Huawei Technologies Co., Ltd.
2010 Corporate Social Responsibility Report

Enriching Life Through Communication



HUAWEI

About This Report

Scope

This report is the third annual CSR report released by Huawei Technologies Co., Ltd. It aims to strengthen the mutual understanding and communication between stakeholders and Huawei. It provides information about Huawei's socially responsible initiatives and activities regarding bridging the digital divide, environmental protection, supply chain, our employees, and community support.

"Huawei", "The Company", "Company", or "We" are used in this report to refer to "Huawei Technologies Co., Ltd."

Unless otherwise stated, this report includes activities undertaken during the period of January 1, 2010 to December 31, 2010. The report provides information on the economic, environmental and social activities of Huawei headquarters and its subsidiaries.

As Huawei's commitment to CSR evolves, we will continuously optimize the level of disclosure in each annual CSR report.

Disclosure principles

The principles of the Global Reporting Initiative (GRI), such as materiality, stakeholder inclusiveness and sustainability context, were used in compiling this report. These principles are considered when analyzing the key issues that relate to sustained development in business operations and identifying major stakeholders. The company collects reasonable expectations and information requirements from different stakeholders by hiring a third party to survey stakeholders. The key items and indicators disclosed in this report have been researched, assessed and selected by the Corporate Social Responsibility Committee at Huawei.

The performance indicators in this report cover all entities which the company has control of or significant impact upon, such as financial and operation policies and measures, and are consistent with the scope of the company's annual financial report. The management policies of all entities on which the company has significant impact are disclosed.

Data collection

To effectively collect the economic, environmental and social efforts and achievements of Huawei's organizations in 2010, the data collection process was performed through onsite surveys at subsidiaries within the scope of the report. The report and data were researched and developed through onsite visits, employee interviews, information consulting, and onsite observations. Collection channels and computing methods were further optimized.

Financial data is based on the Huawei 2010 Annual Report. The financial statement is in accordance with International Financial Reporting Standards ("IFRSs"), and is audited by third party accounting firm, KPMG. Unless otherwise stated, the financial data in this report is in Chinese yuan (CNY).

Report assurance method

Major core indicators and additional indicators of GRI G3 guidelines and supplementary indicators of the telecom industry were used when compiling this report. The application level is B+.

To ensure that the report is reliable, fair, and transparent, the company asked the third party, Det Norske Veritas (DNV), to verify it. The verification statement is included in the appendix.

External Assurance

This report is available online and in print. The online report can be obtained at:
http://www.huawei.com/csr2010.

We value your comments and suggestions on our CSR performance and reporting. Please feedback at:
Telephone: 0086-755-28780808
Email: CSR@huawei.com

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Message from the Chairwoman

In the past year, the global economy continued to strengthen, but many factors cast a shadow over the recovery. International financial markets continued to be turbulent with major problems related to debts, currencies, and banks. Trade protectionism gained ground and inflationary pressure increased. Other problems such as increasingly severe climate change, environmental pollution, and resource depletion continue to threaten sustainable development worldwide.

All of these uncertainties make the task of properly understanding and fulfilling corporate social responsibilities ever more challenging. I believe an enterprise can survive, sustain its growth, and contribute to society only if that business consistently aligns its core values and operational responsibilities with its social responsibilities, rather than seeking merely short-term achievements. As a member of the United Nations Global Compact, Huawei advocates "commitment to customer-centricity and dedication" and applies itself to creating a win-win industry ecosystem that promotes sustainable development of the economy, society, and environment.

> "An enterprise can survive, sustain its growth, and contribute to society only if that business consistently aligns its core values and operational responsibilities with its social responsibilities, rather than seeking merely short-term achievements."

In 2010, Huawei defined its CSR strategy to include: fair operations, bridging the digital divide, environmental protection, enhancing supply chain CSR management, caring for employees, and community support. Huawei also strengthened its CSR management and established dedicated departments with specialized personnel to ensure closed-loop management starting from strategic planning and continuing through to execution. Huawei has taken the following measures to implement this strategy:

I. Huawei promotes fair operations, conducts business ethically, strictly implements transparent procurement and transparent sales processes, and proactively contributes to a harmonious business environment.

