use of our products and technologies.

### **Intellectual Property Rights**

Huawei respects the intellectual property rights (IPR) of other holders, complies with international intellectual property laws, and resolves IPR issues through negotiation, cross-licensing, and product cooperation in an open, positive, and friendly manner. Huawei adopts legal means to protect itself against malicious infringements on our IPR.

As of December 31, 2013, Huawei had filed 44,168 patent applications in China, 14,555 under the Patent Cooperation Treaty (PCT), and 18,791 outside of China. Of these applications, 36,511 had been granted.

### **1.3 Sustainability Management**

To facilitate sustainability initiatives and ensure that the sustainability strategy is executed top-down around the globe, Huawei has set up the Corporate Sustainable Development (CSD) Committee. The CSD Committee organizes and coordinates the establishment, implementation, and maintenance of the sustainability management system; plans and develops the sustainability strategy; and supervises the execution of the sustainability strategy during business operations. The CSD Committee meets on a quarterly basis to make decisions on important sustainability initiatives.

### Sustainability Management System

In 2013, Huawei continued to optimize our sustainability management system based on ISO26000, and developed and published the sustainability policies, process, baselines, and maturity assessment tool. As a result, we were able to systematically and comprehensively manage our sustainability initiatives. In 2013, we completed the following activities related to our sustainability management system:

Updated sustainability policies to explain Huawei's stance and attitude to sustainability as well as the overall requirements for key business domains. In accordance with the corporate sustainability policies, all business domains developed policies on employee care, environmental protection, and social contribution in order to guide their own operations.

Published the sustainability management process to institutionalize sustainability management activities and ensure their effectiveness.

Developed a set of sustainability indicators covering management systems, employee-related practices, environmental protection, fair operations, consumer rights and interests, bridging the digital divide, and social contribution. The set of indicators has helped us comprehensively and systematically measure and assess our sustainability initiatives.

Developed a sustainability maturity assessment tool to assess the maturity levels of sustainability-related business modules, which comprises ten dimensions – including strategy and policy, risk management, and objectives – and five ratings.

Developed sustainability baselines, analyzed gaps of business status quo, and developed improvement measures. Incorporated sustainability requirements into the sustainability policies and processes to ensure the implementation of sustainability requirements.

#### Sustainability Management

### Sustainability Objectives

In line with stakeholder requirements and our sustainability management system plan, we have set step-by-step objectives for sustainability that outline the direction of Huawei's sustainability management.

Objectives

- Strategy execution
   Management system
- Launch the Bridging the Digital Divide flagship programs.
- Expand the scope of greenhouse gas (GHG) data investigation based on our GHG management strategy.
- Develop a plan for auditing medium and high potential risk suppliers based on risk identification results, and drive suppliers for improvements
- Conduct programs to assess the maturity of the sustainability management system and implement sustainability processes on a pilot basis.
- Incorporate sustainability requirements into relevant main processes and establish sustainability risk management mechanisms.

- Continuously implement the Bridging the Digital Divide flagship programs and attain goals phase by phase.
- Continuously roll out GHG reduction activities to meet the goal of reducing GHG emissions by 5%.
- Implement sustainability joint improvement projects together with suppliers, and coach key suppliers on establishing their own sustainability management systems.
- Start to deploy the sustainability management system worldwide based on concrete customer needs.
- Promote business departments' capabilities to handle sustainability issues and crises.

2014

 Strengthen and promote the Bridging the Digital Divide flagship programs as planned.

- Continuously introduce new technologies and processes to meet the goal of reducing GHG emissions by 7%.
- Implement sustainability joint improvement projects together with suppliers, coach other suppliers on establishing their own sustainability management systems, and focus on increasing suppliers' capabilities and efficiency.

 Apply and update sustainability risk management tools and strengthen business departments' capabilities to handle sustainability issues and crises, including improving the emergency response mechanism.

- Continuously expand and optimize the Bridging the Digital Divide flagship programs.
- Meet the goal of reducing GHG emissions by 10%.
- Drive collaboration on sustainability management in the industry chain, and continuously cooperate with customers with a focus on industry chain sustainability.
- Promote the sustainability risk management tools globally and develop end-to-end process management mechanisms.
- Successfully deploy the sustainability management system in key regions outside China.

2016

2017

2013

Simplified view of Huawei's medium-to-long-term sustainability plan

2015

### **1.4 Sustainability Strategy**

### **Vision of Sustainability Management**

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

### **Mission of Sustainability Management**

To establish an excellent sustainability management system, operate with integrity and in compliance with applicable laws and regulations, continuously enhance communication with stakeholders, promote a harmonious business ecosystem, ensure sustainable development, and contribute to our customers and society.

### Sustainability Strategy

In 2013, Huawei continuously focused on the four sustainabilityrelated strategic initiatives, playing a more active role in promoting the harmonious development of economy, society, and environment. In this way, we have not only fulfilled social responsibilities on our own, but encouraged other players in the value chain to do the same.

Bridging the Digital Divide	<ul> <li>Huawei provides people across all geographic areas with ease of access to voice communications services, ensuring communications for all.</li> <li>Huawei enables broadband inclusion for all, to ensure that broadband is available everywhere and to promote future-oriented ICT technology to address global challenges.</li> <li>Huawei establishes training centers and launches joint teaching initiatives to develop local talent, transfer knowledge, and encourage regional development of and participation in the digital community.</li> <li>Huawei provides customized ICT applications and solutions that suit individual, corporate, and regional requirements to improve economic performance, quality of life, production efficiency, and competitiveness.</li> </ul>
Supporting Stable and Secure Network Operations	<ul> <li>Supporting network stability and security, especially at critical times (e.g., earthquakes, tsunamis, and other natural disasters and emergencies), is our highest priority and comes ahead of our own commercial interests.</li> <li>By fully considering service continuity and network resilience, Huawei enhances the robustness and protection capabilities of our products through continuous innovation. Huawei supports product testing, verification, and certification by independent parties to provide customers with internationally recognized security assurance approaches. Huawei maintains openness and transparency by proactively communicating and cooperating with stakeholders, and complies with applicable security standards, laws, and regulations.</li> </ul>
Promoting Environmental Protection	<ul> <li>Huawei incorporates green concepts into product planning, design, R&amp;D, manufacturing, delivery, and service procedures. Through continuous technological innovation, we optimize resource utilization efficiency to provide customers with green, energy-efficient, and world-leading products and solutions.</li> <li>Huawei is dedicated to improving resource utilization efficiency in offices, production facilities, logistics centers, and laboratories to minimize waste and greenhouse gas (GHG) emissions, and thus position Huawei as a role model for environmentally-friendly operations.</li> <li>Huawei continuously ensures that our products meet environmental protection requirements, and requires our partners to operate in compliance with green regulations. By being closely involved in business activities, we promote energy conservation and emission reduction in the supply chain to improve our overall competitiveness in the industry chain.</li> <li>Huawei rolls out a wide variety of green integrated ICT solutions to help industries conserve energy and reduce emissions. Huawei is an active player in promoting an energy-conserving, environmentally-friendly, and low-carbon society.</li> </ul>
Seeking Win-Win Development	<ul> <li>Huawei provides employees with varied career paths based on their special skills to help them realize their individual value.</li> <li>Huawei enthusiastically contributes to the communities and countries in which we operate.</li> <li>Huawei adheres to business ethics by opposing corruption, dumping, and monopolies, and operates with integrity and in compliance with applicable laws and regulations.</li> <li>Huawei focuses on sustainability risk management during our operating activities and service processes and has gradually become a sustainability leader in the industry and the world.</li> <li>Huawei closely works with suppliers to develop standards and benchmarks. We have shifted the focus from risk management to efficiency management and taken a leading position in sustainability in the industry chain.</li> </ul>

### **1.5 Stakeholder Engagement**

Management

We see stakeholder engagement as an opportunity to build trust and create a platform for dialog. We strive to communicate openly and transparently with stakeholders, and understand and respond to their requirements and concerns in a timely and effective manner in order to strengthen our corporate sustainability management.

We integrate stakeholder engagement into day-to-day sustainability management at Huawei. In 2013, we developed the CSD Stakeholder Engagement Management Process, which is based on Huawei's business strategy, the industry's best practices for management systems, and AA1000 requirements for stakeholder engagement. The process conforms to Huawei's standard management processes, and defines stakeholder engagement roles, responsibilities, and KPIs, ensuring that we efficiently manage stakeholder engagement and respond to critical issues.

Effective stakeholder communication and cooperation are important to achieve our sustainability objectives. Below are examples of ways in which we engaged and communicated with various stakeholders in 2013.

Stakeholder Group	Engagement Examples from 2013
Customers/Consumers	<ul> <li>Customer satisfaction surveys</li> <li>Issue-specific visits and meetings</li> <li>Industry exhibitions and forums</li> <li>Consumer research and satisfaction surveys</li> </ul>
Employees	<ul> <li>Employee satisfaction surveys</li> <li>Internal communication mechanisms: direct communication with the CEO; suggestion mailbox; Open Day departmental discussions, etc.</li> <li>Communication with employee representatives</li> </ul>
Suppliers	<ul><li>Global Supplier Sustainability Conference</li><li>Supplier training, workshops, and forums</li></ul>
Government	<ul><li>Issue-specific collaboration</li><li>Workshops</li><li>Self-checks for compliance</li></ul>
Industry/Standards Associations	<ul><li>Workshops, forums, and association activities</li><li>Publication of research achievements</li></ul>



#### **Managing Material Issues**

In 2013, we updated our material issue assessment to further identify and prioritize material issues that are most important to our stakeholders in a manner consistent with the Global Reporting Initiative (GRI) methodology. We identified a list of sustainability-related issues based on Huawei's corporate sustainability strategies and policies, relevant reporting and industry standards, and customer requirements. All of these issues are important to Huawei. In addition, in order to identify the issues most important to stakeholders, we surveyed more than 300 stakeholder representatives, including NGOs and community groups, employees, customers, academia, and suppliers, through online, telephone, and onsite interviews. Issues were then prioritized by their relative impact on Huawei's business strategy as well as their importance to stakeholders. The following matrix illustrates the results of our updated material issue assessment, and shows the issues most material to stakeholders and Huawei's operations.





Detailed information about how Huawei responds to material issues that concern stakeholders or significantly influence Huawei's strategies can be found in the following sections of this report:

Bridging the Digital Divide - Creating Sustainable Networks - Reducing the Environmental - Seeking Win-Win Development Impact

### **1.6 Sustainability Performance**

To ensure our sustainability strategy is effectively implemented, Huawei breaks down this strategy annually into specific initiatives to set a series of sustainability-based performance goals. The CSD Committee regularly monitors operations to ensure we attain our goals.

The following table outlines Huawei's major sustainability goals and their attainment in 2013.

ltem	Major Goals in 2013	Goal Attainment in 2013
Bridging the Digital Divide	Redefine the digital divide	<ul> <li>Released a study report on bridging the digital divide at World Mobile Broadband Forum 2013.</li> <li>Jointly launched the "Redefining the Digital Divide" report together with the Economist Intelligence Unit (EIU).</li> </ul>
	Host two Broader Way Forums	<ul> <li>Hosted the Broader Way Forum at the Mobile World Congress in February 2013 under the theme of "How Broadband Drives the Digital Society".</li> <li>Co-hosted the Broader Way Forum with ITU at the ITU Telecom World 2013 in Bangkok, Thailand, under the theme of "Broadband Enriching Everything".</li> </ul>
	Build global ICT training centers	<ul> <li>Built 45 global ICT training centers by the end of December 2013.</li> <li>Won the ICT Industry and Talent Development in Malaysia Award from Malaysia Multimedia Development Corporation (MDeC).</li> </ul>
	Deploy the Smart City solution in over 60 countries	<ul> <li>Deployed the Smart City solution in over 60 cities across 20 countries around the world by the end of 2013.</li> </ul>

#### Major Goals in 2013 Goal Attainment in 2013 Item Supported network operations during nearly 200 critical events, Provide prompt and effective support natural disasters (including the Ya'an earthquake and Typhoon during natural disasters and critical events worldwide Haiyan in the Philippines), and special occasions (such as Hajj). Deploy the Instant Network alongside Worked with the Vodafone Foundation to deploy an Instant the Vodafone Foundation to provide Network in the Yida refugee camp in South Sudan in 2013, instant communications in disasterallowing more than 70,000 refugees to contact their loved stricken and remote areas ones for the first time in many years. Donate tablets to more than ten Donated 300 Huawei MediaPads for teachers and students in Supporting Stable Instant Network schools 15 Instant Network schools in Congo, South Sudan, and Kenya. and Secure Network Incorporated cyber security requirements into the BCG, and required all employees to study and sign the BCG. Raise employees' cyber security Promoted the importance of cyber security and provided cyber security awareness training and education; provided awareness 159 training sessions on cyber security technology for 8,522 employees in design, encoding, and testing positions. Developed the second version of Huawei's cyber security white Publish the second version of paper and launched the white paper in Seoul, South Korea, on Huawei's cyber security white paper October 18, 2013. Continuously implemented energy efficient and environmentally Continuously implement energy friendly designs for our products. As a result, the CO<sub>2</sub> emissions efficient and environmentally friendly of our network equipment at the use stage decreased by 10% designs for products to 40% in 2013. Conducted the LCAs for 10 types of products in 2013. Won the Demonstration Base for Product/Service Carbon Conduct lifecycle assessment (LCA) Footprint Assessment award from China's Certification and for 10 types of products Accreditation Administration and Ministry of Environment Protection in 2013. Have more than 20 types of products passed the green product Assessed 24 Huawei products as "green products". certification by Huawei Global Compliance and Testing Center Promoting Released the 4th version of Huawei Substance List, including Release the 4th version of Huawei Environmental 35 types of restricted substances and 90 types of reported Substance List Protection substances. Help customers increase the energy Reduced the annual PUE of the Heilongjiang China Mobileefficiency of their data centers Huawei Warehouse Modular Data Center (jointly built by by keeping the power usage Huawei and China Mobile) to 1.22. As a result, Huawei was effectiveness (PUE) below 1.3 honored with the DCD Green Data Center Award. Generated 3.5 million kWh of power at the solar power Leverage solar power stations at the stations at the Dongguan Campus, which is equivalent to a Dongguan Campus to generate more 3,228 ton in CO2 emission reduction. than 3 million kWh of power every Planned to build solar power station projects at other Huawei year campuses, including Shenzhen, Hangzhou, and Nanjing. Shipped 214,882 products in green packaging, which saved Ship over 200,000 units of products 45,717 m<sup>3</sup> of wood and achieved a 30,176 ton reduction in in green packaging CO<sub>2</sub> emissions.

Item	Major Goals in 2013	Goal Attainment in 2013
	Use soy ink for printing techniques on the packaging of more than two types of products	<ul> <li>Reached an agreement with the American Soybean Association, and acquired the use of the latter's soy ink trademark rights. Used soy ink for printing on packaging for products such as Huawei MediaQ and Honor 3C.</li> </ul>
	Build a circular economy model	Built and promoted the circular economy model across the company.
	Ensure that less than 3% of waste ends up in landfill	<ul> <li>Increased the product recycling and reuse rates and continuously reduced the landfill rate. In 2013, the waste landfill rate was 2.57%.</li> </ul>
	Enable more than 30 suppliers to pass Huawei Green Partner (HW GP) certification	<ul><li>Upgraded HW GP to HW GP 2.0.</li><li>Completed HW GP certification for 34 suppliers.</li></ul>
	Encourage suppliers to implement energy conservation and emission reduction initiatives to reduce 20,000 tons of CO <sub>2</sub> emissions	<ul> <li>Selected four suppliers to carry out energy conservation and emission reduction initiatives on a pilot basis, reducing an aggregate of 23,000 tons of CO<sub>2</sub> emissions.</li> </ul>
	Increase the percentage of local hires outside China to 75%	Achieved 79% local hires outside China.
	Implement the long-term incentive plan, Time-based Unit Plan (TUP), for local employees in 60 countries	<ul> <li>Implemented the TUP in 68 countries.</li> </ul>
	Provide 30 hours of training on average for Huawei staff	<ul> <li>Over 80,000 employees attended various training sessions and the training time averaged 37 hours.</li> </ul>
	Increase customer satisfaction over 2012	<ul> <li>Increased the customer satisfaction scores both inside and outside of China by 2.78 and 3.41 points, respectively.</li> </ul>
Seeking Win-Win Development	Ensure that all new suppliers pass the sustainability qualification and sign the CSR/EHS agreements	<ul><li>Passed 39 new suppliers for sustainability qualification.</li><li>Signed CSR/EHS agreements with all new suppliers.</li></ul>
	Achieve an on-site supplier audit rate of 100%	<ul> <li>Conducted onsite audits for 28 suppliers with high sustainability risks and 57 suppliers with medium sustainability risks. The on- site supplier audit rate was 100%.</li> </ul>
	Ensure that 80% of suppliers respond to Huawei's investigation into the use of conflict minerals	<ul> <li>Investigated the use of conflict minerals in 191 device suppliers in the first phase. 85% of the supplies responded to Huawei's investigation.</li> </ul>
	Implement the Telecom Seeds for the Future program in over 20 countries	<ul> <li>Carried out the Telecom Seeds for the Future program in 23 countries, of which six countries (including Spain, Japan, Norway, Australia, Vietnam, Tanzania, Germany, and Italy) were newly involved in 2013.</li> </ul>
Sustainability	Publish corporate sustainability policies	• Developed and published corporate sustainability policies.
Management System	Publish the sustainability processes (12 in total)	<ul> <li>Published 12 sustainability processes for trial use.</li> </ul>







# **Bridging the Digital Divide**

Connectivity

- Provide people across all geographic areas with ease of access to voice communications services
- Enable broadband inclusion for all
- Nurture ICT professionals and transfer ICT knowledge in local communities where Huawei operates
- Leverage leading ICT solutions to help different industries boost efficiency and information-based development, thereby driving social progress



Problems concerning voice communications have been largely resolved with the development of the communications industry and the penetration of phones. However, most people still live in an unconnected world. According to a recent report by ITU, threefifths of the world's population are left outside the information society, unable to access the infinite opportunities made possible by ICT technologies.

