



# STATEMENT ON MODERN SLAVERY 2019

## AN INTRODUCTION TO HUAWEI:

### WHO WE ARE AND WHAT WE DO

Huawei is a leading global information and communications technology (ICT) solutions provider headquartered in Shenzhen, Guangdong Province, China. Huawei's ICT solutions, products and services are used in more than 170 countries and regions, serving more than 3 billion people around the world with 2019 global revenues of US\$123.8 billion and 194,000 employees worldwide. Huawei is a major investor in the UK and currently supports 7400 jobs directly and through its supply chain across UK.

Customers are at the centre of everything we do, and we create value for them with innovative ICT products and solutions. We are committed to building a sustainable, fully connected, and intelligent world. We work with stakeholders including suppliers, industry organizations, open source communities, standards organizations, universities, and research institutes all over the world to cultivate a broader ecosystem that thrives on shared success. In this way we can help drive advancements in technology and grow the industry as a whole.



*On the Huawei Songshan Lake campus*

### STRUCTURE OF THE ORGANISATION:

Huawei Technologies Co., Ltd. is a wholly owned subsidiary of Huawei Investment & Holding Co., Ltd. Reference to "we", "our" or "Huawei" in this Statement on Modern Slavery ("Statement") refers collectively to Huawei Technologies Co., Ltd., a

company incorporated in China, and its direct and indirect subsidiaries, and to Huawei Global Finance (UK) Limited.

Although not all entities in the group are subject to the requirements of the UK Modern Slavery Act 2015, Huawei adopts a company-wide approach to its policies and procedures on slavery and human trafficking.

## HUAWEI'S POSITION ON MODERN SLAVERY:

Huawei is committed to ensuring that there is no modern-day slavery or human trafficking within its supply chains or in any part of its business. Huawei's Caring for Employees Policy reflects its commitment to acting ethically and with integrity in all of its business relationships and in implementing and enforcing effective systems and controls to ensure slavery and human trafficking is not taking place anywhere throughout the business.

Furthermore, Huawei does not engage in any type of forced or involuntary labour (such as forced, bonded, or indentured labour or involuntary prison labour). An employment relationship will only be established on a voluntary basis. Employees have the right to terminate the employment agreement with Huawei with due observance of a proper term of notice stipulated in local laws and regulations as well as corporate policies. We prohibit requesting job applicants to pledge any certificates or pay deposits for the purposes of obtaining a job at Huawei.

We shall not force employees to work by resorting to violence, threats, or illegal restriction of personal freedom. We shall not direct or mandate employees to perform work that jeopardizes their personal safety; neither shall we insult, physically abuse, beat, illegally search, or detain employees. Huawei is opposed to the recruitment, transfer, harbouring or receipt of persons, by means of the use of threat, force, other forms of coercion, or deception for the purpose of exploitation. We follow the relevant rules of "Universal Declaration of Human Rights" (1948).

In addition, we respect employees and value their self-esteem. We shall not engage in or condone any physical abuse, mental or physical coercion, or verbal abuse against employees. We shall not resort to violence or inhumane means in the treatment of employees and we do not interfere with the rights of minority ethnic groups to practice their religion and customs and instead provide them with venues and opportunities to do so.

Huawei Technologies Co., Ltd. is a signatory to the United Nations Global Compact (UNGC), which is a principle-based framework for businesses, stating ten principles in the areas of human rights, labour, environment and anti-corruption. Since joining the UNGC in 2004, Huawei's dedication to the highest international standards have been recognised by customers and external organisations, such as China's IPE and the United Nations Global Compact China Network.

Huawei recognises the risks of modern slavery due to the complexity of global supply chains within the ICT industry and has taken management steps to prevent such practices do not take place in its business and within the businesses of its suppliers of goods and services.



*Huawei Hangzhou Research Centre*

## PREVENTING MODERN SLAVERY, HUAWEI'S STRATEGY:

### INTERNAL COMPLIANCE:

Huawei will not tolerate forced, bonded (including debt bondage) or indentured labour, involuntary prison labour, slavery or trafficking of persons. This includes transporting, harbouring, recruiting,

transferring or receiving persons by means of threat, force, coercion, abduction or fraud for labour or services. As part of Huawei's hiring process, workers must be provided with a written employment agreement in their native language that contains a description of terms and conditions of employment. All work must be voluntary and workers shall be free to leave work at any time and to terminate their employment agreement with Huawei with due observance of the agreed terms of notice in accordance with local laws and regulations.