II. By leveraging its technical telecom expertise, Huawei enables people in different regions to enjoy the same conveniences of the digital world, facilitates the development and application of broadband technologies, and promotes balanced socioeconomic development across different countries.

III. Huawei attaches great importance to energy conservation and environmental protection. By providing green communications solutions, Huawei helps telecom operators and companies in other industries conserve energy and reduce CO_2 emissions, thus contributing to the building of a green world.

IV. Huawei advocates a corporate culture of "dedication", rewards dedicated employees according to their performance and contributions, and provides them with learning platforms and development opportunities.

V. Huawei always takes practical actions to make good on its commitment as a responsible corporate citizen. While proactively fulfilling its own social responsibilities, Huawei is also serious about improving the CSR of its suppliers and partners. The supply chain CSR management program is an important part of Huawei's CSR efforts. Huawei will continue to work closely with its suppliers to improve their supply chain CSR management and facilitate the sustainable development of the industry chain.

VI. Huawei believes in giving back to society, advocates localized operations, and contributes significantly to the socioeconomic development, education, and disaster relief efforts in the communities and countries where it operates.

Huawei will continue to live its core values to achieve sustainable development while enthusiastically fulfilling its social responsibilities. All Huawei employees look forward to working with customers, suppliers and industry partners to enable the ICT industry to more effectively contribute to the sustainable development of the economy, society, and environment while enriching life through communication.

Sun Yafang

Chairwoman of the Board

Corporate Overview

Company Profile

Huawei is a leading telecom solutions provider. Through continuous customer-centric innovation, we have established end-to-end advantages in Telecom Networks, Global Services and Devices. With comprehensive strengths in wireline, wireless and IP technologies, Huawei has gained a leading position in the All-IP convergence age. Our products and solutions have been deployed in over 140 countries and have served 45 of the world's top 50 telecom operators, as well as one third of the world's population.

In 2010, Huawei's revenue reached CNY 185.2 billion, a year-on-year increase of 24.2%. By the end of 2010, the company has a dedicated staff of over 110,000 individuals working in over 140 countries around the world and over 51,000 Huawei employees are engaged in the R&D of products and solutions. Huawei has filed a total of 31,869 Chinese patents, 8,892 international patents under the Patent Cooperation Treaty (PCT), and 8,279 overseas patents. In total, 17,765 patents were authorized, among which 3,060 were authorized abroad. Huawei is a global leader in terms of LTE/EPC essential/core patents. The company has joined 123 global standards organizations, and holds over 180 leadership positions, filed over 23,000 proposals, and actively promoted industry development.

Major Products and Services

Huawei offers a broad range of end-to-end product portfolios, including:

Telecom Networks

- Radio Access Network: SingleRAN, LTE, GSM, WCDMA, CDMA, TD-SCDMA, WiMAX
- Core Network: IMS, Mobile Softswitch, NGN, Packet Core, SDM, PCRF, Cloud, CDN, Signaling Network
- Network: FTTx, DSL, WDM/OTN, MSTP/Hybrid MSTP, Microwave, Router, MSP, PTN and cyber security
- Applications and Software: NGBSS, Digital Home, SDP, eCity, Mobile Office
- Sites Solutions: Hybrid power supply, Primary power, Antenna & RF, Site & Shelter, Fiber & Copper Infrastructure

Global Services

End-to-end services solutions, including:

- System Integration Solution: Mobile Network Integration, Fixed Network Integration, Data Center Solution, Site Solution
- Assurance Solution: Managed Services, Experience Enhancement, Network Safety
- Learning Solution: Knowledge Transfer, Huawei Certification, Competency Consulting