In the future, the digital and physical worlds will become more integrated, creating a connected world full of infinite possibilities. However, there is a huge gap in people's ability to use ICT technology and leverage its value. Therefore, it's time we redefined the digital divide, which, we believe, is no longer just about voice connectivity. In our opinion, narrowing the digital divide requires broadband inclusion and the availability of more content and applications enabled at a higher bandwidth. In addition to providing people across all geographic areas with ease of access to high-quality voice communications services, Huawei continuously focuses on bridging the digital divide through broadband, talent, and applications. Huawei promotes broadband availability everywhere and leverages futureoriented ICT technologies to address global challenges. We have established training centers and launched joint teaching initiatives to develop local talent, transfer knowledge, and encourage regional development of and participation in the digital community. Huawei also provides customized ICT applications and solutions that suit individual, corporate, and regional requirements to improve economic performance, quality of life, production efficiency, and competitiveness.

### 2.1 Communications for All

Huawei is committed to providing easy voice communications for people across different geographies. So far, our products and solutions have been deployed in over 170 countries and regions, serving nearly 3 billion people around the world. Among the areas we serve, many are underdeveloped and remote with harsh geographic environments. In addition, we are dedicated to providing instant communications services under certain emergencies, enabling ubiquitous voice communications services for everyone.

### Resolving Communications Challenges for 8 Million People in Remote Areas of the "Mountain Kingdom"

Located in the Himalayas, Nepal is known as the "Mountain Kingdom" as it has many mountains over 6000m above the sea level. Nepal's mountainous terrain makes transportation in this developing country difficult and goods are mainly carried by manual labor, oxen, or helicopters. Electricity supply is another major challenge for the country: Each winter, some areas of the country suffer from power outages of up to 16 hours every day. Difficult construction of common base stations, long construction periods, and high construction costs have troubled carriers in Nepal, and they have been unable to more effectively provide local communications. People in Nepal could not even make high-quality phone calls, let alone communicate with the outside world.

After gaining a deep understanding of the conditions in Nepal, Huawei helped local carriers deploy integrated base stations in rural areas using the Huawei SingleSite solution. The deployment of energy-efficient outdoor base stations powered by solar energy significantly helped carriers lower their site construction costs, effectively reduce the dependency of base stations on electric power, and quickly achieve signal coverage in the relevant areas. By the end of 2013, Huawei rolled out 2G networks in mid-west, western, and far west Nepal, the country's three remote mountainous areas, and began using 2G+3G solutions to replace equipment in the central and eastern Nepal, providing coverage for over 8 million people. Convenient communications have made the lives of the Nepalese much easier and given them access to full connectivity.

Advancements in communications also have boosted the country's tourism industry. For the first time, people in mountainous areas can make calls as well as send and receive text messages anytime they choose. This not only facilitates communications with the outside world, it also enhances the safety of tourists. As a result, more and more tourists are attracted to this country. In addition, the global information exchange has improved the investment environment in Nepal and accelerated Nepal's economic development pace. The charm of the "Mountain Kingdom" has now gone global.



The Huawei SingleSite solution makes communications convenient for Nepalese in mountainous areas





### 2.2 Broadband Inclusion for All

**Connecting the 4.4 billion unconnected:** According to a 2013 ITU report, 77% of citizens in developed countries have Internet access, compared to 31% in developing countries. This means that among the 4.4 billion unconnected, less than 300 million are from developed regions such as the US, Europe, Japan, and South Korea.

Huawei is dedicated to building broad information pipes to enable ubiquitous broadband availability. We actively promote future-oriented ICT technologies to unlock infinite possibilities by connecting people and people, people and things, and things and things.

Huawei's LTE TDD Solutions Bring Affordable Broadband to West Africa



Huawei LTE TDD solution boosts broadband penetration in Africa

According to a 2009 World Bank study, gross domestic product (GDP) of low to middle income countries can grow by an additional 1.4% with a 10% increase in broadband usage. Business and agriculture benefit from more efficient processes and access to wider markets, while vital areas of society, including education, research, and healthcare, improve from greater access to information through the Internet. Across all Creating Sustainal

Development

of Africa, only 5.3% of homes had access to fixed broadband at the end of 2012, while the percentage in Europe was 77%.

"Broadband inclusion for all" is a core element of Huawei's sustainability strategy and an especially important focus for our teams in West Africa. Nigeria's National Broadband Strategy envisions a 95% availability rate of 3G/4G data technology and a usage rate of 76% by 2020. As of 2013, the country had low availability (35%) and usage (6%) rates due to both access and affordability. Broadband data packages were typically quite expensive in 2012: roughly US\$80/month for a capped plan or US\$300/month for unlimited data.

To provide affordable broadband access, Huawei worked with Nigerian carriers Swift Networks and Spectranet to provide a smooth transition from WiMAX to Long Term Evolution (LTE) technology, with large capacity and easy to obtain spectrum resources. LTE technology performs better than older networks due to increased bandwidth, and this added capacity allows for more users within a base station. Higher LTE speeds give end users lower latency, which translates into a much more stable user experience. The technology's impressive speed helps build better mobile payment platforms and improves mobile user experiences for services such as banking and video chat.

Huawei Nigeria worked with Swift Networks and Spectranet in 2013 to make LTE available in Lagos, Nigeria, a bustling city of over 20 million people. Charles Anudu, Managing Director at Swift Networks, describes our LTE efforts as a "bold investment", noting that bridging the digital divide with affordable and accessible broadband is of the highest importance for developing countries like Nigeria. We helped Swift Networks build a new 2.3 GHz LTE TDD network in 2013, which doubled the throughput of the existing WiMAX network. Swift Networks updated their network primarily through minor upgrades, significantly reducing deployment cost and operating cost. These cost savings and the added capacity of LTE allows Swift Networks to provide lower data prices for consumers, and enables end users to enjoy broadband access at very affordable rates.

A Swift Networks family package in Lagos is now available and 20GB costs around US\$35 per month, a significant reduction from the previous US\$80 packages. An entry-level plan for students and workers provides 300MB per month for only US\$3. End users in Lagos can now enjoy affordable broadband access on par with the developed world, with more of Nigeria soon to follow.

More and more Nigerian users are embracing the Internet service. Students now register for online studies, companies can set up video conferences with foreign business partners, and people rely on the Internet for news and information. Huawei will continue to work with our partners to increase capacity and expand into new cities across Nigeria. We will continue to update customers' 3.5GHz



WiMAX networks to LTE TDD to provide increased broadband access at affordable prices for more Nigerians in the future.

In addition to providing broadband access to end users, Huawei invests in the people of Nigeria. The Nigerian government's Ministry of Communication Technology has set up a program for training girls across Nigeria. This one-year program includes 1,000 girls who are trained for three days each in Lagos and Abuja. The objective is to achieve an ICT literacy level that enables them to find employment when they come of working age. Huawei has invested US\$1.3 million which was matched by the Nigerian government with US\$1 million.

Speaking at the launch of the training event, the Minister of Communication Technology, Mrs. Omobola Johnson, said that ICT has the transforming power to accelerate the development of women by helping them to become more efficient in their jobs and to generate new employment opportunities.

### **ICT Training for 1,000 Nigerian Girls**



Instructor Mr. Uwazie Kingsley leads a girl-focused training class in Lagos

### **2.3 Nurturing ICT Talent**

A strategic focus for Huawei in bridging the digital divide is to stay committed to the transfer and sharing of ICT knowledge and skills as well as to the nurturing of ICT talent. Huawei strives to bridge the divide for people from all walks of life in terms of information accessibility and to achieve the target of making information technology available to all. Huawei proactively nurtures local ICT professionals, transfers knowledge, and encourages the regional development of and participation in the digital community. By the end of 2013, Huawei's Telecom Seeds for the Future program had been extended to benefit more than 10,000 students from over 70 universities in more than 20 countries.





### Reducing the

#### Seeking Win Developmen

### Huawei Nurtures ICT Talent Through Our Global Training Centers



Huawei's training centers worldwide

Huawei's global training centers are dedicated to nurturing ICT talent for customers and society, improving people's ICT skills in communities where Huawei operates, and thus bridging the digital divide. Based on Huawei's ICT training practices as well as our experience in cooperating with world-leading carriers, our global training centers can provide end-to-end talent development solutions to meet customers and society's demands for ICT talent and address the future challenges of a digital society.

Huawei has established 45 training centers globally providing training services in 16 languages including English, Spanish, French, and Russian. To deliver high-quality training courses, more than 1,200 teachers in our training centers have passed stringent qualification and certification, and more than 200 engineers are engaged in designing and developing teaching courses. In addition, our online eLearning platform provides eLab, On-Line Test, Live Virtual Classroom, Web Based Training, and M-Learning services. We have deployed over 100 servers worldwide to facilitate easy access to our eLearning system in different regions.

#### **Malaysian Training Center**

Huawei entered the Malaysia market in 2001. Since then, we have been dedicated to helping Malaysia develop communications talent, increase talent reserve, and improve the competitiveness of local talent while actively putting efforts in Malaysia's mobile broadband build-outs. In 2012, Huawei established a global training center in Cyberjaya, Malaysia, which provides training for more than 20,000 engineers each year. In June 2013, Huawei signed a memorandum of understanding (MOU) with Malaysia Multimedia Development Corporation (MDeC) to jointly promote digital education in Malaysia's middle and elementary schools. Huawei has cooperated with 18 universities in Malaysia to date, creating scholarships at these universities to develop more ICT talent.

Badlisham Ghazali, CEO of MDeC said, "As our outstanding partner, Huawei has not only contributed significantly to the development of Malaysia's ICT industry, but is also dedicated to providing ICT technologies and sharing experience with students, professionals, and teachers in Malaysia."



Huawei receives the "ICT Industry and Talent Development in Malaysia" award

### 2.4 Application of ICT Technologies

As an ICT solutions provider, Huawei is dedicated to providing customized ICT solutions that help enterprises in different regions improve their economic performance, productivity, and competitiveness. In this way, we help these enterprises gradually become the facilitators of the sustainable development of industries and the incubation of new business models. Huawei's products have been widely applied in a variety of sectors including consumers, governments, public utilities, transportation, and energy.

### Providing Aid for Visually Impaired Students



Visually impaired students benefit from Huawei's Desktop Cloud technology

#### Huawei's virtual desktop system, Desktop Cloud, allows students at the Shanghai School for the Blind to transition between computers and classrooms.

Visually impaired students find it challenging to switch between computers because they can hardly detect the differences of different computers and desktops. Huawei's virtual desktop technology allows for customization based on the needs of these students. As a result, students have no difficulty using different devices and can easily log in to a familiar user interface from any device.

In March 2013, Huawei completed the installation of 80 classroom ports for the Shanghai School for the Blind. Now students can choose a configuration that works best for them while Desktop Cloud technology keeps the computer configuration and environment so that system login from home or at school, on a computer or on a tablet, is done the exact same way.

In addition to improving the education experience for the students, the Desktop Cloud has also led to easier maintenance of computers and electronics. In the past, students caused physical damage to the computers when moving between classrooms and crashed the operating system by frequently running the wrong programs. Staff at the school were constantly managing these operating challenges, restarting the computers, and ordering replacement equipment. Desktop Cloud technology can be managed remotely by a technician, cutting down staff time, and making operation and management easier.

Providing Desktop Cloud technology for the visually impaired students fits into our strategy of bridging the digital divide. Our virtual desktop technology provides these students with quick and easy access to connectivity and an improved educational experience. Until now, over 300 teachers and students in the school benefit from Huawei's Desktop Cloud systems.

"The Desktop Cloud system gives us a chance to log in to the desktops easily in different classrooms with our conventional configuration and environment, and seamlessly connect with iPad and iPhone for an easier learning."

#### -Pan Chunhui, a high school student

To further support the Shanghai School for the Blind and close the digital divide for more students, we plan to install the Desktop Cloud systems in 120 additional classrooms in 2014. We also plan to devote additional resources in 2014 to further develop and improve the Desktop Cloud technology to create convenience for more students.





# **Creating Sustainable Networks**

## Responsibility

- Establish capabilities and mechanisms for stabilizing networks and services
- Establish hierarchical emergency assurance organizations and operational mechanisms to ensure smooth communications
- Improve the robustness and protection capabilities of products, and provide internationally recognized security assurance
- Maintain openness and transparency, proactively communicate and cooperate with stakeholders, and comply with applicable cyber security standards, laws, and regulations to protect product security and customers' rights and interests



Information technology has experienced waves of digital tides, covering basic communications media such as telegram, telephone, and broadcast, home entertainment devices such as TVs, and now computers, the Internet, and the Internet of Things. Information technology has been an engine for global economic growth and is changing people's lifestyles. Today, networks are a crucial part of life, ushering in the era of digital citizenry. With the expansion of the borderless Internet around the world, a digital society is taking shape. Against this backdrop, higher requirements are imposed on network stability and security.

Huawei provides network infrastructure and solutions worldwide. At Huawei, we believe that supporting network stability in all scenarios, even in extreme conditions, is not just as a business obligation, but also as a moral responsibility. We view cyber security assurance as one of our core corporate strategies, and are committed to continuously collaborating with stakeholders to build an end-to-end cyber security assurance system.



Creating Sustainable

### **3.1 Network Stability**

Huawei is committed to helping customers stabilize their networks and business operations. To that end, we have established a comprehensive assurance system supported by product design, solutions, and delivery. We have also developed efficient emergency response mechanisms capable of quickly restoring customer networks and ensuring smooth communications at critical moments such as earthquakes, tsunamis, upheavals, and cyber attacks. Thanks to these measures, we can provide stable communications services necessary to safeguard people's lives and property. Huawei invests heavily in network support, aiming to ensure everyone is able to communicate, access data, and share information anywhere, anytime. In 2013, Huawei supported communications security for nearly 3 billion people around the world, and supported the stable operations of more than 1,500 networks for more than 600 customers in over 170 countries and regions. We guaranteed network availability during nearly 200 critical events, natural disasters (e.g., the Ya'an earthquake and Typhoon Haiyan in the Philippines), and special occasions (e.g., the annual Hajj in Mecca). More than 3,800 Huawei engineers worldwide provide support services 24/7.



Huawei Helped Local Communities Restore Communications Networks After Typhoon Haiyan in the Philippines



A Huawei engineer restores communications services after the devastating typhoon

Huawei's communications engineers worked diligently to restore downed telecommunication lines and towers in the Philippines for the second time in 12 months during Super Typhoon Haiyan (called Yolanda in the Philippines).

On November 8, 2013, the category-five super typhoon hit the Philippines with winds reaching 379 km/hour – the strongest Philippine typhoon on record thought to have killed 10,000 people. National Disaster Risk Reduction and Management Council numbers show the storm affected 16 million Filipinos, 4 million of whom were displaced due to untold levels of destruction.