### WHISTLEBLOWING:

We encourage all officers, employees, workers (including but not limited to secondees, temporary workers, consultants and agency staff), consultants, contractors and agents to report any concerns or malpractice. Our policies facilitate an open and honest working environment allowing disclosure to be made to our senior management without fear of victimisation or less favourable treatment. Employees can file concerns and complaints directly to their local Compliance Officer or through the following channels: the Committee of Ethics and Compliance (CEC); Business Conduct Guidelines violation hotline; HR services complaint and suggestion hotline; grievance mailbox regarding performance appraisals; complaint/ whistle-blowing mailbox regarding procurement.

### RECRUITMENT:

There is no charge for job seekers during the recruitment process, and the medical examination is free of charge.

Across recruitment we state that "no fees will be charged for job seekers during the recruitment process" and "no fees will be charged for the physical examination for new hires"; we also provide details of the complaints hotline and complaints email address as a fall-back.

**Attendance management:** We manage attendance in strict accordance with the RBA6.0.1 standard through routine scheduling, overtime control (briefing), and real-time monitoring in the MeHR system.



**Overtime management:** We reasonably arrange employees to work overtime as needed based on business fluctuations and employees' willingness. Employees shall proactively apply for overtime, and the overtime can be performed only after the supervisor approves it. Employees shall be paid in strict accordance with the specified time.

**Leave management:** Employees can apply for leave if they need to handle non-work affairs during working hours.

**Exit management:** Employees must submit exit applications at least 30 days in advance (three days in advance during the probation period). After the applications are approved and related services are completed, the employees will be paid.



*Huawei Southern Factory at Dongguan*

**Child labour:** According to national laws and regulations and Huawei's requirements, we strictly prohibit the recruitment and use of child labour (defined as aged <16 within MSA 2015). So far, we have not found any child labour cases. Neither does Huawei employ juveniles (aged >16<18).

**Communication and Feedback:** The Huawei Manufacturing Dept distributes the Guide to Managing Employee Relationships of the Manufacturing Dept to all employees, which specifies hierarchical communication channels for employees, to ensure employees' feelings and difficulties are understood in a timely manner, and helps ensure any employee problems are resolved.

**Table 1: Manufacturing Employment Checkpoints**

Category	Key Check Points	Yes	No
	Does Huawei have a clear policy against forced labour?	X	
	Does Huawei require employees (including third parties) to pay deposits, such as unified deposits, meal deposit, training deposit, or recommendation fee?		X
Recruitment	Falsely charge for health check?		X
	Are all workers voluntarily employed and given statutory employment contracts?	X	
	Does Huawei keep the employee's personal identity documents, such as passport, ID card, or education certificate?		X

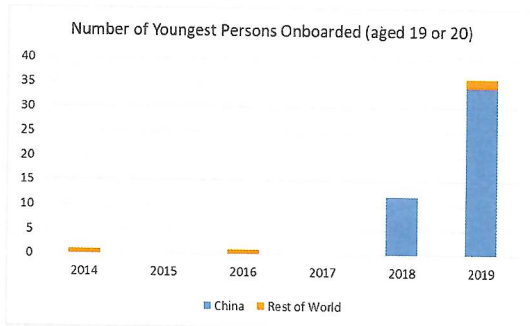
Category	Key Check Points	Yes	No
	Workers are not allowed free access to the premises?		X
Employment	Wage deduction as a disciplinary measure?		X
	Whether Huawei compels employees to work overtime?		X
	Discipline that is physically abusive or humiliating?		X

Category	Key Check Points	Yes	No
	Penalty or withholding of salary due to early termination of the contract		X
Exit	Workers' visas and work permits are linked to a single employer		X

Communication feedback channel cards are printed to help employees better understand the three-level communication feedback channels: department-level, manufacturing-level, and corporate-level. The communication forms include the democratic life meeting, open day, 121 communication, senior expert communication, performance communication, regular department meeting, and the new employee forum.

In 2018 we verified historical HR records of over 190,000 employees over the previous 7 years and confirmed that none had been on-boarded below the age of 18. This was also confirmed for 2019.

**Table 2:** Review of new employee ages at on-boarding



**SUSTAINABLE SUPPLY CHAIN MANAGEMENT, MONITORING AND COMPLIANCE:**

Huawei adheres to the Responsible Business Alliance (RBA) Code of Conduct which promotes compliance with various international standards whilst maintaining high standards of business ethics.