Devices

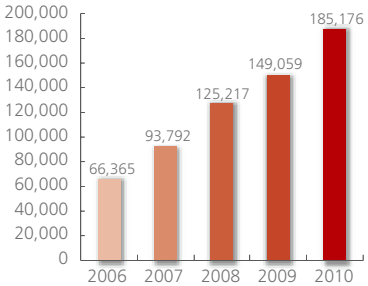
- Mobile broadband devices: USB sticks, wireless modems, embedded modules, WiMAX devices
- Handsets: UMTS, GSM, CDMA, TD-SCDMA
- Convergence devices: fixed/wireless terminals, wireless gateways, digital photo frames, set-top boxes
- Video solutions: Telepresence, video conferencing devices

To learn more information about Huawei's products and services, please read Huawei 2010 Annual Report.

Five-Year Financial Highlights (Unit: CNY Million)

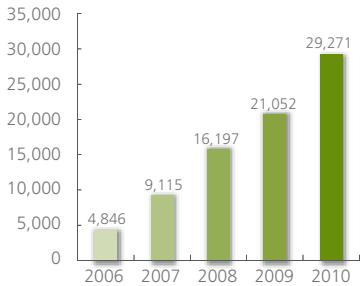
Revenue

CAGR: 29%



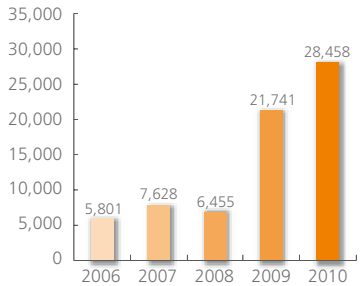
Operating profit

CAGR: 57%



Cash flow from operating activities

CAGR: 49%



Corporate Vision, Mission, and Core Values

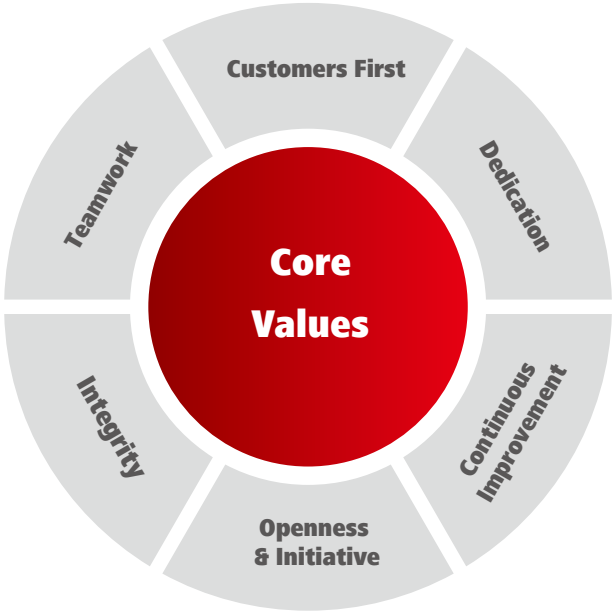
Vision

To enrich life through communication.

Mission

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

Huawei Core Values



Corporate Governance

Shareholders

Huawei is a wholly-owned subsidiary of Shenzhen Huawei Investment & Holding Co., Ltd. ("Huawei Holding"). Huawei Holding is solely owned by employees of the Company, without any third parties, including the government bodies, holding any of its shares.

Huawei Holding implements an Employee Shareholding Scheme (the "Scheme") through the Union, which involves 65,179 employees as of 31 December 2010. They are represented by and exercise their rights through the elected representatives. The Scheme effectively aligns the personal goals of employees with the Company's long-term development, fostering the continuing success of Huawei.

Board of Directors and Committees

The Board guides and oversees the overall business operations, and makes decisions on significant issues in strategic and operational areas. The Board of Directors has established the Human Resources Committee, the Finance Committee and the Audit Committee to assist the Board in overseeing the Company's operations.

Supervisory Board

Pursuant to the requirements of the Company Law of the People's Republic of China, Huawei has established a Supervisory Board, which consists of five members who are elected by the shareholders. The key roles and responsibilities of the Supervisory Board include overseeing the Company's financial and operational results, monitoring the performance of the Directors, Chief Executive Officer and other senior management, as well as attending Board meetings as observers.