The vicious storm caused catastrophic damage in the central Philippine islands, destroying villages, and wiping out local infrastructure, including communications lines. Due to the large-scale destruction of communications lines, victims were unable to contact their loved ones or rescue organizations.

#### **Restoring Communications Networks**

In cooperation with local carriers, Huawei Philippines staff worked quickly and efficiently to restore communications lines after the destructive typhoon. Carrier S lost a massive percentage of their network, with 1,200 cell sites down due to destruction and lack of transmission or power. Immediately after the typhoon, a total of 108 Huawei employees and subcontractors traveled by helicopter to restore damaged networks in Panay, Cebu, and Tacloban, which was one of the worst-hit areas.

In these severely affected areas, our employees first helped to clean debris from roads in order to build new lines and install communications equipment. The lack of electricity and the level of debris also made working at night difficult and dangerous. Our employees slept on the floor of an abandoned building, and rationed food and water. They worked around the clock in spite of lacking basic necessities.



A Huawei engineer is installing new equipment

Manuelito Marcelo, a Huawei subcontractor, described how Huawei's team overcame these challenges, noting, "We worked diligently under serious health and environmental hazards, with limited food and water supplies shipped from Manila and Mindanao through the great efforts of our customers and contractors. All of this is nothing when people around the area start smiling at you and giving thanks for the effort of restoring communications."

Huawei responded rapidly to community needs and restored network stability as quickly as possible. Elements of the network were up and running in just two days per site, with sites fully restored after two weeks of intensive efforts.

Our Restoration Teams hit yet another challenge after network sites were restored because traffic spikes led to network congestion as citizens desperately attempted to get in touch with the outside world. At three restored sites in Tacloban, communications traffic increased to five times higher than normal levels during the busiest hour. To alleviate traffic and stabilize networks, Huawei employees focused on bringing more nearby sites up and running as quickly as possible. We prioritized restoring 2G sites to re-establish SMS and voice services first so local people could connect with their loved ones.

As of February 2014, a total of 93 out of the 109 sites operated by Carrier S had been completely restored in Tacloban. We will continue to restore all remaining damaged networks in 2014.

Aside from working hard to restore communications, Huawei also donated funds to support the Philippines Red Cross and financially contributed to victims. We donated 300 Huawei mobile phones with SIM cards to victims through our partnership with ABS-CBN Foundation, and provided financial support to Ayala Foundation, a local non-profit group. Our employees at Huawei Philippines also provided donations and bought food and medicine for local communities, helping victims get through these hard times.





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### Seeking Win-W

### Huawei Ensured Network Stability in the Wake of the Ya'an Earthquake



Huawei employees are working on the frontline in Ya'an

On April 20, 2013 at 8:02 a.m. local time, just days before the fifth anniversary of the Wenchuan Earthquake, a magnitude 7.0 earthquake hit Ya'an City in Sichuan Province, creating widespread destruction and a wave of more than 4,000 aftershocks. Electricity and water supplies were cut off, roads were blocked, and critical telecommunication lines and wireless base stations were destroyed. Bad weather, powerful aftershocks, and landslides provided ongoing challenges for communications recovery.

Due to the large-scale failure of communications networks, victims were unable use voice calls, texts, and Internet services. Reliefcritical communications channels were blocked, seriously affecting relief efforts.

#### **Fulfill Our Responsibility in Times of Crisis**

**Quick response:** Immediately after the earthquake struck, Huawei initiated an emergency plan, and established a coordination center to deploy relief efforts with local carriers. All employees from the Chengdu Research Center quickly became involved in communications recovery and support, and Huawei dispatched over 100 experienced onsite experts to provide technical support.

"A quick response is our responsibility. We must always be ready," said Tao Youjing, a Huawei employee. "Communications networks are my livelihood. When a network is damaged, it's my responsibility to go to the equipment room as quickly as possible and restore the network."

**Materials supply:** Huawei coordinated 23 flights to transport equipment, mini equipment rooms, and satellite phones. We dispatched 30 vehicles to send materials to disaster-stricken regions, supporting communications recovery and disaster relief in Ya'an and ensuring network stability across Sichuan Province. Additionally, we donated 3,000 mobile phones with long-life batteries to victims so that they could connect to the outside world.



Materials for emergency network recovery ready for transportation

**Coordination and cooperation:** The key to restoring communications in the area was working closely with our customers to coordinate network recovery efforts. We dedicated one onsite engineer for each customer to keep information accurate and up-to-date, and ensure that relief efforts were highly efficient.

#### **Stabilize the Network**

To help carriers stabilize communications services in disaster areas, our coordination center arranged for 163 engineers in Chengdu and Ya'an to provide technical support 24/7 to resolve network faults and eliminate potential equipment hazards.

Despite aftershocks, landslides, and mudslides, Huawei engineers hurried to Baoxing and Lushan – the two hardest-hit areas – to restore networks with carriers. The small town of Baoxing proved one of the most challenging environments because mudslides cut off primary access routes. A team of nine Huawei employees and customers traveled on a back road over Jiajin Mountain to repair the main transmission line and build a second backup line that could withstand aftershocks in Baoxing.

Due to the threat of landslides and emergency traffic controls in place, those who entered Baoxing were not allowed to leave. "This put serious pressure on our staff. But we were not daunted. We just focused on recovering the networks," said Li Jie, a Huawei employee. The team worked through the night; at 12:00 p.m. on April 26, the team repaired the last three stations, bringing all stations in Baoxing back online.

Huawei helped carriers completely restore communications services, thanks to the round-the-clock efforts of 12 emergency recovery teams and 200 onsite and offsite engineers over a time span of 144 hours. Our unwavering support at critical times and our commitment to disaster relief have earned us recognition and praise from customers, governments, and the general public.

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### **3.2 Cyber Security**

Huawei views building and fully implementing an end-to-end global cyber security assurance system as a key corporate strategy and considers cyber security a shared global challenge. Global collaboration among customers, suppliers, and policy and law makers is crucial to meaningfully addressing global cyber security threats. As such, all stakeholders must share knowledge and expertise, be practical and cooperative, and work collectively to reduce the unexpected risks resulting from the abuse of technology.

In 2013, Mr. John Suffolk, Huawei's Global Cyber Security Officer, authored the second edition of our cyber security white paper titled *Cyber Security Perspectives: Making cyber security a part of a Company's DNA – A set of integrated process, policies and standards.* The paper investigates how we can infuse cyber security into our company's DNA and promote the formulation and implementation of uniform international cyber security standards. We are more than happy to share our understanding and practices in the area of cyber security in the hope of inspiring a more open, rational, cooperative, and constructive dialogue across the public and private sectors on a wider range of issues. In doing so, we hope to realize our common cyber security objectives.

In 2013, we optimized each facet of Huawei to address challenges with cyber security and embedded cyber security requirements into our end-to-end corporate policies and processes, including strategy and governance, standards and processes, laws and regulations, personnel management, research and development, verification, third-party supplier management, manufacturing, delivery, issue response, traceability, and audits. Huawei employees have adopted improvement measures into their daily work to provide customers with more secure products, solutions, and services.



Huawei's cyber security white paper

In the past year, we organized cyber security awareness training and education for all Huawei staff, thereby encouraging an atmosphere and culture conducive to promoting cyber security awareness and regulating employee behavior across the company.

We have embedded cyber security requirements into our Integrated Product Development (IPD) process. Cyber security is built into everyone's daily work as well as each product and service, meaning that cyber security is everyone's job. We have also improved the approach that instructs employees to design, develop, and deliver our products with security in mind. Apart from independent verification, each step of our work can be examined, improved, and automated.

We have greatly strengthened and improved our Cyber Security Technical Competence Center to incorporate security into design, improve product robustness, and enhance privacy protection.



We have established a multi-layer cyber security evaluation process that allows our products to be independently tested and evaluated by different teams; that is, our Internal Cyber Security Lab, the UK Cyber Security Evaluation Center (CSEC), customer evaluation teams, and third-party audit and evaluation teams. By doing so, we continuously provide our customers with optimum security assurance.

We have enhanced our comprehensive supplier management system to continuously monitor and evaluate the delivery and security performance of our qualified suppliers. We select suppliers that can contribute to the quality and security of our purchased products and services and in turn benefit our customers.

Our manufacturing capabilities continue to improve in tandem with our security capabilities. Our standardized end-to-end manufacturing supply chain system enables us to more efficiently resolve security risks during manufacturing in a safe manner while retaining quality, thus ensuring the integrity of our hardware and software.

We have embedded key cyber security management requirements into all our service delivery activities. Also, we stringently manage employees who have access to customer networks, thus ensuring the security of delivered products and services.

When things do go wrong or customers and researchers identify possible security issues, we respond quickly and effectively to any vulnerability through our closely connected Product Security Incident Response Team (PSIRT) and core R&D processes. In addition, our barcode system and electronic manufacturing system enable us to forward or backward track 98% of the components used in our offerings within just a few minutes.

As auditing plays a crucial role in ensuring what a company or department claims is true and effective, we ensure the implementation of cyber security policies, processes, and standards through our internal audit team. This allows us to provide more effective and comprehensive oversight on cyber security.

Huawei is passionate about being transparent and open. We encourage full and frequent communication with all stakeholders, including customers, industry, governments, and the media. We aim to raise the understanding of cyber security, seek views and ideas for reducing security risks, and collectively improve trust in terms of cyber security.

At Huawei, we not only care about resolving past and present cyber security issues. We also seek to lay the foundation for future development. Sticking to our commitment, we will continuously collaborate with all stakeholders to enhance our security capabilities in design, development, deployment, and other areas. We will continue to position cyber security assurance as one of our core strategies, maintain open and transparent policies, and act responsibly in our operations to ensure a secure cyber world for tomorrow.

For more information, see the *Huawei Cyber Security White Paper*.







Green

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# Reducing the Environmental Impact

# Innovate technologies to continuously enhance the utilization efficiency of products and resources and reduce the negative environmental impacts of products throughout their lifecycle Reduce waste and GHG emissions

#### Work with partners to promote environmental protection and enhance the overall competitiveness of the industry chain

 Promote green ICT solutions, help different industries conserve energy and reduce emissions, and contribute to circular economic growth and low-carbon society



The advancement of the ICT industry has lowered energy consumption and  $CO_2$  emissions throughout society; telephones and telepresence systems reduce the need for business trips; SMS and Internet services decrease the demand for physical media for interpersonal interaction, such as postcards and letters. As communications services continue to develop, both individuals and businesses will continue to reduce their carbon footprint.

Huawei has implemented the environmental protection strategy of "Green Pipe, Green Operations, Green Partner, Green World".

In addition to providing green ICT solutions to lower carbon emissions, we are actively increasing our own energy efficiency while reducing our carbon footprint and energy consumption.

Internally, we enhance energy efficiency through technological innovations, providing customers with energy efficient and environmentally friendly products and solutions. Externally, we work with suppliers, customers, and partners to reduce the environmental impact throughout the product lifecycle, thus promoting a sustainable society.

### **4.1 Green Products and Services**

One of our key objectives in environmental protection is to develop highly efficient products and solutions that are environmentally friendly and enable customers to reduce their energy usage, operational costs, carbon emissions, and negative environmental impact. To this end, Huawei develops industry-leading products that are green and highly efficient, and ensures our products meet or even exceed the requirements of laws, regulations, standards, and our customers.

#### **Eco-design**

Huawei incorporates the concept of energy conservation and environmental protection into the product development process, thereby enhancing environmental performance throughout the product lifecycle.

Product	. шесусіе	

#### Product design considerations

Raw materials acquisition	Reduce raw materials and use renewable materials Biological materials Hazardous materials control Minimization design
Production and transportation	<ul> <li>Reduce energy and resource consumption</li> <li>Manufacturability design</li> <li>Transportability design</li> <li>Green packaging design</li> <li>Lightweight design</li> </ul>
Installation and use	Energy and resource efficiency Durability Refined energy conservation design Efficient cooling Efficient power supply Use of new energy
Scrapping and disposal	Reuse and recycling <ul> <li>Easy to disassemble</li> <li>Recycling quality assurance</li> </ul>

Eco-design for product lifecycle

Through continuous innovation, superior energy efficiency technologies, and new energy sources, we have developed and applied many energy-efficient products, solutions, and measures to help customers decrease energy consumption and carbon emissions.

We have significantly reduced energy consumption and carbon emissions of the base stations by using innovative architectures and solutions such as Blade RRU, AAU, AtomCell, LampSite, and LTEHaul, and software-enabled energy conservation features such as high efficiency power amplification and power supply, and intelligent power-off.



Improved energy efficiency in wireless access equipment

The era of All-IP network is accompanied by the increased use of routers in networks. Therefore, reducing the energy consumption of routers is of great significance. When designing routers, Huawei employs refined design concepts, figures out the exact use scenarios of routers, and finds where to reduce energy consumption. For example, we have leveraged a series of viable technologies for energy conservation: dynamic energy conservation features based on loads; interface switch-off; automatic adjustment of fan speeds based on ambient temperature. Thanks to these advanced technologies, the power consumption of our routers is up to 50% lower than that of similar products in the industry. For example, the Huawei CX600 – a 200G high-end router that runs on the core layer of a RAN network – consumes 60% less power than other mainstream routers in the industry when processing data at 10 Gbit/s.

#### Huawei's Power Equipment Modernization Solution Helps Customers Reduce CO<sub>2</sub> Emissions

The direct current (DC) power equipment deployed by Carrier K has been in use for over 20 years, creating issues such as aging equipment, high electricity losses, and high failure rate. Over 1,300 switch offices exist on the carrier's live networks, with an average power efficiency of 87% and an annual electricity loss of 280 million kWh, equivalent to several hundred million Euros.

Huawei provided Carrier K with a customized solution for modernizing its aging power equipment that replaces K's aging equipment with our highly efficient power equipment. We successfully relocated and modernized the aging power equipment for 250 large offices by the end of 2013, enhancing network power efficiency from 90% to 96%. Using our solution, Carrier K expects to save up to 9 million kWh of electricity annually, reduce its electricity bills by EUR1 million, and lower CO<sub>2</sub> emissions by 3,960 tons, which is equivalent to the total amount of CO<sub>2</sub> emissions from 2,000 vehicles in one year.

### 20,000 Base Stations Powered by Natural Resources

Normal base stations are usually powered by diesel generators. This not only generates CO<sub>2</sub> and other hazardous emissions, but also requires carriers to regularly refuel base stations and designate skilled workers for maintenance, resulting in extra travel and maintenance expenditure.

Base stations powered by renewable energy incur low operational costs, conserve energy, and are environmentally friendly. Renewable energy is therefore the ideal power supply solution for base stations.

Huawei has deployed approximately 20,000 green base stations worldwide. Wind and solar energy can supply most of the required power, cutting fuel consumption by 80%. This helps carriers reduce  $CO_2$  emissions when expanding networks and minimize operational costs.



Solar power base station in Inner Mongolia, China

### Reduction of the Environmental Impact Throughout the Product Lifecycle

Huawei adopts the lifecycle assessment (LCA) approach to assess the environmental impact of our products throughout their lifecycle, covering stages such as raw materials acquisition, production, transportation, use, disposal, and recycling. We understand the impact each stage has on climate change and the environment and we have identified key influencing factors to develop indicators to guide our eco-friendly operations.

LCA results indicate that  $CO_2$  emissions are highest at the use stage. With this in mind, we prioritize energy efficiency when designing products for customers. By continually improving energy efficiency, we cut the  $CO_2$  emissions of our network equipment at the use stage by 10% to 40% in 2013.

Huawei has established a product environment database and a corresponding quick lifecycle assessment (Quick-LCA) tool to provide assurance for lifecycle assessments and continually improve our products.

In 2013, Huawei assessed the lifecycle of 10 types of products using the Quick-LCA tool.

Huawei proactively participates in setting industry standards for evaluating the environmental impact of ICT products and services. We also play a critical role in integrating the LCA environmental impact evaluation standards of the European Telecommunication Standards Institute (ETSI) and the ITU. In 2013, our evaluation methodology for product carbon footprint was recognized by China's Certification and Accreditation Administration and third-party certification body TÜV Rheinland.



In 2013, China's Certification and Accreditation Administration and Ministry of Environmental Protection certified Huawei as a Demonstration Base for Product/Service Carbon Footprint Assessment

#### **Green Product Certification**

Throughout the product design and production process, Huawei considers reducing the environmental impact of its products as one of the key indicators for evaluating product quality. Before mass production, all new Huawei products must pass the green product certification to minimize resource consumption, enhance energy efficiency, lower production and operational costs, and ultimately reduce the environmental impact of products' full lifecycle.