Huawei is committed to ensuring sustainable supply chain management practices and it continues to update its Supplier-Corporate Social Responsibility Agreement (CSRA); with elements focusing on labour practices, health and safety, the environment, business ethics, and management systems. All of Huawei’s suppliers are required to sign said agreements and it is a prerequisite to any supplier being on-boarded. Huawei participates in the joint audit cooperation (JAC) organised by our customers in order to make audits more accurate, thorough and efficient. Feedback from these audits are integrated into our procurement corporate social responsibility (CSR) processes. Additional detail is provided within the Huawei Annual Sustainability Report<sup>1</sup>.

**ON-BOARDING, AUDITING AND APPRAISING OUR SUPPLIERS:**

In accordance with Huawei’s CSRA, a screening, qualification and reviewing process is in place to identify any potential risks within the supply chain.

Huawei’s suppliers are subsequently expected to extend these requirements to their own vendors.

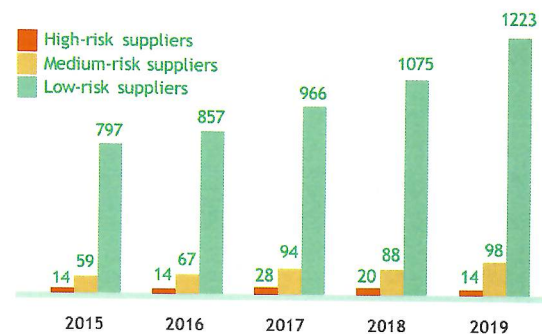
In 2019, we audited 111 potential new suppliers in terms of their sustainability and CSR (Corporate Social Responsibility) performance, and we disqualified five suppliers from new partnerships or reduced their quotas due to poor CSR performance.

**Table 3:** Qualified new suppliers



Huawei conducts supplier performance audits related to CSR principles every year and categorises suppliers into “low”, “medium” or “high” risk.

**Table 4:** Supplier CSR Risk categorisation



Suppliers that are identified as either medium or high risk are required to perform self-checks in order to identify and create corrective action and improvement plans. All issues are logged and tracked in the Supplier Corrective Action Requirement (SCAR) system. Huawei maintains records of all identified forced labour non-compliances and have publically disclosed these figures in the annual sustainability report since 2014. Huawei aims to improve overall sustainability and CSR performance and, in order to



implement this actively with suppliers, to improve rather than impose an immediate termination of contract – as is best practice across leading corporations in multiple business sectors.

**Table 5:** Supplier CSR on-site audits 2015-2019

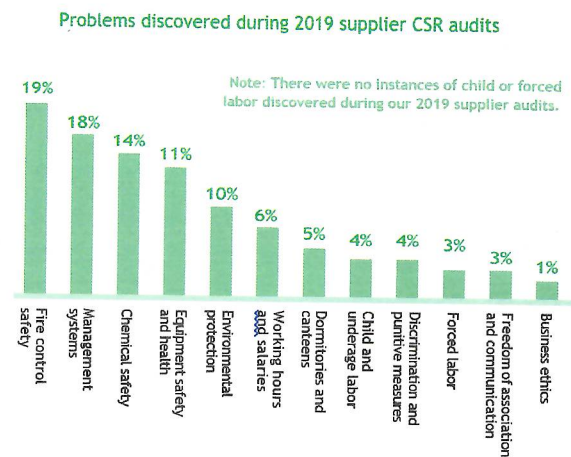


After an audit has taken place suppliers are subject to performance appraisals. Suppliers are classified into one of four grades (A, B, C or D). This is based on the supplier’s overall sustainability and CSR performance and represents each supplier’s performance level in descending order. Rather than automatically terminating low performing suppliers, Huawei will help the supplier identify the root cause and develop solutions via targeted actions within a specified timeframe.

If we discover a problem during an onsite supplier audit, we help the supplier resolve the issue by using our Check, Root Cause, Correct, Prevent, and Evaluate (CRCPE) methodology to identify common problems, analyze root causes (Man, Machine, Material, Method, and Mother Nature [5M] and Plan-Do-Check-Act [PDCA] management system), and then track targeted actions. Ongoing assessments and improvements are made against established benchmarks. All such problems are recorded in Huawei’s Supplier Corrective Action Request (SCAR) system for follow-up until closure.