In 2013, 24 products passed stringent tests conducted by Huawei Global Compliance and Testing Center, and received the green product certification.

#### Huawei is the First ICT Industry Player to Be Awarded <u>TÜV Rheinland's "Green Product</u> Mark" Certificate

In April 2013, Huawei's intelligent switches S7703, S7706, and S7712 obtained TÜV Rheinland Green Product Mark certificate. These switches satisfy requirements in security compliance, electromagnetic compatibility, environmental protection, recycling, energy conservation, carbon footprint, and social responsibility.

Huawei has become the first ICT industry player to obtain the TÜV Rheinland Green Product Mark Certificate.



#### **Raw Materials Management**

Huawei complies with all global environmental laws and regulations covering the use of poisonous and hazardous substances. In 2013, Huawei released the *Huawei Substance List V4.0*, which manages

the requirements for materials, components, and products used during the manufacturing process. Huawei also explores alternative substances in place of poisonous and hazardous substances.

In 2013, the number of restricted substances was 35, and the number of reported substances was as high as 90.

### Number of restricted substances and reported substances



In addition to strictly controlling the use of poisonous and hazardous substances in raw materials, components, and processing, Huawei has explored and used new, environmentally friendly materials. For example, we have used bio-based plastic in our mobile phone products since 2013. Bio-based plastic is extracted from plants and offers many advantages over traditional plastic, such as using less petroleum (a non-renewable resource) and greatly reducing pollution and damage to the environment. In the future, we plan to use biological materials in more products.



The plastic cover of Huawei Ascend P6 contains 10% of castor oil

#### **Green Packaging**

Huawei has developed a green packaging strategy of "6R1D": Right Packaging (the core), Reduce, Returnable, Reuse, Recycle, Recovery, and Degradable.

In 2013, Huawei shipped a total of 214,882 units in green packaging, saving 45,717  $m^3$  of wood and cutting CO\_2 emissions by 30,176 tons.



#### Soy Ink in Packaging

Soy ink is environmentally friendly, safe, heat-resistant, and renewable. It is free of volatile organic compounds (VOCs) and friction, which is better for health and equipment maintenance. Products using soy ink are easy to deink, which enables packaging materials to be recycled.

Huawei has used soy ink in its device product packaging since signing an agreement with the American Soybean Association in 2013 to use the association's soy ink trademark. In 2014, we will use soy ink for all our device packaging.



#### **Green Logistics**

Huawei keeps on fine-tuning our global network layout and logistics delivery routes. While optimizing our supply models and logistics solutions, we collaborate with world-leading logistics service providers (LSPs) to reduce logistics costs, GHG emissions, and adverse environmental impact. Our goal is to achieve green logistics.

#### External

- Require all major LSPs to comply with Huawei's environmental protection standards.
- Work closely with LSPs on green logistics strategies and solutions.
- Require LSPs to provide regular reports on green logistics, demonstrating their achievements in environmental protection.

#### Internal

- Develop and optimize diverse transport solutions, including sea-air, air-land, and air-sea transport.
- Participate in developing transport solutions for large projects as early as possible, and deliver products phase by phase to decrease air freight.
- Increase the proportion of direct shipments from supply centers outside of China, reducing the environmental impact of trans-shipments.
- Enhance the utilization efficiency of regional warehouses to save warehouse resources.

#### Low Carbon Transport Model from Beijing to Duisburg

Huawei has strengthened the cooperation with LSPs on green logistics. In addition to satisfying customers' delivery requirements, we choose the most environmentally friendly, low carbon transport models whenever possible.

For example, we chose railway transport to deliver a batch of products from Beijing to Duisburg, incurring carbon emissions of 4.7% compared with air transport.



### **4.2 Energy and Climate Change**

A research report by the Intergovernmental Panel on Climate Change (IPCC) indicates that the demand for energy to ensure socioeconomic development is increasing. Greenhouse gas (GHG) emissions resulting from energy consumption have contributed significantly to the historic increase in atmospheric GHG concentrations. Studies also show that the rising global average temperature is most likely the result of increased GHG concentrations caused by human activities.

Huawei not only actively responds to climate change, but implements viable measures to proactively reduce GHG emissions. For example, we have introduced energy management systems, promoted the use of renewable energy instead of traditional energy, improved the energy efficiency of our products, reduced products'  $CO_2$  emissions at the use stage, and encouraged others in the supply chain to reduce energy use and emissions.

#### **Reducing Energy Consumption**

In 2013, Huawei continued to strengthen our energy management initiatives. Our consumption of standard coal in 2013 totaled 123,000 tons. The total energy consumption in 2013 increased by 7.75% over 2012, which was due to the company's continuous business growth and increased building area.

By leveraging management and technological approaches to energy conservation, our China Region hit its annual energy conservation targets by saving 42 million kWh of electricity, of which 5 million kWh was saved through technology, 19.5 million kWh through management, and 17.5 million kWh through laboratory practices in 2013.

In 2013, we effectively implemented our energy management system, improved the electricity management system, optimized technological approaches to energy conservation, and strengthened the management of energy conservation for laboratory equipment.

- Strengthened energy management: In 2013, we developed energy conservation targets and indicators; released quarterly briefings on energy management, collated energy data, and followed up on energy management initiatives and energy conservation projects; strengthened energy management training and enablement; ran an energy conservation promotion week to spread the concept of energy conservation and raise awareness on energy conservation.
- Improved electricity metering and management systems: Based on our own operational characteristics and requirements, Huawei has independently developed electricity management system software, which it is piloting in its

Reducing the

campuses in Shenzhen, Dongguan, and the Beijing Environmental Protection Park to monitor electricity data in real time, analyze energy consumption, and implement refined management.

- Improved energy conservation management in laboratories: Laboratory equipment runs for a long time and consumes much energy, with the corresponding electricity consumption accounting for around 40% of our total electricity consumption at Huawei. In 2013, Huawei strengthened its lab energy conservation by controlling laboratories with high energy consumption, promoting automatic switch-off tools, monitoring equipment utilization efficiency with IT tools, identifying and removing equipment that has been idle for a long time, implementing independent control on power branching, and cleaning equipment strainers and meshes. Thanks to these initiatives, we saved a total of over 17 million kWh of electricity in 2013.
- Promoted energy conservation projects through technological approaches: In 2013, Huawei stepped up efforts to implement a range of energy conservation projects and upgrade systems, including lighting systems (e.g., T5 energy-efficient bulbs and LED bulbs; light control systems), air conditioners (e.g., refrigerating stations that can be controlled by group; new building automation (BA) systems), electrode humidifiers, and air compressors with variable frequency.

### Huawei's energy consumption statistics from 2011 to 2013

### Replacing Metal Halide Lamps with Energy-Efficient Lamps

In 2013, we replaced 677 400W metal halide lamps with energy-efficient 162W lamps (3\*54W) for Building R1 in our Songshanhu Factory, saving around 810,000 kWh of electricity annually. Other factory buildings are gradually replacing their metal halide lamps. It is estimated that when all metal halide lamps are replaced, over 2 million kWh of electricity will be saved each year.



Metal halide lamps replaced by energy-efficient lamps

Energy	Unit	2011	2012	2013
Natural gas	10,000 m <sup>3</sup>	630	450	423
Gasoline	Ton	1,474	1,543	1,668
Diesel	Ton	67	48	60
Electricity	10,000 kWh	71,793	86,885	94,158

#### **Reducing Our Carbon Footprint**

Based on the quantification and analysis of greenhouse gases, Huawei has set targets for GHG emission reduction, monitored the effectiveness of our reduction efforts, and improved our performance in managing GHG emissions. In 2013, our  $CO_2$  emission per unit construction area is 7.7% less than in 2011. Due to continuous business growth and increased building area, our  $CO_2$  emission per unit construction area in 2013 was the same as in 2012.

#### Reducing the

Huawei's CO<sub>2</sub> emissions totaled 901,084 tons in 2013. The proportion for each Scope's greenhouse gas emissions is shown below:



Note: Scope 1 includes stationary combustion emissions, mobile combustion emissions, and fugitive emissions. Scope 2 includes indirect emissions from energy.

#### CO<sub>2</sub> emissions per unit construction area between 2011 and 2013 (tons/m<sup>3</sup>)



### Reducing Carbon Footprints with Solar Power Stations

Solar power is becoming a more prominent clean, renewable energy source for society.

In recent years, Huawei has researched and utilized new energy sources to help reduce the carbon footprint of our products and reduce operational costs. In 2013, solar power stations in Huawei's Dongguan Campus generated 3.5 million kWh of electricity, equivalent to a 3,228 ton reduction in CO<sub>2</sub> emissions.

Huawei plans to build solar power stations at other campuses, including Shenzhen, Hangzhou, and Nanjing, to generate more electricity for Huawei's operations and reduce CO<sub>2</sub> emissions, thus contributing to a low-carbon society.



4MW solar power stations at Huawei's Dongguan Campus

### **4.3 Resource Efficiency**

Decreasing resource consumption has become a key factor that determines business sustainability and reduces operational costs. Huawei applies a systematic resource management approach to reduce resource consumption and maximize resource utilization in order to meet customer needs, comply with regulations, and, more importantly, achieve our sustainability goal.

#### Water Resource Conservation

Huawei protects water resources by implementing stringent measures to manage the use of water and minimize waste.

Creating Sustaina

In 2013, Huawei strengthened the maintenance and management of rainwater collection systems at our Nanjing and Shanghai campuses, and built reclaimed water facilities and rainwater collection systems at the Shenzhen Lizhiyuan Apartment and Hangzhou Campus. We channeled water from a landscape lake of our Chengdu Campus into a river after obtaining approval from the local water authority. Our Beijing Campus has used over 40,000 tons of reclaimed water. In 2013, Huawei's China Region consumed 4.947 million tons of water. Due to business growth, the company consumed more water in 2013 than in 2012.



#### Assessing Water Footprint and Discovering Water Conservation Potential

Water footprint refers to the amount of water required by all products and services consumed by a country, region, company, or individual within a specific period of time. Water footprint assessments enable companies to analyze water consumption and identify water conservation potential.

In 2013, Huawei completed a water footprint investigation for its Dongguan Campus based on the *Water Footprint Assessment Manual* released by the Water Footprint Network (WFN). The result of the investigation is as follows:

Туре	Volume of Effluents (m <sup>3</sup> )	Percentage of the Total Effluents	
Green water footprint	0	0	
Blue water footprint	81,072	11%	
Grey water footprint	681,817	89%	

This result serves as an important source for improving water resource management in the future. We will also invest more in grey water footprint management to reduce our water footprint.

#### **Pollution Prevention**

Huawei minimizes resource consumption and waste by promoting a clean manufacturing and a circular economy model to reduce wastewater, waste gas, and solid waste. Effective measures have also been taken to recycle or dispose of waste in a manner that reduces environmental impact.

For building construction, reconstruction, and expansion projects, Huawei conducts environmental impact assessments in strict accordance with environmental protection laws and regulations, builds and accepts pollution prevention facilities according to the guidance of these authorities.

In 2013, the environmental protection facilities of Huawei's Hangzhou Campus Phase 2 Project were successfully accepted, and the project includes a CNY6 million investment in environmental protection.

Huawei's wastewater effluence consists primarily of domestic sewage. In 2013, results from wastewater monitoring performed at our Shenzhen headquarters and other campuses demonstrated compliance with national and local standards. Huawei's waste gas emissions primarily consist of vehicle exhausts from underground garages, generator gas, kitchen fumes' exhaust, and welding gas. Results from waste gas monitoring performed at our Shenzhen headquarters and other campuses demonstrated compliance with national and local standards.

#### **Biodiversity Conservation**

During the process of building new campuses and providing products and services to local communities, Huawei considers environment protection requirements and increases investment into environmental protection projects so as to avoid negative impacts on local environment and biodiversity.

- During the site selection, we avoid constructing base stations on land rich with wildlife, and do our utmost to ensure we cause no damages to the ecosystem.
- During the project planning and construction, we perform rigorous environmental assessments to avoid affecting the local environment and biodiversity.
- We actively develop and provide environmentally friendly products and services with low radiation and noise emissions to reduce the environmental impact.



### 4.4 Circular Economy

Traditional economic development models are leading to resource shortages, environmental pollution, and damage to the global ecosystem, and a circular economy business model has gradually become a strategic direction for stakeholders.

At Huawei, we are committed to eliminating waste at the product design stage. Through technological advancement and network evolution, we design products as platforms or modules and increase their reliability and maintainability, aiming to lengthen product lifespan and maximize the value of products at the use stage. We also provide site reuse solutions to alleviate customers' investment pressure and reduce resource waste and pollution arising from scrapped site infrastructure. By practicing the "from cradle to cradle" circular economy model, Huawei realizes the sustainable use of resources.



Reducing the

Huawei's circular economy model

#### **Huawei's Reverse Logistics Management**

Huawei's reverse logistics management platform possesses multiple reverse logistics capabilities, including collection, storage, distribution, dismantling, testing, repair, and waste disposal, covering all reverse logistics activities of Huawei around the world.

We assess all returned materials, categorize each one by lifecycle stage and quality status, and allocate them to recycling channels for spare parts, R&D, assets, and manufacturing. Materials that cannot be reused are distributed to the raw materials recycling channel for dismantling and recycling. Through these measures, we maximize the value of materials.

Reverse logistics management				
Global reverse logistics warehouses 234 reverse logistics warehouses in 129 countries	Reverse logistics centers 4 reverse logistics centers around the world (Hungary, Mexico, Hong Kong, and Shenzhen)	Recycling platform Capability to dispose of wastes from around the world Work with top suppliers to reduce the impact on the environment		
Functions: Collection /Storage	Functions: Dismantling /Testing	Functions: Waste disposal		

Development

### Smart Exchange Recycling Program Reduces E-Waste and Encourages Environmentally Responsible Consumer Behavior

Contributing to the development of circular economy, in 2013, Huawei France created the innovative Smart Exchange recycling initiative to make smartphones more affordable for consumers. This program not only provides discounts to consumers looking for a new smartphone, but also encourages environmentally responsible consumer behavior with an added social benefit of providing jobs to those in need.

The Smart Exchange take-back program informs and encourages consumers to trade-in old mobile phones for recycling or dismantling in exchange for a discounted new smartphone, which reduces e-waste and contributes to a circular economy in the process. Consumers in France simply visit www.huaweismartexchange.com to calculate the value of an old mobile phone based on its condition, and select a new smartphone to purchase. Consumers are then provided with pre-posted packages to mail in their used phones. Huawei pays customers for recycling any brand of used mobile phones, providing an additional bonus if consumers then choose to purchase a new Huawei smartphone.

Huawei partners with Recommerce Solutions and Ateliers du Bocage (ADB) on the Smart Exchange program. Recommerce Solutions organizes the collection of used mobile phones, while ADB handles the dismantling and recycling process. Arru Bernard, director and founder of ADB, noted the societal importance of our partnership: "By choosing to entrust us with the recycling of the collected mobiles, Huawei shows its social commitment to a sustainable and inclusive sector."



for consumers to trade in their used phones

"The strength of this program is the connection between economic, social, and environmental issues. It also demonstrates the willingness of Huawei to adapt to local markets and contribute to the local economy."

– Denis Morel, Vice President of Huawei France Device Business Department



An ADB employee inspects a used Huawei phone.

Photo Credit: ADB

In order to encourage environmentally responsible consumer behavior while reducing the e-waste of mobile phones, the program was first piloted in France on April 22 (Earth Day), 2013, with mobile phones collected for dismantling and recycling, ensuring that not a single phone ended up in a landfill and cutting  $CO_2$  emissions.

We plan to continue to work with our partners in 2014 to further develop Smart Exchange to expand its reach and visibility and enable more consumers to benefit from it. Moreover, the program will reduce more e-waste and better boost the development of circular economy.

#### Management

Creating Sustainal

#### **Materials Recycling**

Huawei has jointly established global scrap disposal platforms with waste service providers, providing one-stop services to dismantle and recycle telecom equipment that cannot be reused. This enables electronic waste to be handled in an environmentally friendly manner with resources recycled and reused, thus minimizing the landfill rate. Huawei landfills a small amount of waste that cannot be recycled in accordance with environmental protection regulations. In 2013, Huawei disposed of 9,220 tons of waste globally, with the waste landfill rate reduced to 2.57%.

### Amount of disposed waste and waste landfill rate between 2011 and 2013

Year	Amount of Disposed Waste (Tons)	Landfill Rate (%)
2011	7,403	4%
2012	7,336	3.4%
2013	9,220	2.57%

#### Huawei Turns Waste into Useful Resources to Realize Recycling

Project B in Bangladesh involved 2,734 tons of waste for disposal. Huawei first categorized the waste into PCB and non-PCB materials. All PCB materials were delivered to Singapore for deep processing and precious metal extraction. Non-PCB materials were first dismantled and extracted locally into steel and plastic by suppliers in accordance with environmental regulations, and then resold to raw materials markets. In this way, we realized the sustainable recycling and reuse of resources, with a reuse rate of up to 99.69% and a waste landfill rate of only 0.31%.













# **Seeking Win-Win Development**

## Win-Win

- Care for employees and offer varied career paths that help realize their individual value
- Build a healthy and safe working environment through safe operations
- Improve continuously to enhance customer satisfaction
- Cooperate closely with suppliers and play a leading role in terms of sustainability across the industry chain
- Proactively make social contributions to countries and communities in which Huawei operates



Maintaining sustainability is a shared responsibility of all stakeholders throughout the industry chain, including Huawei. We communicate extensively with all stakeholders including employees to increase awareness and capability of sustainability, improve continuously to enhance customer satisfaction, and become involved in community activities and development initiatives. Through these efforts, we create value for our employees, customers, suppliers, and the communities where we operate and contribute to the harmonious and sustainable development of society.

### **5.1 Caring for Employees**

Huawei considers our employees to be our most valuable assets and the key to retaining our competitiveness and leadership position in the long run. Employee health, safety, and benefits are at the top of our mind. We provide reasonable and timely rewards to dedicated employees. To better support Huawei's continued business growth, we began transforming the human resource (HR) model in 2009, changing it from a function-based platform to an employee-centric three-pillar platform that enables employees to develop faster and better. This HR transformation project was nearly completed in 2013, providing appropriate career paths for our diversified workforce to realize their individual value.

As of December 31, 2013, Huawei had more than **150,000** employees engaged in various business segments, of which R&D staff accounts for 45%.

#### Workforce Diversification

From 2011 to 2013, the attrition rate of female employees decreased year on year. As more women joined Huawei, the percentage of female employees increased steadily to 21.12% in 2013. To support female employees' career growth, Huawei has adopted a female manager development plan that gives female employees priority for promotion when they have the same qualifications as their male counterparts. In 2013, female managers accounted for 9.1% of all managers.







Huawei emphasizes the development of local hires in countries where we operate. Our recruitment policy prefers to source talent locally and does so in compliance with local laws and regulations. In doing so, Huawei promotes local employment and drives the economic sustainability of households and society.

The percentage of local hires outside China has increased in recent years to reach 79% in 2013. In countries outside China, 20.7% of our mid-to-high-level managers were local hires in 2013. At present, we have nearly 30,000 non-Chinese employees from 160 countries and regions worldwide.

#### **Employee Capability Development**

Employees are the foundation of the company. Enhancing their capabilities not only benefits individuals but also contributes to the company's growth. As part of our initiative to help employees grow and realize their individual value, Huawei offers equal and extensive opportunities for learning, training, and promotion. Huawei provides general learning and development programs and also crossfunctional professional capability development programs to help employees increase their knowledge and expertise. The total training person-time totaled 1,162,848 in 2013, with average training hours of 37.29 per employee.



Percentage of local hires outside China from

2011 to 2013

Year	Total Participants	Total Training Person- time	Average Training Hours Per Employee
2011	60,176	849,170	40.65
2012	76,833	1,136,930	20.67
2013	81,358	1,162,848	37.29

Employee training statistics from 2011 to 2013



Huawei has instituted an eLearning system to provide online interactive training that assists employees to enhance their capabilities. As of 2013, our employees have attended the eLearning training 3.32 million times.

Huawei provides two career development paths; namely, the management path and the professional path. These paths allow employees to play to their strengths and interests in their pursuit of personal growth. All employees were appraised in terms of performance and career development in 2013. Outstanding employees are eligible for prompt promotion.

#### **Competitive Compensation and Benefits**

While complying with minimum wage requirements as stipulated by local laws, Huawei has established a relatively competitive compensation system. Through long-term cooperation with Hay Group, Mercer, Aon-Hewitt, and other consulting firms, our Human Resource Management Department regularly investigates compensation data and promptly adjusts employee compensation in accordance with the investigation results, the overall performance of the company, and the individual performance of each employee. Huawei ensures no gender bias in its setting of compensation standards. In accordance with our corporate compensation policy, we review and modify Huawei's compensation plan annually in order to strike a balance between market competitiveness and cost of compensation.

At Huawei, employees' bonuses are closely linked to the business performance of the company, the business performance of their department, and individual performance.

Under our long-term incentive mechanism, Huawei shares benefits with employees worldwide and grows with them. Our longterm incentive mechanism aligns the personal contributions of employees with the company's long-term development, fostering the continuing success of Huawei.

In 2013, the Time-based Unit Plan (TUP) covered 2,184 local hires in 68 countries outside China. In addition, the TUP covered certain non-Chinese employees working in China. In 2014, we will expand the TUP to more employees worldwide, especially local hires outside China, in order to share with them the benefits from Huawei's growth.

Huawei has established a comprehensive employee benefits system that provides a safety umbrella for all of our employees around the globe. In addition to providing mandatory insurance, Huawei purchases a series of commercial insurance plans for employees, including commercial personal accident insurance, critical illness insurance, life insurance, medical insurance, business travel insurance, and medical rescue plans for special circumstances. Huawei has taken further steps to enhance the global employee benefits system by optimizing the insurance and benefits regulations for local hires outside China. Investment in global employee benefits in 2013: CNY6.3 billion.

### Investment in global employee benefits from 2011 to 2013 (CNY100 million)



#### Respect for Employees and Protection of Their Fundamental Rights and Benefits

In compliance with relevant laws and regulations, Huawei prohibits forced labor and child labor, and has established non-discrimination policies. Huawei never discriminates against employees on the basis of race, color, age, gender, sexual orientation, ethnicity, disability, pregnancy, religion, political affiliation, union membership, or marital status when recruiting, training, promoting, and distributing compensation and benefits to them. We respect the freedom of our employees to choose their own religious beliefs and safeguard personal privacy.

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### **5.2 Health and Safety**

Huawei prioritizes employee health and safety. We have implemented an occupational health and safety management system and developed management processes and operational guides to prevent accidents in workplaces, manufacturing, firefighting, employee services (logistics), and engineering delivery. In addition, Huawei has appointed a Chief Health and Safety Officer and set up a vocational health and safety leadership team that periodically communicates with representatives of Huawei's Union and resolves issues related to employees' health and safety.

Global Environment, Health, and Safety (EHS) incidents from 2011 to 2013  $\,$ 

ltem/Year	2011	2012	2013
EHS incidents	29	89	60

At Huawei, we encourage employees to take good care of themselves and others. In 2013, we rolled out a large-scale health awareness campaign entitled Looking for Huawei Health-Conscious Employees, which attracted over 10,000 participants. In addition, Huawei actively organizes health examinations for employees, follows up on health problems found in examinations, and provides guidance for employees until they recover. The percentage of employees who attended the health examination in 2013 was 6% higher than in 2012.

#### **Manufacturing Safety**

In 2013, we developed nine sets of operational safety specifications for leased venue management. There were zero injuries in all of our manufacturing facilities outside China. In addition to the three end-to-end risk identification and mitigation campaigns, we performed routine safety checks with a focus on high-risk jobs relating to fire control, freight elevators, and hazardous chemicals. As a result, the injury frequency rate was 0.11 per million man hours, and safe, stable, and orderly production was ensured without any critical production accidents on site.

#### Looking for Huawei Health-Conscious Employees



Look for Health-Conscious Employees and a Better Me



Diversified activities for health promotion

Employees are a strong driving force behind Huawei's development, and we consider employee health to be a precious asset of Huawei. In October 2013, Huawei's Health Service Center planned and initiated the 1st "Looking for Huawei Health-Conscious Employees" contest alongside Huawei's eight research centers in China and healthcare partners. This initiative aimed to disseminate health concepts, promote healthy weight loss methods, and increase employees' health awareness.

A wide range of activities were carried out simultaneously in our Shenzhen headquarters and eight research centers in China, including bodybuilding exercises, hiking, health guru shows, and fun sports games. Dieticians and fitness instructors were invited to give lectures and provide guidance on healthy diet and body shaping methods. The contest attracted 3,739 employees in total. The Health Assembly online group with over 7,000 members has been visited 72,228 times. After the contest, employees become more health-conscious and grow healthier through exercises.

The Looking for Huawei Health-Conscious Employees contest has increased employees' attention to health. We are delighted to see more employees actively practice the health concepts discussed in the campaign. They are spreading positive energy with their actions and progress.

——Huawei Chief Health and Safety Officer

#### Safety of Working Environment

In 2013, we continued to build a healthier and safer working environment. We devoted great efforts to improving the quality of indoor air and drinking water. Specifically, we completed a pilot program to modernize air conditioners inside meeting offices in the Shenzhen B campus and Beijing Zhonghai Plaza. We also purified water step by step based on the solution provided by an internationally renowned water processing company.

#### **Fire Control Safety**

In 2013, Huawei extensively deployed a region-specific fire control responsibility system worldwide. We organized 26 representative offices in China and some of our overseas representative offices to develop fire emergency solutions. Specifically, we organized 86 fire drills. During these drills, 97,109 employees were evacuated, accounting for 88.3% of employees on-site. As a result, only 11 fires risks and hazards occurred throughout 2013, without any fire disaster or injury.

#### A Better Working Environment

Huawei always attaches great importance to employees' physical and mental health. We are committed to creating a comfortable working environment that ensures employee health and safety. In 2013, Huawei EMT issued the Resolutions on Measures for Improving Working Environments, which requires us to improve the quality of indoor air and drinking water in compliance with high standards. In August 2013, our Internal Service Management Department set up a project team to comprehensively improve the working environment with the assistance of a specialist company from Europe.

#### **Reduction of PM2.5**

Our Beijing and Langfang campuses had installed high-voltage electrostatic air purifiers by November 2013. The results are encouraging: The density of particulate matters with a diameter less than or equal to 2.5 micrometers (PM2.5) has been reduced to below 35 ug/m³ inside rooms. In 2014, we will continue to install these air purifiers in other campuses.



#### Modernization of air conditioners in meeting rooms

In 2013, we completed a pilot program to modernize air conditioners inside meeting rooms in the Shenzhen B1 campus, Beijing Zhonghai Plaza, and other campuses. Huawei entrusted a third-party testing company to evaluate the air quality in renovated meeting rooms. Testing results reveal that air quality in these rooms is improved significantly: The volume of fresh air has increased to 50 m<sup>3</sup>/person (GB standard: 30 m<sup>3</sup>/person) while the density of CO<sub>2</sub> has been reduced to 500 ppm (upper limit set by European standard: 1000 ppm).



#### Improvement of drinking water quality

In 2013, we cooperated with an internationally renowned water processing company to modernize our water purification systems step by step based on the partner's water purification solutions for central and end-point water processing systems. We have qualified three drinking water treatment integrators and five tap water purification integrators. At present, we are piloting smalland medium-sized solutions for integrated water purification in the Shenzhen J Campus.





#### **Employee Service Safety**

By adopting market-oriented operating models, Huawei meets employee needs for security, catering, transportation, and other services. In offering quality services, we always put safety first.

- Food safety: Huawei continued to provide a wider variety of food choices, improve food sourcing processes, and manage food safety, thereby preventing food poisoning incidents. Huawei hosted the first Food Safety Week in April 2013, which encouraged all employees to monitor food safety for a healthier life.
- **Transportation safety:** Huawei further enhanced vehicle safety management by launching the EADMIN system for vehicle management in 80 countries globally. The system enables Huawei to keep track of statistics about vehicles, drivers, accidents, car insurance, and vehicle dispatching. In China, over 1,000 employee shuttle buses are managed by GPS which monitors the running of buses in real-time. In countries outside China, more and more GPSs are being installed on Huawei's official cars. We require our transportation subcontractors to comply with the redline requirements for minimum transportation safety standards, thereby improving the safety of vehicles.



#### Safety in Engineering Delivery

To meet customer requirements and comply with applicable laws and regulations, Huawei has set up specialized departments for EHS management of subcontractors and engineering delivery activities. As a result, our delivery staff are protected against health hazards, and our engineering delivery activities will not adversely affect the environment. Huawei has developed four EHS management strategies for delivery projects: "practice EHS leadership and build an EHS culture and atmosphere," "require subcontractors to implement EHS," "apply the EHS redline standards and comply with EHS absolute rules," and "warn about accidents ahead of time, report violations, and hold violators accountable." These strategies are set to achieve the EHS goal of "zero accidents, injury, and pollution" during project delivery.

Creating Sustainable



Overview of Huawei's project safety management

For high-risk areas, such as transporting equipment, working at heights, and operating powered-on equipment during project delivery, we have developed "six EHS absolute rules for delivery projects" as the EHS management red lines. All delivery personnel must obey these rules.

#### EHS Absolute Rules for Delivery Projects



Seeking Win-Win Development Top-3 safety issues in project delivery and preventive measures:

Top 1: Road safety	<ul> <li>Set road safety requirements: vehicle safety requirements, driver safety requirements, and safe driving requirements</li> <li>Organize training on driving safety: training on applicable laws and regulations, promotion of safety awareness, and the driver safety manual</li> <li>Conduct daily vehicle checks: tires, windshield wipers, engine oil, and other checks</li> <li>Convene routine safety meetings for all drivers</li> <li>Maintain a list of all drivers and vehicles</li> </ul>
Top 2: Safety of staff working at heights	<ul> <li>Develop safety guidelines for working at heights</li> <li>Organize safety training in construction sites</li> <li>Formulate checklists and conduct self-checks before working</li> <li>QCs/SEs conduct spot-checks on a regular basis</li> <li>Issue red cards and yellow cards for non-compliance</li> </ul>
Top 3: Safety of staff operating powered-on equipment	<ul> <li>Only qualified electricians who have received professional training and obtained relevant certification can perform electric operations</li> <li>Use protective devices as required and electrical tools that meet safety requirements</li> <li>Check electrical equipment and wires to detect safety hazards before working</li> <li>Ensure that all electrical equipment and wires are visibly marked as such</li> <li>Never use damaged wires, plugs, sockets, or any damaged parts</li> </ul>

Huawei has also developed control measures to prevent other risks in engineering delivery, such as fires, mechanical safety hazards, working on stacks, and manual and freight handling. Additionally, we have strengthened employee training on safety awareness and ensured that staff working in different scenarios are sufficiently qualified to reduce accidents. Building security leadership is crucial for security management in engineering delivery. Huawei's executives have become increasingly concerned about security management and set an example by participating in security management at construction sites. In 2013, Huawei executives at the regional vice president level and above paid 77 visits to project sites for security checks.



eating Sustainable







Huawei's executives are conducting security check at the engineering delivery site

Subcontractors play an important role in Huawei's project construction and delivery. Huawei always emphasizes the safety management of subcontractors and manages the entire lifecycle of subcontractors, from introduction, contracting, on-site management, performance management, to exit. In addition, Huawei has issued EHS redline standards, absolute rules, and regulations for red and yellow cards to strengthen the safety management of subcontractors.

In 2013, we specifically reviewed our safety system, conducted special on-site inspections, and ended our business relationships with unqualified subcontractors. As such, our subcontractor safety performance significantly improved in 2013, as evidenced by a 33% decline in the critical accident occurrence rate than 2012.

"Health and safety is a top priority at Huawei and we have insisted that health and safety management becomes embedded tools and practices in our everyday work programs."

— Huawei CEO Ren Zhengfei



### 5.3 Customer Satisfaction Management

We strive to provide high-quality, secure, and affordable products and services to our customers and consumers. We work towards integrating product and service sustainability into every routine task across the company, thereby protecting consumer rights and improving customer satisfaction.

### Continuous Improvement for Higher Customer Satisfaction

Huawei has set up regions and representative offices in major countries and continents around the world as we proactively seek to establish and maintain mutually-beneficial relationships with our customers. We listen attentively to customers and better understand their needs by establishing multi-layer customer-facing organizations and communication channels through such activities as customer-facing strategic summits, user service conferences, receptions for customers who come to visit or audit Huawei, service hotlines, routine visits, open discussions, and third-party satisfaction surveys.