Huawei’s corrective action requirements are carefully monitored to help our suppliers improve their results. In relation to suppliers with poor performance, Huawei reserves its rights to: report the activities of uncooperative suppliers to the relevant authorities; reduce the procurement quotas and requirements with such suppliers; and ultimately to terminate the supplier’s business relationships with Huawei.

**Table 6:** Issue trends from Supplier CSR Audits



**Note:** There were no instances of child or forced labour discovered during our 2019 supplier audits.

**Supplier Performance Management**

Every year, Huawei appraises suppliers' overall performance based on their CSR performance, onsite audit results, and improvements implemented. When we appraise the CSR performance of our suppliers, we take into account how they manage their suppliers in turn. We encourage our suppliers to gradually establish a CSR management system based on the IPC-1401 Supply Chain Social Responsibility Management System Guidance. Suppliers are classified into four grades (A, B, C, and D). These grades represent supplier performance in descending order of acceptability. In 2019, we appraised the CSR performance of 1,502 suppliers.



The amount of business we do with each supplier depends partly on their CSR and sustainability performance, which is also a factor considered in our tendering, supplier selection, portfolio management, and other processes. Suppliers that perform well are given a larger quota of procurement and more business opportunities. The reverse is true for low-performing suppliers, especially those who have crossed the line we draw for CSR. Depending on the situation, we instruct low-performing suppliers to resolve existing issues within a specified timeframe, reduce their quotas of procurement or business opportunities, and may even terminate business relationships with those that display exceptionally poor performance with an inability to improve. In 2019, we disqualified five suppliers from new partnerships or reduced their quotas due to poor CSR performance.

### Supplier Capability Development

Huawei regularly provides training and coaching for suppliers, and encourages them to adopt industry best practices and integrate CSR into their business strategies. This lowers their risk and enhances their efficiency. Each supplier has their own experience and competence that can benefit their peers. After years of exploration, Huawei has developed a cost-effective and efficient "Learning by Benchmarking" model that inspires suppliers to learn by benchmarking and by competing to further improve their skills. Under this model, the first step is to collect issues that concern most (if not all) suppliers and industry best practices. This is followed by face-to-face workshops and online or offline meetings where suppliers can share their own best practices and benchmark themselves against the industry best practices.

In 2019, 341 suppliers participated in our training programs on Learning by Benchmarking. The topics of these programs included environmental compliance and tier-2 supplier management.



### Improving Suppliers' CSR Management Capabilities

Huawei attaches great importance to suppliers' CSR capability improvement and has taken a series of measures to help them more efficiently manage their CSR, reduce risks, and become more competitive. These measures include holding supplier conferences, organizing CSR management workshops, evaluating and coaching suppliers, rolling out targeted programs to improve suppliers' CSR capabilities, and implementing a strategic supplier development program.

In 2019, Huawei invited executives from 196 suppliers to attend our Consumer BG's Supplier Conference, aiming to achieve their buy-in to leadership in CSR efforts and to raise their awareness of CSR. Huawei also required the executives of high-risk suppliers to report their CSR improvement plans and progress directly to Huawei.

Huawei arranges for professionals to evaluate and coach potential and new suppliers. This helps them understand and meet Huawei's CSR requirements as well as establish or improve their CSR management systems. Huawei regularly holds workshops on supplier CSR management, and provides guidance to suppliers on how to adopt industry best practices and incorporate CSR requirements into business strategies to reduce business risks and improve efficiency. In 2019, Huawei's Consumer BG worked



with specialist agencies on programs intended to improve capabilities in domains like labor rights and interests and associated CSR topics.



Through 2019, we have provided training and coaching for 25 Supplier Qualification Engineers as CSR auditors, and the resource pool has 45 CSR auditors.

We have also organized 55 SQEs to attend the RBA internal auditor training, and five procurement CSR induction training sessions were held for 150 employees. Additionally, we have brought online a course for our procurement CSR team with 120 participants completing up to year-end.



More information as well as summaries of our findings can be found on our website and in our Annual Sustainability reports, published online (see footnotes section<sup>1</sup>).

<sup>1</sup> [http://www.huawei.com/en/sustainability/win-win-development/develop\\_supplychain#product4](http://www.huawei.com/en/sustainability/win-win-development/develop_supplychain#product4)

## INDUSTRY PARTICIPATION, CO-OPERATION AND ENGAGEMENT:

### Driving Suppliers to Improve Through JAC

In 2019, Huawei chose three suppliers for a JAC joint audit, with onsite audits by a third-party auditor commissioned by our customers. A specialist agency was commissioned to collect feedback from the suppliers' employees. The customers and third-party auditor were satisfied with the audit results. We also communicated with suppliers about the issues that were found in the audits and employee feedback, and we shared industry best practices with them.