Open Discussions	Third-party Satisfaction Surveys	
In 2013, we organized 856 open discussions globally with 237 high- value customer groups.	Huawei entrusted third parties with our global customer satisfaction surveys. In the carrier field, the 2013 survey covered 221 customer groups in 112 countries outside China and 27 representative offices in China, collecting feedback from 11,960 customers in total. We enlarged the survey scope to cover channel partners and vertical industry customers of the Enterprise BG and Consumer BG. In the consumer field, we carried out a satisfaction survey among handset and service consumers on a trial basis to learn about their perception of our handset products and services.	
Service Hotlines	Audits by Customers	
We have established 9 LTACs that provide comprehensive assistance for our operations in over 170 countries. These centers handle and resolve customers' technical issues. Contact personal at these centers are reachable by phone or email. In 2013, Huawei received 77,395 pieces of feedback from customers through the hotlines, of which 248 were negative. We have analyzed the causes and made improvements.	Since 2003, Huawei has successfully passed the comprehensive audits and reviews conducted by 33 of the world's top 50 carriers as well as by enterprises and industries. The items covered include financial stability, quality, delivery, supply chain management, cyber security, risk management, sustainability, and business continuity. We enjoy wide recognition from our customers in these fields.	

We design our main business processes around customer expectations to ensure that all customer requirements can be incorporated into appropriate processes and addressed in a timely and closed-loop manner, thus satisfying their needs.



Huawei attaches great importance to protecting the privacy of customers. Huawei has never infringed on the privacy of any customer nor received any significant customer complaint related to product safety. Huawei is improving our customer satisfaction and continuing to earn the recognition of more customers who see Huawei as a strategic partner.

#### **Product Safety and Reliability**

Product safety directly impacts the health and safety of our customers and consumers. Therefore, we do everything in our power to enhance product safety, and continuously innovate to provide high-quality, safe, and reliable products, thereby increasing the satisfaction of customers and consumers.

#### Noise Reduction

Huawei continuously invests in technologies that locate and control product noises, and has carried out extensive research to improve product sound quality. Given that loudness reflects the strength of noise, we employ noise control technologies to reduce noise volume and improve sound quality without lowering the required sound pressure level, resulting in a superior audio experience. For example, we reduced the loudness of a router by three sones while lowering its sound pressure level by 1.7 decibels (A) only. As a result, we have significantly decreased the strength of noise without substantially reducing the sound pressure, making the noise less audible to the human ear.

Huawei closely tracks the latest noise reduction technologies in the industry. We have participated in the International Congress on Noise Control Engineering, and cooperated extensively on noise control with universities and research institutions in and out of China.

Huawei's Environmental Acoustics Lab has obtained ISO 17025 certification from the American Association for Laboratory Accreditation (A2LA) and China National Accreditation Service for Conformity Assessment (CNAS). The Lab has also been recognized by international authoritative testing agencies such as UL, MET Laboratories, and National Technical Systems (NTS). Equipped with advanced acoustic testing and analysis devices, our Environmental Acoustics Lab provides hardware support for researching noise control technologies.

#### Electromagnetic Radiation

With a rigorous mechanism for electromagnetic radiation control and through scientific innovations, we ensure that the wireless communications equipment designed and produced by Huawei complies with associated laws and regulations. As electromagnetic radiation monitoring and control requirements grew increasingly stringent, we continued to help customers meet these requirements during product deployment in 2013. In China, we repeatedly helped customers detect electromagnetic radiation in residential areas to address local residents' worries about the radiation emitted by nearby base stations. The electromagnetic radiation of small devices for households and small enterprises is well below the limits stipulated by the relevant standards.

In 2013, we strengthened research on electromagnetic radiation and improved our capabilities in this regard. As a result, we significantly enhanced the quality of consumer products and facilitated the R&D, production, and sales of new products in the consumer market.

- Huawei enhanced its testing and certification capabilities targeting specific absorption rates (SARs) for higher frequency bands so that our WLAN 5 GHz products can meet global access requirements.
- The SAR Lab of Huawei's Global Compliance and Testing Center is recognized by our key customers for its strong testing capabilities.
- The SAR Lab has been able to conduct hearing-aid compatibility (HAC) assessments in accordance with the latest laws, meeting HAC requirements for those with hearing impediments for using handsets and hearing aids.

#### Ergonomics Engineering

Huawei runs a dedicated ergonomics engineering design team that utilizes user-scenario-based product safety design concepts to enable our products to suit users' engineering habits and technical requirements while reducing potential product-related risks to health and safety. (Note: User scenarios, which are used as early input in product design, include the environments in which products are used as well as the skills, habits, and behavior of users when using the products.)

As of the end of 2013, we analyzed user scenarios of major carriers in 19 countries in North America, Europe, Africa, and Asia. Our analysis helped us fully understand the engineering delivery habits and user habits in these countries. By adopting the innovative user-scenario-based design, we have been able to develop products that are easy to install and use. Based on our in-depth understanding of user scenarios, we applied ergonomics engineering in product design to make our products conform to the engineering habits and skill requirements of users.

#### User scenarios analyzed by Huawei globally



### Number of countries in which user scenarios have been analyzed



#### **Ergonomics Engineering Projects**

#### Active Antenna System (AAS)

The Huawei Active Antenna System (AAS) is a highly integrated modular product designed to suit the "One Site, One Antenna" trend that is prevalent among customers and in the market. AAS products are mainly installed at heights. With integrated architecture, an AAS can be hung at its top and fixed at its bottom, requiring no cabling for blind mating. As such, safety at heights has improved considerably, and the time it takes to install and maintain an AAS has been reduced by over 50%.

- 1) AASs have been deployed in 30 sites for major carriers across the five continents worldwide.
- 2) Thanks to the integrated architecture, the AAS can be transported more easily than traditional antenna feeders. Two people can transport an AAS easily. Far fewer tools are required for installing AAS at heights compared with traditional antenna feeders. Additionally, AAS installation is far simpler.
- 3) The AAS can be hung at its top and fixed at its bottom, representing a groundbreaking installation method in the industry. One engineer alone can complete installation at heights in 10 minutes, greatly improving safety, efficiency, and ease of installation. The deployment and installation efficiency in a single base station has been improved by 70%, and the manpower required has been reduced by 50%.



Overview of AAS rollouts worldwide



Easy installation at height by an engineer

#### Environmental Imp

Seeking Win-Win Development

- 4) AAS maintenance is simple and efficient. The blind mating design of the radio frequency (RF) module requires no cable connection or water-proof handling. The efficiency of maintaining a single base station is 94% higher than before, significantly reducing the time required for maintenance and the duration of service interruptions.
- 5) Given that site acquisition becomes increasingly difficult, customers tend to house several multi-mode and multi-band devices in a single base station. The antenna installation platform is easy to clean. AAS reduces the number of required boxes by 75% and wind resistance by 20%.

#### Multi-Dwelling (Business) Unit (MXU)

Huawei is the first company to deploy active communications equipment for manholes on a large scale, and has proposed new approaches that global carriers can draw on in building copper networks. Given that the space in manholes is limited and internal environments are harsh, we launched an innovative solution that enables equipment installation outside manholes and provides a superior user experience. In 2013, the solution was deployed in the UK, Switzerland, and Italy.

- An overall equipment protection level of IP68 means that our equipment can survive harsh external environments such as flooding and sludge;
- Sophisticated and fast aerial connectors are used for external wires and cables, reducing the workloads of hardware installation engineers because they do not need to open manhole covers for cabling;
- Wires can be quickly connected outside manholes, reducing the working time inside manholes and making users more comfortable;
- Maintenance and replacement can be completed outside of manholes, reducing issues with ponding, sludge, odor, and darkness.

#### AtomCell

The Huawei AtomCell base station is a flexible solution suitable for scenarios where site locations for macro base stations are difficult to acquire. AtomCell provides network coverage at city hotspots and in dead zones in rural areas to deliver a superior user experience.

- AtomCell is the world's most integrated, smallest, and lightest base station. It can be installed as a whole or piece by piece, because the associated modules and the main equipment can be installed separately. As such, installation personnel feel more at ease when installing, cabling, and performing maintenance at heights.
- The entire set of AtomCell can be installed within a space of six liters. No site location is needed for AtomCell because it can be flexibly installed on walls and vertical poles (including rods for public services), minimizing the impact on the environment and residents.
- With integrated lift handles and a pre-mounting function, AtomCell is easy to install. An engineer can complete hardware installation within 30 minutes using only one tool, representing an efficiency improvement of 50%.



Operating equipment outside the manhole



Easy, flexible deployment



Management

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### **5.4 Supply Chain Management**

The steady and healthy development of the supply chain is the key to the sustainability of the entire industry chain. Customers, Huawei, suppliers, and their vendors build an ecosystem together that can be healthy only when each part is healthy. Hence, Huawei not only works hard to achieve sustainability but also drives suppliers to conduct sustainability management and capability development, making improvements along with our suppliers.

Huawei supply chain sustainability management involves labor, health and safety, environmental protection, business ethics, management system, in addition to other topics. We require that all suppliers must follow their sustainability agreements with Huawei when conducting any business activities and must obey international regulations and standards on business activities as well as the laws and regulations of the countries where they operate.

We go beyond compliance and customer requirements, analyze root causes of sustainability issues and make improvements together with suppliers, explore high-value opportunities, enhance the capabilities of suppliers, improve procurement efficiency, reduce business costs, and strengthen competitiveness. In addition, we cooperate closely with suppliers to explore business innovation opportunities, develop new products, expand into new markets, and work out new business models. We also encourage our suppliers to work with Huawei to facilitate energy and water conservation, emission reduction, environmental protection, and innovation, contributing to building a low-carbon society and circular economy.

In 2013, we transformed from focusing on "customer-oriented risk management in supplier CSR" to "efficiency management in supplier sustainability", and we integrated sustainability into business processes, thereby setting the trend for sustainable development in the industry chain. Huawei's sustainability management focuses on four aspects, as shown in the following table.

#### **New Supplier Qualification**

Sustainability qualification is an integral part of Huawei's new supplier qualification process. All new suppliers must pass the sustainability qualification to ensure that their system management and control capabilities meet Huawei's requirements. Huawei audits the performance of suppliers in terms of labor, human rights, the environment, social impact, and their ability to comply with the *Supplier Sustainability Agreement*.

The audit result categories are Pass, Conditionally Pass, and Fail. Candidate suppliers who fail the audit cannot be endorsed. If sustainability issues are identified during the audit, Huawei requires the supplier to take corrective and preventive actions. Then Huawei will conduct a second audit. Only candidates who pass the audit can be Huawei suppliers.

In 2013, 70% of candidates passed the audit the first time. The remaining 30% were required to take corrective and preventive actions, and received a follow-up audit. Only candidates who pass the second audit can become Huawei suppliers and all suppliers who pass the audit must formulate plans to ensure continuous improvement.

To ensure fairness, justice, honesty, and integrity and to prohibit bribery, unfair competition, and fraud, Huawei signs the *Honesty and Integrity Agreement* with each supplier during the new supplier selection process.

#### Risk Management

#### Efficiency Management Busine

Business Innovation

#### **Industry Cooperation**

Focus on high potential risk suppliers and manage suppliers on a level-by-level basis to incorporate sustainability risk management into the end-to-end procurement process and supplier lifecycle. Direct continuous improvement efforts amongst suppliers during business interactions, effectively monitor and control risks, and demonstrate industry-leading practices. Go beyond compliance and customer requirements. Analyze root causes of suppliers' sustainability issues, explore highvalue opportunities, enhance the capabilities of suppliers, improve procurement efficiency, optimize business processes, reduce waste, reduce business costs, and strengthen competitiveness. Incorporate forward thinking while cooperating closely with partners. Explore business innovation opportunities to promote sustainability, develop new products, expand into new markets, and work out new business models to fully incorporate sustainability into our business strategy and brand. Pay attention to systemic problems of the industry, select typical sustainability topics, organize cross-industry dialogue and cooperation activities, participate in formulating industry rules, set industry benchmarks, lead sustainable development trends, and demonstrate the company mission and brand image.

Year	Number of New Suppliers	Number of Audited New Suppliers
2011	55	55
2012	48	48
2013	38	38

Note: All new suppliers have passed the new supplier qualification

#### **Routine Supplier Management**

#### Supplier Sustainability Agreement

Huawei requires all suppliers to sign the *Supplier Sustainability Agreement*. Level of compliance with the agreement is one of the factors that Huawei considers when appraising the performance of each supplier. In 2013, 95% of suppliers signed the *Supplier Sustainability Agreement*.

Huawei reserves the right to investigate or audit suppliers at anytime to assess whether they are complying with the requirements specified in the agreement. Huawei also requires suppliers to extend the same requirements to their vendors, and eventually to the entire supply chain.

#### Supplier Risk Assessment

Huawei adopts a hierarchical method to manage the sustainability efforts of a large number of diversified suppliers across different geographic areas. Huawei conducts a prioritizing assessment for all approved suppliers based on the following factors before classifying them into high, medium, and low potential risk suppliers: country or area where a supplier is based; product type; business volume and relationship; performance in sustainability; potential environmental risks; risk management system and capability. In 2013, Huawei conducted risk assessment for 735 suppliers.

#### Table: Suppliers risk assessment results

Year	Number of Assessed Suppliers	Number of High Potential Risk Suppliers	Number of Medium Potential Risk Suppliers	Number of Low Potential Risk Suppliers
2011	633	19	144	470
2012	686	45	56	585
2013	735	28	146	561

Note: The numbers of medium and high potential risk suppliers are likely to increase as Huawei raises its sustainability assessment criteria for suppliers.

#### Supplier Audits

Huawei integrates sustainability requirements into the procurement process, involving sustainability audits in supplier qualification, selection, assessment, performance management, business fulfillment, and exit mechanisms. When managing supplier sustainability, we conduct on-site audits for high potential risk suppliers and sampling audits for medium potential risk suppliers. We also implement joint audits with our customers. In 2013, we conducted on-site audits for 28 high potential risk suppliers and 57 medium potential risk suppliers, and completed 100% of scheduled audit plans.

### Table: Suppliers that underwent Huawei's on-site audits from 2011 to 2013

Year	Number of High Potential Risk Suppliers	Number of Medium Potential Risk Suppliers
2011	19	68
2012	45	56
2013	28	57

In 2013, Huawei implemented joint audit cooperation (JAC) with British Telecom, Deutsche Telekom, and other customers. We selected typical suppliers in each category for joint audits and drove them to make improvements.

In addition, we attended the JAC Forum in Shanghai and shared our experiences in supply chain sustainability management.

#### Supplier Performance Management

We regularly appraise the sustainability performance of each supplier based on the results of sustainability audits, the effectiveness of improvement measures, and updates to sustainability efforts. Supplier sustainability performance is evaluated based on key factors such as labor standards, health and safety, environmental protection, business ethics, and management systems, and the redline requirements for sustainability, covering a total of 15 indicators.

Suppliers are classified into four grades (A, B, C, and D) based on their sustainability performance, which represent their performance level in descending order, as shown in the following table.

Grade	Criteria	Evaluation
А	90≤Score≤100	Excellent
В	80≤Score<90	Good
С	70≤Score<80	Qualified
D	Score<70, or a major redline issue	Unqualified

For suppliers who have received sustainability audits in the past year, the audit results can be directly used as their performance appraisal results. If a supplier has a persistent redline issue with high risks, major CSR issue, or failure to pass customers' audits, Huawei's CSR team can directly assign the supplier a D grade.

Huawei determines the extent to which it does business with each supplier according to their sustainability performance. Suppliers with good performance will receive higher procurement quotas and more business opportunities, while suppliers with poor performance will have lower procurement quotas and less business opportunities. Depending on the situation, Huawei instructs unqualified suppliers to correct existing issues within a specified timeframe and may even terminate business relationships with suppliers that have exceptionally poor performance.

#### Supplier Capability Development

Developing the sustainability capabilities of suppliers is a basic supplier management activity conducted by Huawei. Internally, we help train our managers who are responsible for supplier management, in order to ensure that they have the required expertise. In 2013, Huawei trained 14 professional CSR auditors, 120 procurement managers, and 66 SQEs. Externally, we continue to promote the CRCPE five-step approach (Check, Root Cause Analysis, Correct, Prevent, and Evaluate), in order to guide our suppliers in analyzing the cost and effectiveness of certain approaches and the root causes of sustainability issues, identifying opportunities for improving their management systems and capabilities, and actively incorporating sustainability into their business and daily operating activities to boost efficiency and reduce costs.

We also organize various CSR training courses and workshops to improve the sustainability knowledge and capabilities of suppliers. In 2013, more than 400 people attended CSR training courses. Holding supplier sustainability conferences is an effective way to improve suppliers' sustainability knowledge and capabilities. Each year, Huawei convenes the Global Supplier Sustainability Conference, which invites customers, NGO members, and suppliers' executives. The Global Supplier Sustainability Conference has become a platform that enables suppliers to understand customer needs, grasp sustainability development trends, and share experiences.

#### Collaboration on Sustainability Means Better Business

On September 25, 2013, Huawei hosted the Fifth Global Supplier Sustainability Conference in Shenzhen under the theme of Collaboration on Sustainability Means Better Business. The event attracted 341 attendees, including representatives from government agencies and NGOs, sustainability experts, executives of 170 suppliers, and carrier customers (including British Telecom, Deutsche Telekom, Orange, and Vodafone).

Huawei Rotating and Acting CEO Eric Xu addressed the audience, and emphasized the need for Huawei to collaborate with suppliers worldwide for win-win development. Customers and NGOs shared ideas about the trends and requirements for sustainability. Representatives from suppliers presented their best practices in sustainability. The conference was well received by attendees.



Global Supplier Sustainability Conference

### Seeking Win-Win

#### **Building a Greener Supply Chain**

#### Supplier Environmental Performance

Since 2006, Huawei has been a part of the Green Procurement Program initiated by the Shenzhen Environmental Protection Bureau. As part of this program, we use the statistics on enterprise environmental performance released by the governmental department to help manage our suppliers. In 2013, we continued to deepen our communication and cooperation with the Institute of Public and Environmental Affairs (IPE; an NGO), and applied environmental protection data about Chinese enterprises managed by this organization to our supplier management activities. We keep track of suppliers' environmental protection risks on a monthly basis, conduct special audits for suppliers providing high-risk products, such as PCBs and batteries, and encourage them to make improvements to minimize environmental risks in the supply chain.

#### Huawei Green Partner Certification

The Huawei Green Partner (HW GP) Program inspires suppliers to systematically manage environmental protection efforts and attend to their green initiatives throughout product lifecycles ranging from green design to green manufacturing. By controlling the use of restricted substances from the outset, we contribute to a greener supply chain.

In 2013, Huawei upgraded the HW GP standards to GP2.0 by adding the requirements for the environment management system as well as energy, water, and greenhouse gas management. In 2013, 34 suppliers passed our HW GP certification.

#### Reducing the Carbon Footprint in the Supply Chain

Reducing carbon emissions has become a key concern of our customers. Suppliers are required to reduce their carbon



Issuing the Green Partner certificate to suppliers

footprint in addition to improving energy efficiency and cutting operational costs. Huawei collaborates with suppliers on making innovations in environmental protection, energy conservation, and emissions reduction to develop a greener supply chain.

In 2013, Huawei launched a pilot program to help four suppliers in different product categories to improve their energy efficiency and carbon emissions. We established a supplier capability development team to provide suppliers with on-site assistance and training courses on assessing carbon emissions based on our experience and methods, helping suppliers reduce their carbon footprint.

After conducting a series of energy conservation and emission reduction activities, the four suppliers achieved outstanding improvements. In 2013, they saved over 25 million kWh of energy and reduced carbon emissions by over 23,000 tons.

Supplier	Energy Saved (Million kWh)	Carbon Emissions Reduced (Ton)
Supplier S	8.457	7,800.5
Supplier C	10.165	9,375.5
Supplier D	6.115	5,639.8
Supplier H	1.110	1,023.7
Total	25.847	23,839.5

In 2014, we plan to increase the suppliers in the program to 20. We will work with more suppliers to achieve energy conservation, make emission reduction innovations, and reduce carbon emissions in order to build a greener supplier chain.



Coaching suppliers in energy conservation and emission reduction


## Prohibiting the Use of Conflict Minerals

Conflict minerals refer to tin, tantalum, tungsten, gold, and other minerals that are mined in conditions of armed conflict, notably in the Democratic Republic of the Congo and adjoining countries. The profits from the sale of these minerals finance ongoing armed conflicts in countries where they are mined. Huawei recognizes the weight of such issues and has taken action to help mitigate these instances. Since 2002, Huawei, in tandem with our customers, has investigated matters of conflict minerals in the supply chain. Huawei published the *Statement on Prohibiting the Use of Conflict Minerals*, pledging to never knowingly procure or support the use of conflict minerals. Huawei requires all its suppliers to boycott conflict minerals and also asks them to extend this requirement to their vendors.

In May 2013, we updated our conflict mineral questionnaire based on the latest requirements of Electronic Industry Citizenship Coalition (EICC) and the Global e-Sustainability Initiative (GeSI), and started the first phase of investigation into over 200 suppliers. By December, 2013, 191 suppliers (more than 85% of the total) completed the questionnaire, covering all raw material categories. In January 2014, Huawei will start the second phase of investigation into 331 suppliers, which will be completed by March, 2014. As a member of United Nations Global Compact (UNGC) and GeSI, Huawei prioritizes meeting our global social responsibility and implements an ethical procurement system to promote the sustainability of the entire industry chain. In conjunction with GeSI, industry organizations, customers, and suppliers, we seek a sustained solution that resolves the issues surrounding conflict minerals.

### **Industry Cooperation**

Communicating and cooperating with industry players are key factors when it comes to improving supply chain sustainability. Through communication and cooperation with industry-leading peers, we better understand the industry's latest requirements and best practices about sustainability, broaden our ideas, and raise our supplier management level. In 2013, by deepening communication and cooperation with customers, industry organizations, academia, and NGOs, we shared our experiences about sustainability improvement and better understood the latest updates in the industry. We attended the JAC Forum in Shanghai, where we shared our experiences in supplier CSR management; we invited government agencies and NGOs (such as IPE) to talk at the Huawei Global Supplier Sustainability Conference, where we shared our CSR requirements; we implemented joint audits with our customers to raise the sustainability management level of suppliers. We also communicated and cooperated with Humboldt University (Germany), Waseda University (Japan), and Monash University (Australia) on sustainability initiatives.

# 5.5 Social Contribution

At Huawei, our charity activities are designed to attain four goals: bridging the digital divide, creating opportunities through education, promoting environmental initiatives, and contributing to the communities where we operate. Specifically, we contribute to local communities by supporting charity, education, environmental protection, health, and disaster relief efforts. We aim to become part of local communities, create value for them, and help them achieve prosperity and sustainability.

## An Overview of Huawei's Major Social Charity Activities in 2013

US

Supported the K to College

...........

non-profit organization

### 🦻 France

- Launched the SmartExchange program to promote mobile recycling
- Partnered with the Institute of Civil Service to support young people

### 🦻 Spain

Launched the SmartBus program to promote the responsible use of ICT

### United Kingdom

Supported the Prince's Trust Foundation

### Portugal

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Donated Huawei MediaPads to

outstanding students

n ii

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Venezuela

 Launched the SmartBus program to promote the responsible use of ICT

## 🦗 Kenya

 Partnered with SlumCode to fight against digital illiteracy

- Partnered with Red Cross as its strategic relief partner
- Supported the Lewa Charity marathon

### 🥍 Tanzania

Promoted e-education in schools

### 🔮 Uganda

Supported a charity marathon to protect the environment

### Nigeria

- Supported the ICT training of 1,000 girls
- Supported the Nungtso Charity Fund

## South Africa

Supported the Khulisani Foundation to promote ICT education

Launch of the Telecom Seeds for the Future Program

Environmental



Management





### **Creating Opportunities Through Education**

Huawei enthusiastically supports ICT education in communities where we operate because we believe that knowledge creates opportunities and that education drives sustainability. To transfer knowledge and create opportunities, Huawei has established ICT training centers, and provided scholarships, internships, and study trips for top college students.

### China Study Trip, as Part of the Telecom Seeds for the Future Program in the UK



Nineteen UK undergraduates who participated in the China Study Trip in 2013

"We at Huawei believe that it is our duty to raise awareness and understanding about China amongst UK students, and to show them the exciting global opportunities offered by careers in science, technology, engineering, and mathematics. By creating these cultural and business links with the next generation of science and technology leaders, we fuel the future development of the ICT industry in the UK and highlight Huawei's responsibility as an ICT leader."

#### — CEO of Huawei UK

Huawei UK is determined to uplift the educational experiences of young people in the UK. Our team has created a cross-cultural and technically-focused experience for UK undergraduate students, improving their employability with global market exposure and ICT training. Working closely with the education sector, career departments at Britain's leading universities, and UK policy-makers, Huawei launched the China Study Trip in 2011. The program highlights our commitment to transferring knowledge to the next generation of ICT leaders and helps stimulate student growth in a confidence-building business environment.

The program, now in its third year, has sent 38 British students to China, and has inspired subsequent Huawei programs in France, Luxembourg, Spain, Italy, Germany, Norway, Australia, Singapore, Indonesia, Japan, and the United Arab Emirates.

The students come from Britain's renowned schools, including the universities of Oxford, Cambridge and Southampton, and University College London, and are selected through a rigorous application process. Nineteen British students, studying science, technology, maths, law, business, and politics participated in the five-week program in 2013. The selected students first spent two weeks at Beijing Language and Culture University building confidence in Mandarin and acclimatizing to Chinese culture. This cultural immersion was followed by practical training at our



MP David Willetts chats with students at our September 2013 Reception

Shenzhen headquarters, where students attended ICT training seminars, toured factories and R&D facilities, and learned more about Huawei's business culture and values. Huawei UK office plans to send 25 students from an even wider group of British universities to China in 2014.

Stakeholder feedback about this event was very positive, highlighting the long-term benefits of cross-cultural dialog and practical skills provided. Alim Thawer, an Oxford University student and 2012 program participant, said the program was "one of the most valuable and enjoyable experiences of my life so far." Professor Debra Humphris, (former) Pro Vice-Chancellor of Education at University of Southampton, noted that "Huawei has created an outstanding opportunity for students to spend time with a leading global company, in one of the most dynamic economies and influential nations. Based on the feedback from our students, the Huawei summer placements are an outstanding experience, combining culture, language, and business."

"A fantastic opportunity for undergraduate students to spend time in China benefiting from valuable hands-on experience with one of the world's leading technology companies."

### — David Willetts, Member of UK Parliament, Minister for Universities and Science, and supporter of the China Study Trip

As we look to the future, we hope to improve the sophistication of the study trip and give an even more meaningful and personalized experience to future participants. We know student interests, expectations, and technical abilities vary, and we will work to provide a fulfilling and intellectually interesting program for each student. We also plan to discuss developing a career trajectory program to supplement this work experience and offer students an opportunity to work with Huawei and our industry partners after graduation.

### **Telecom Seeds for the Future**

The China Study Trip is a sub-project and exemplification of our global social contribution program Telecom Seeds for the Future. The program runs in over 20 countries, providing scholarships, hands-on training, internships, and study trips to students with ICT expertise and a greater understanding and interest in the future development of the ICT industry. In 2014, roughly 400 students from across the globe will participate in the Telecom Seeds for the Future program.

Telecom Seeds for the Future enabled us to partner with the Institute of Technical Education and launch the Broadband Technology and



Malaysian students hold up their training certificates

Services Training Center in September 2013 – Singapore's first Gigabit Passive Optical Network training center. Here students can receive hands-on laboratory and proficiency training, cultivating and supporting Singapore's ICT industry.

We are also committed to providing equipment for Malaysia Super Corridor, Malaysia Knowledge Workers Development Center and to several local universities to open training labs and accredited test labs. Since 2011, we've provided resources to train 6,600 Malaysian telecommunication professionals and are on track to train a total of 10,000 professionals by 2016.



## Huawei SmartBus Program – Get on the Future Generation

Huawei's SmartBus is a mobile classroom installed with ICT equipment that provides students with mobile learning and helps them learn about ICT. Inside this modern classroom, large wall-mounted LCD TVs and touchscreens educate students about safely using new technologies, and exhibit Huawei's leadership, innovation, and R&D capabilities. In the center of the bus there are several desks, where students can use 12 Huawei smartphones, 12 Huawei MediaPads, and 4 Mi-Fi routers to study ICT training courses.

Huawei officially launched the SmartBus Program in Spain and Portugal in 2013.

#### Spain

Huawei launched the SmartBus Program in Spain on December 21, 2012 under the auspices of the Minister of Industry, Energy and Tourism and the State Secretary for Telecommunications and Information Society. The program teaches children aged 10 to 13 to effectively use ICT equipment and learn about ICT. The mobile classroom visited 18 locations in Madrid, Sevilla, Segovia, Valencia, and Zaragoza.

On April 4, 2013, the SmartBus Program came to a successful conclusion, lasting over three months and spanning 5,000 km. The program trained more than 20,000 people from 85 schools on how to use social networking and browse the Internet in a safe and responsible manner.

The Spanish government endorsed and praised the program, remarking that the cutting-edge video, audio, and human-machine interaction technologies on the SmartBus create an excellent mobile classroom.

#### Portugal

Huawei officially launched the SmartBus Program in Portugal on November 20, 2013. We will spend a month delivering training courses for over 3,000 students from 19 schools in Lisbon and Porto on how to use ICT equipment safely and responsibly.



SmartBus in Spain

## Pan-European Smartphone App Challenge Fosters Youth Entrepreneurship



Female developer prize winner Elizabeth Cotton pitches her app CANEAT

"Through the InnoApps Challenge, we hope to attract young talent and empower young people to develop their ideas while also fostering more youth entrepreneurship in Europe."

> --- President of Huawei's European Public Affairs and Communications Office

According to the European Commission, over 5.6 million young people are out of work in Europe today, with some of the worst hit countries, like Spain and Greece, seeing youth unemployment rise to above 50%. At the same time, 900,000 unfilled ICT vacancies are projected by 2015, so young people in Europe need urgent assistance to obtain the skills these vacant jobs require. At Huawei Europe, we strive to support the communities where we work and live and foster a strong economy by encouraging the growth of ICT job skills, reducing unemployment, and unlocking youth potential. We believe innovation and entrepreneurship will drive socioeconomic development. Thus, we created the InnoAps Challenge in 2013 to help inspire young people in Europe to change the world around them.

We partnered with Microsoft and the European Young Innovators Forum (EYIF) on a four-month, pan-European competition to challenge students and young professionals to design and develop innovative smartphone applications to improve the world around them. The initiative was supported by DG Education and Culture of the European Commission.

Young entrepreneurs from 15 European countries submitted app ideas relating to the 2013 theme of social inclusion: help people develop electronic and technical skills (e-skills), encourage entrepreneurship and collaboration, and share knowledge across European cultures.

- 50+ Youth Applicants from 15 European countries
- 5 finalists competing for the €5,000 app commercialization support prize

All entrepreneurs were offered two technical support webinars and the top five finalists were invited to a mentoring workshop in Brussels. Here the entrepreneurs had the chance to meet with judges one-on-one and receive feedback on their pitch presentations and business ideas before taking the stage. For many of the young finalists, this was their first experience speaking in front of a large and distinguished audience.





InnoApps Challenge winner Tomaž Ščavničar holds up his first place prize

Awards were presented by Pierre Mairesse, the European Commission Director for DG Education and Culture. Judges included:

- Maria Luisa Fernandez Esteban, European Commission DG Education & Culture
- Ruud de Jonge, Western Europe Windows Phone Lead at Microsoft
- Arne Herkelmann, Head of Europe Device Portfolio Management Department at Huawei
- Robert Hopman, Global App Marketing Manager at Human
   Developers
- Elly Plooij, Former MEP and Founder of the European Internet Foundation



The esteemed InnoApps judges listen to the finalists pitch their app

The InnoApps pitch day was combined with a TECY (Technology, Education, Culture & Youth) event organized by the European Commission, Facebook, and Digital Europe. The joint event drew a crowd of more than 200 attendees, including European Commission officials, NGOs, and industry peers. The morning session highlighted European policy discussions on youth, technology, and unemployment, including the *Learning by Creating* panel featuring Tony Graziano, VP of the Huawei Brussels office. The InnoApps Challenge in the afternoon helped remind policymakers of the practical possibilities available to young entrepreneurs.