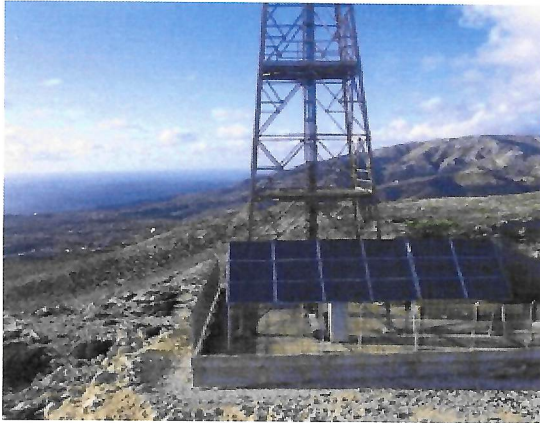
In 2019, Huawei continued to participate in the JAC Academy pilot project and designated experts to attend its seminar. We chose five suppliers to be audited by the JAC Academy. Huawei auditors performed onsite audits using JAC's models, and submitted audit reports to JAC. In January 2020, three suppliers who had performed well in JAC audits were presented medals at the 9th JAC CSR Forum.



### Deepening Cooperation with Customers and Industry Organizations

Huawei regards CSR as a key customer requirement, and embeds it into procurement strategies and processes to increase transparency across our supply chain.

As a consequence, we also work closely with customers on supplier management. For example, we invite customers to visit supplier facilities, conduct joint supplier audits with customers, and carry out employee surveys and supplier capacity building projects. This collaborative approach enhances CSR management across the supply chain. In 2019, Huawei and five customers ran onsite audits on 14 suppliers, and we shared the audit results with the customers.



To quote Huawei's Statement on Conflict Minerals: "as a member of the Global e-Sustainability Initiative (GeSI), Huawei is committed to global social responsibility and implements ethical procurement to promote sustainable development of the supply chain." A link to Huawei's Statement on Conflict/Responsible Minerals can also be found in the footnotes section<sup>2</sup>.

As a key participant of the China Electronics Standardisation Association Huawei has an active role in setting the CSR standards for the electronics industry. Since 2009, Huawei has hosted numerous Global Supplier Sustainability Conferences and Regional Supplier Conferences. At these events, Huawei's stakeholders are able to share experiences, including learning about best sustainability practices and optimising their sustainability management. Huawei has been recognized by the China Company

Evaluation Committee as No.1 in the top 500 enterprises for CSR in China.

In line with Huawei's customer expectations, Huawei is subject to a third party CSR assessment each year performed by EcoVadis. From here, Huawei is able to fully communicate their CSR practices through the extensive feedback provided by EcoVadis. In 2019 Huawei retained the EcoVadis compliance rating of CSR GOLD, the highest compliance rating.

Huawei proactively works with industry organizations to promote industry cooperation and standardization. We also work with upstream and downstream companies in the supply chain and convert industry best practices into industry standards to raise the CSR of the entire industry to a new level.



In 2019, Huawei was active in setting standards and sharing experience in organizations such as the China Electronics Standardization Association (CESA), China Association of Communication Enterprises (CACE), and Association Connecting Electronics Industries (IPC). As the chair of the IPC-1401 Technology Group, Huawei led efforts to modify the IPC-1401A standard so it could be expanded from procurement to all activities along the value chain (e.g., marketing, R&D, manufacturing, post-sales, logistics, facilities, human resources, and finance). The revised standard defines CSR as a customer requirement, and CSR innovation as a competitive edge. It stresses the importance of benchmarking against industry best practices. As businesses fulfil their CSR, they should consider compliance and risk management as the means and competency improvement as the end. Following

<sup>2</sup> <http://www.huawei.com/en/about-huawei/declarations/statement-on-conflict-minerals>



expert peer review, the revised standard is planned to be released in early 2020.



Since 2014 Huawei has worked with the Association Connecting Electronics Industries (IPC, founded as the Institute of Printed Circuits) to develop the industry standard IPC-1401 Supply Chain Social Responsibility Management System Guidance which was published in 2017. In developing this standard Huawei acted as workgroup chair to collaborate with 160 expert volunteers from 10 industry associations and 80 electronics enterprises. The standard adopted the ISO management system structure ('Annex SL') and integrated an extensive range of CSR and human rights requirements into this guidance framework for corporate strategy and procurement processes, thereby driving each supplier's sustainable improvements with business incentives. In turn, Huawei has introduced IPC-1401 standard to our suppliers, requiring them to similarly cascade to sub-tier suppliers.