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Seeking Win-Win



Huawei VP Tony Graziano speaks on the Learning by Creating panel

While all five finalists won a Huawei phone and benefited from the mentoring workshop, the top two finalists and top female developer will have their apps featured in the Windows App Store and embark on an InnoTourChina experience. This tour is designed to inspire app winners with trips to Huawei's innovation centers and Shenzhen headquarters, and offer a deeper understanding of both Chinese culture and Huawei's corporate culture.

Tomaž Ščavničar, a twenty-five year old entrepreneur from Slovenia, won first place for his app, STARTI, which provides inexpensive ICT learning resources and technical training. According to Tomaž,

"It was a great experience. We gained visibility and credibility by working with Huawei and Microsoft, and the challenge helped us go to market more quickly."

Second place winner, Natalia Vicente, created TagTagCity, which helps local merchants and cities create an online digital presence. She was excited about "working with two of the biggest names in technology – Huawei and Microsoft."



Second place winner Natalia Vicente pitches TagTagCity

In an effort to highlight a female technology role model and attract more young women into technology, EYIF's Jana Vecerkova developed the Top Female Developer award. This award, won by 19-year-old Elizabeth Cotton from the UK, received excellent feedback from those involved in the challenge.

### **InnoApps Challenge 2014**

Planning for the 2014 InnoApps Challenge is already underway due to the success of the 2013 pilot event. Stakeholders were pleased that the event provided real opportunities for young European entrepreneurs and opened communication channels to create deep partnerships amongst the organizations involved.

Sergej Koperdek, Advisor to the Director General of DG Education & Culture, praised the program as sending "a positive message that creates ripple effects amongst other young people." Microsoft's Ruud de Jonge said Huawei Brussels was an "absolutely great partner" and EYIF's Jana Vecerkova said the InnoApps Challenge "created a new community" by linking so many young people to technology and entrepreneurship opportunities.

Following a brainstorming session with all parties, a new and more focused theme will be chosen for the 2014 challenge and the timeframe will be extended from four to eleven months. After considering youth and partner feedback, we also plan to further promote the InnoApps brand, develop additional university and local partnerships, create more in-person and EU-China cross-cultural opportunities, and increase the value of the initiative by providing winners' companies with post-challenge marketing support.

For more information about the InnoApps Challenge, please visit our website: http://innoapps.eu



# Contributing to Local Communities Where Huawei Operates

Huawei is committed to contributing to local communities in the areas of disaster relief, culture, environmental protection, health, and other charity activities.

Below is an overview of Huawei's social contribution activities.

Based on our successful cooperation with K to College in 2012, Huawei expanded our partnership with the organization on March 14, 2013 to cover southern California and provide school supplies to more than 200 students in San Diego. K to College is a non-profit organization that operates free school and dental supply programs for underprivileged students in California.

Expanding cooperation with K to College in the US

On June 29, 2013, Huawei Kenya donated US\$100,000 to Safaricom Marathon, marking the seventh time that Huawei has sponsored the event. Donations for Safaricom Marathon are used to preserve the natural environment in Kenya.

Promoting environmental protection in Kenya

On July 4, 2013, Huawei Australia made donations to International Postgraduate Pediatric Certificate to support study on children's diseases. Since 2010, Huawei has been cooperating with Sydney Children's Hospital and other hospitals in the Asia Pacific to donate Huawei MediaPads that enable training for doctors and pediatric nurses in poor, remote areas that lack Internet connectivity.

Providing financial support to Sydney Children's Hospital











Supporting disaster relief in the Philippines



In cooperation with the Vodafone Foundation, Huawei deployed an Instant Network in Tacloban, one of the areas seriously affected by Typhoon Haiyan. Huawei supported communications services for humanitarian relief workers and provided disaster victims with free phone calls to reach loved ones.

Huawei donated US\$30,000 to Ayala Foundation as well as 300 Huawei mobile phones to ABS-CBN Foundation. Our local employees gave generous donations and sent food and medicine to the Philippines Red Cross.

In November 2013, Huawei launched the 1,000 Girls ICT Training Program together with the Nigerian Ministry of Communication Technology to train 1,000 girls in the first phase of the program. In the future, Huawei will expand the scope and reach of the program.

Implementing the 1,000 Girls ICT Training Program in Nigeria



Collaborating with charity institutes in Zambia

In October 2013, Huawei Zambia and the International Women's Club (a renowned charity institute in Zambia) jointly held a large charity banquet in the InterContinental Hotel in Zambia. This marks the third year that Huawei Zambia has collaborated with high-impact local charity institutes to contribute to local communities where we operate. All funds raised at the banquet are spent on charity initiatives.

## Huawei Implements the Dream Library Program in Mountainous Areas in China

The Dream Library Program is one of the "Dream Partner" initiatives launched by Huawei Device on renren.com, a social networking site popular with students. Under the program, Huawei called on the general public to donate books to children in mountainous areas to help them realize their dreams.

After more than four hours of travel on October 10, 2013, a Huawei team arrived at Yangjiao Elementary School in Tang County, Hebei Province – the first place we implemented the program. The team included Huawei employees and student volunteers from four universities in Beijing. With no dormitory In addition to book donations, we also made students stronger by encouraging them to dream big at a young age – the program is not merely a charity activity.

Dream Library delivers an open class that inspires students to dream big. College student volunteers shared their own experiences and encouraged students to nurture their dreams. Pupils spoke freely about their dreams. After the discussion, the children recited the poem *Our Dream*. The program has given us the confidence to run similar initiatives in the future.



Huawei Dream Library



A Huawei employee is teaching students



Huawei employees donating books to students

or cafeteria in Yangjiao Elementary School, kids must walk as far as 5 km every day between school and home. The school's library is a tile-roofed house covering an area of less than 20 m<sup>2</sup>. Outdated and worn-out books were replaced with new ones in a new Dream Library.



Students talk freely about their dreams

Underpinned by the belief that books can lead us into the future and that love inspires hope, Huawei will continue to empower students in remote areas to realize their hopes and dreams.

Seeking Win-Win Development

# Appendix I: GRI G4 Index

## STANDARD DISCLOSURES FIRST PART: GENERAL STANDARD DISCLOSURES

Profile Disclosure	Disclosure	Page
G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	2-5
G4-2	Provide a description of key impacts, risks, and opportunities.	2-5

## 1. STRATEGY AND ANALYSIS

### 2. ORGANIZATIONAL PROFILE

Profile Disclosure	Disclosure	Page
G4-3	Report the name of the organization.	8
G4-4	Report the primary brands, products, and services.	8
G4-5	Report the location of the organization's headquarters.	back cover
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	8
G4-7	Report the nature of ownership and legal form.	11
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	8
G4-9	Report the scale of the organization.	8
G4-1	Report the total number of employees by employment contract and gender.	54-55
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	54-55
G4-12	Describe the organization's supply chain.	67-71
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	No significant changes
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	9
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	16-17
G4-16	<ul> <li>List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization:</li> <li>Holds a position on the governance body</li> <li>Participates in projects or committees</li> <li>Provides substantive funding beyond routine membership dues</li> <li>Views membership as strategic</li> <li>This refers primarily to memberships maintained at the organizational level.</li> </ul>	16-17

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## 3. IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

Creating Sustainable

Profile Disclosure	Disclosure	Page
G4-17	<ul><li>a. List all entities included in the organization's consolidated financial statements or equivalent documents.</li><li>b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.</li></ul>	10
G4-18	<ul><li>a. Explain the process for defining the report content and the Aspect Boundaries.</li><li>b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.</li></ul>	16-17
G4-19	List all the material Aspects identified in the process for defining report content.	18
G4-20	For each material Aspect, report the Aspect Boundary within the organization.	18
G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	18
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	/
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	No significant changes

### 4. STAKEHOLDER ENGAGEMENT

Profile Disclosure	Disclosure	Page
G4-24	Provide a list of stakeholder groups engaged by the organization.	16-17
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	16-17
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	16-17
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	16-17

## 5. REPORT PROFILE

Profile Disclosure	Disclosure	Page
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	inside the front cover
G4-29	Date of most recent previous report (if any).	inside the front cover
G4-30	Reporting cycle (such as annual, biennial).	inside the front cover
G4-31	Provide the contact point for questions regarding the report or its contents.	inside the front cover
G4-32	Report the 'in accordance' option the organization has chosen.	inside the front cover
G4-33	Report the organization's policy and current practice with regard to seeking external assurance for the report.	inside the front cover 92-93

### 6. GOVERNANCE

Profile Disclosure	Disclosure	Page
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	11,13
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	13
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	13
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	16-17
G4-38	<ul> <li>Report the composition of the highest governance body and its committees by:</li> <li>Executive or non-executive</li> <li>Independence</li> <li>Tenure on the governance body</li> <li>Number of each individual's other significant positions and commitments, and the nature of the commitments</li> <li>Gender</li> <li>Membership of under-represented social groups</li> <li>Competences relating to economic, environmental and social impacts</li> <li>Stakeholder representation</li> </ul>	11
G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	11
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.	11
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders.	11
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	13-15
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	13
G4-44	<ul> <li>a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment.</li> <li>b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.</li> </ul>	13
G4-45	<ul> <li>a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes.</li> <li>b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.</li> </ul>	13

G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	13
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	13
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	13
G4-49	Report the process for communicating critical concerns to the highest governance body.	/
G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	/
G4-51	<ul> <li>a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration</li> <li>b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.</li> </ul>	/
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	56
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	/
G4-54	Report the ratio of the annual total compensation for the organization's highest- paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	/
G4-55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	/

## 7. ETHICS AND INTEGRITY

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G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	12

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Indicator	Labor Practices And Decent Work	Page
G4-LA 1	Total number and rates of new employee hires and employee turnover by age group, gender and region	54
G4-LA 2	Benefits provided to full-time employees that are not provided to temporary or part- time employees, by significant locations of operation	56
G4-LA 3	Return to work and retention rates after parental leave, by gender	/
G4-LA 4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	/
G4-LA 5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	57
G4-LA 6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	57
G4-LA 7	Workers with high incidence or high risk of diseases related to their occupation	57
G4-LA 8	Health and safety topics covered in formal agreements with trade unions	57
G4-LA 9	Average hours of training per year per employee by gender, and by employee category	55-56
G4-LA 10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	55-56
G4-LA 11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	56
G4-LA 12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	55
G4-LA 13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	56

G4-LA 14	Percentage of new suppliers that were screened using labor practices criteria	67
G4-LA 15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	68
G4-LA 16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	/
Indicator	Human Rights	Page
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	/
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	55-56
G4-HR3	Total number of incidents of discrimination and corrective actions taken	56
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	/
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	56
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	56
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	100%
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	No related incidents
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	/
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	100%
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	68
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	/
Indicator	Society	Page
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	72-80
G4-SO2	Operations with significant actual and potential negative impacts on local communities	/
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	12

G4-SO4	Communication and training on anti-corruption policies and procedures	12
G4-SO5	Confirmed incidents of corruption and actions taken	12
G4-SO6	Total value of political contributions by country and recipient/beneficiary	No related contributions
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	/
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	No related fines
G4-S09	Percentage of new suppliers that were screened using criteria for impacts on society	100%
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	68
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	/
Indicator	Product Responsibility	Page
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	64
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	/
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	/
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	No incidents of non-compliance
G4-PR5	Results of surveys measuring customer satisfaction	63
G4-PR6	Sale of banned or disputed products	63-64
G4-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	No incidents of non-compliance
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	63-64
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	No fines

# Appendix II: Terms and Abbreviations

Abbreviation	Full Name
3G	The Third Generation Mobile Communication Technology
4G	The Fourth Generation Mobile Communication Technology
AA1000	AccountAbility 1000
APP	Application
CEO	Chief Executive Officer
CSR	Corporate Social Responsibility
CSD	Corporate Sustainable Development
CAGR	Compounded Annual Growth Rate
CNAS	China National Accreditation Service for Conformity Assessment
EHS	Environment, Health and Safety
EICC	Electronic Industry Citizenship Coalition
EMT	Executive Management Team
GDP	Gross domestic product
GHG	Greenhouse Gas
GeSI	Global e-Sustainability Initiative
GPS	Global Positioning System
GSM	Global System for Mobile Communications
GRI	Global Reporting Initiative
ICT	Information and Communications Technology
IP	Internet Protocol
IPD	Integrated Product Development
ISO	International Standardization Organizations

ISO26000	Guidance on Social Responsibility
ITU	International Telecommunication Union
JAC	Joint Audit Committee
LCA	Life Cycle Assessment
LTE	Long Term Evolution
LSP	Logistics Service Provider
LED	Light Emitting Diode
MWC	Mobile World Congress
NGO	Non-government organization
OHSAS	Occupational Health and Safety Assessment Series
РСВ	Printed Circuit Board
РСТ	Patent Cooperation Treaty
RAN	Radio Access Network
SA8000	Social Accountability 8000
SAR	Specific Absorption Rate
SIM	Subscriber Identity Module
SQE	Supplier Quality Engineer
TD-LTE	Time Division-Long Term Evolution
TUP	Time-based Unit Plan
UNGC	United Nations Global Compact
VoCs	Volatile Organic Compounds
WEEE	Waste Electrical and Electronic Equipment
WiMAX	Worldwide Interoperability for Microwave Access

# Appendix III: Verification Statement



## **Independent Assurance Statement**

### Introduction:

TÜV Rheinland (Guangdong) Ltd., member of TÜV Rheinland Group, Germany (TÜV, We) has been entrusted by the management of Huawei Investment & Holding Co., Ltd. (HUAWEI, the Company) to conduct independent assurance of HUAWEI Corporate Sustainability Report 2013 (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 2013.

The intended users of this assurance statement are stakeholders having relevance to the HUAWEI overall Sustainability Performance and impacts of its business activities during 2013 (January 2013 ~ December 2013). TÜV Rheinland is a global service provider of CSR & Sustainability Services in over 65 countries, having qualified professionals in the field of Corporate Sustainability Assurance, Environment, Social and Stakeholder Engagement. We have maintained complete impartiality and independence during the assurance engagement and 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), 'In accordance'-Core" reporting guidelines as per G-4.0

## Scope & Type of Assurance:

Our Assurance engagement covers the following:

- HUAWEI Corporate Sustainability performance as described in the report 2013 in accordance with GRI reporting guidelines and performance indicators and according disclosure on management approach (DMAs) from Economic, Environment & Social category, 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 unit located at Dongguan 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 in annual report.

### Assurance Methodology:

TÜV has challenged the report contents and assessed 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, are done as random sampling, to verify and validate the correctness of reported data and contents in light of contractual agreement and the factual HUAWEI Corporate Sustainable Development strategy (CSD) as mentioned in the report. Our work included consultation with over 70 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.

## Positive Observation:

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

- HUAWEI has developed and implemented "Circular economy" which include integrated reverse disposal capability of collection, storage, distribution, dismantling, testing, repair, extraction of raw material and waste disposal, thereby practice Reduce-Reuse-Recycle (3R's) to have positive impact on natural resources and eco-system.
- HUAWEI as part of its strategic focus for "bridging the digital divide" is undertaking efforts to the transfer and sharing of ICT knowledge and skills as well as to the nurturing of ICT, one of such flagship program is "Telecom Seeds for the Future".

### Adherence to AA 1000 principles:

**Inclusivity**: HUAWEI has identified, prioritize and engaged with its internal and external stakeholders through formal and informal mechanism like Stakeholder survey by third party including employees, customers etc. and on-line employees periodic journal, as a response to sustainable development issue.

**Materiality**: HUAWEI has identified the material issues related to sustainable development viz. economic, environment & social performance as an outcome of its stakeholder engagement and business priorities and provide balance information in the report. The Corporate Sustainable Development (CSD) strategy is aligned with identified material issues.

**Responsiveness**: HUAWEI has responded to its stakeholders against identified material issues critical to sustainable development through disclosure made in report 2013, Corporate Sustainable Development 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 2012 meets the requirement of Type-1, Moderate Assurance according to AA 1000 AS (2008) and Global Reporting Initiative (GRI), 'In accordance'-Core" reporting guidelines as per G-4.0
- The Report includes statements and claims that reflects HUAWEI achievements and challenges supported by documentary evidences and internal records.
- The performance data we found in the report are collected, stored and analyzed in a systematic and professional manner and were plausible.
- TÜV Rheinland shall not bear any liability or responsibility to a third party for perception and decision about HUAWEI based on this Assurance Statement.

For TÜV Rheinland Group

Gange .

Andreas MÜnch

Ganga C. SHARMA

Lead Verifier

General Manager

AA1000 Licensed Assurance Provider

Guangzhou, 30th April 2014

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