#### OPENNESS AND TRANSPARENCY:

In 2019, Huawei made a concerted effort to enhance transparency and communicate more proactively with the world:

- We welcomed more than 4,500 journalists, over 3,000 experts and more than 1,000 government delegations from around the world to visit our headquarters in Shenzhen, PRC.
- The Huawei executive team has continued to engage with the global community through a number of external events and speaking opportunities
- We have gone into great detail with the general public about our ownership and governance,

subjecting our ownership structure, shareholding files, and registry of shareholding employees to public scrutiny.

- As a private company wholly owned by its employees through the Union of Huawei Investment & Holding Co., Ltd., we have implemented an Employee Shareholding scheme involving just over 104,500 employees. Only Huawei employees are eligible to participate. No government agency or outside agency holds shares in Huawei.

#### LOOKING TO THE FUTURE:

In order to assess the effectiveness of the measures it has taken, Huawei will regularly review and continue to optimise its policies and procedures in relation to modern slavery and human trafficking. Huawei will include updates on any further improvements and actions it has taken in future statements. We foresee partnerships with our key customers to explore specific areas of common concern, and explore improved supplier assessment methods into second and third tier suppliers.



#### ADDITIONAL STEPS 2019:

In line with Huawei's previous Modern Slavery statements, and in looking to the future, Huawei have taken the additional actions highlighted above to ensure full compliance and strengthen its position on Modern Slavery.

Huawei have continued with our supply chain investigations and have extended the assessments and investigations across internal operations. Huawei have worked to increase awareness both within the business and with those whom we work, to develop an understanding of Modern Slavery and the

measures employees can take to prevent it from occurring within all aspects of Huawei's organisation.

We also partnered with one of our major customers in the UK to conduct a supply chain mapping exercise, both in UK and China, to allow for independent customer follow-up and enhanced transparency.



#### INCREASED AWARENESS; INTERNAL

Huawei's internal i-Learning system is essentially the backbone of self-help training within the organisation. Regularly, employees are required to complete mandatory training courses, both technical and legal compliance-oriented, which include presentation materials or videos followed by an exam to test the individuals' understanding of the key learning points. This year Huawei repeated training to all staff globally to ensure awareness of the employee's right to whistle-blow should they identify a need to report any concerns of malpractice. The aim is to ensure that employees understand their rights within the workplace and their responsibility in participating to ensure that Huawei remains fully legally compliant across all markets.

Huawei has recognised that there are further opportunities to include Modern Slavery as a periodic topic within the agenda of management meetings both locally and at the corporate level. Huawei is looking to take this a step further in developing an internal awareness programme for managers to ensure Modern Slavery is fully understood within the workplace and that all employees are aligned with not only Huawei's position on Modern Slavery but also

what they can do to assist in the assurance it never occurs within our operations.

#### INCREASED AWARENESS; EXTERNAL

Huawei has committed to ensuring Modern Slavery is not occurring anywhere within its operations, including within its suppliers and business partners. Huawei has also updated the way partners and suppliers are assessed and audited. Huawei's audit plan now includes a section on Modern Slavery, meaning all Huawei suppliers' and partners' arrangements are assessed against the prevention responsibilities associated with the Modern Slavery Act.

Huawei also hosts numerous supplier conferences in which representatives from key suppliers are required to attend, both at the global and at the regional and local level. Huawei has incorporated Modern Slavery into the agenda of these conferences with the aim of increasing awareness down our supply chain of the associated risks and to share good practices.

#### APPROVAL & SIGNATURE:

In accordance with the Modern Slavery Act 2015, Section 54(1) and published guidance, this Statement for the financial year ended 31 December 2019 on our efforts to combat human trafficking and modern-day slavery in our business and supply chains was approved by the boards of directors for the following Huawei entities that fall within the reporting criteria in the UK, and has been signed by the undersigned director for and on behalf of: Huawei Technologies (UK) Co., Ltd., Huawei Technologies Research & Development (UK) Ltd and Huawei Global Finance (UK) Ltd.

Dated: 14 October 2020

Signed:

Zhangwei, Director, Huawei Technologies (UK) Co., Ltd.