Independent Auditor

Independent auditor is responsible for auditing the Company's financial statements in accordance with applicable accounting standards and audit procedures, and expresses an opinion as to whether the financial statements are true and fair.

Key Awards in 2010

Received The Economist magazine's Corporate Use of Innovation Award 2010

The authoritative UK magazine, The Economist awarded Huawei the Corporate Use of Innovation Award.

Winner of Solution Excellence Award at TM Forum (TMF)

Huawei Next Generation Business Support System (NGBSS) solution won the "Solution Excellence Award" at the 2010 TeleManagement Forum World event in Nice, France..

Ranked as the fifth Most Innovative Companies

Leading U.S. business magazine, Fast Company, ranked Huawei the fifth most innovative company in the world, after only Facebook, Amazon, Apple, and Google.

Winner of "Messaging Application: Consumer Award"

Huawei received the "Messaging Application: Consumer Award" for its Mobile Newspaper Service (MNS) at the 2010 Global Messaging award ceremony, hosted by Informa Telecom.

Winner of GSMA Best SDP Award

Huawei's Service Delivery Platform (SDP) was awarded the GMS Association (GSMA) Best SDP Award.

Huawei's SingleRAN@Broad solution wins top award in the global broadband field

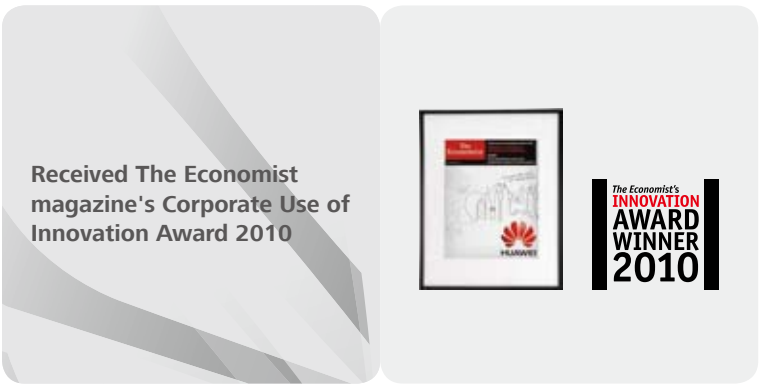
Huawei's industry-leading SingleRAN@Broad solution won the InfoVision Award in the category of "Broadband Access Network Technologies and Services" at the Broadband World Forum 2010.

Winner of two top awards in the LTE industry

Huawei won the "LTE Commercialization Award" and "Best Contribution to R&D for LTE" at the LTE Global Summit. These awards demonstrate that Huawei has reached the pinnacle of key technologies and markets of the LTE industry chain.

Winner of Three Honors at the Global Telecom Business Innovations Awards

Huawei received three honors at the Global Telecom Business Innovation Awards including "Green base station innovation", "Wholesale network innovation" and "Consumer voting innovation" awards with Vodafone, BT and TalkTalk, respectively.



CSR Highlights in 2010

Established the Global Network Security Committee (GNSC)

The GNSC plans, manages and supervises Huawei departments, such as R&D, Supply Chain, Marketing, Sales, Engineering Delivery and Technical Service. By establishing the committee, we ensure that the cyber security assurance system is implemented in every system, every region, and throughout the whole process of the company.

Joined the U.N. Broadband Commission for Digital Development

Huawei joined the U.N. Broadband Commission for Digital Development, collaborating with leading global companies, and actively contributing to global social and economic development through broadband development.

Promoted the transmission of knowledge and skills

In 2010, Huawei continued to grow the "Telecom Seeds for the Future" Program, enhancing communications skills in Malaysia, the Philippines, Australia, Indonesia and Bolivia by donating datacom equipment, establishing training centers and providing internship opportunities – initiatives that were strongly supported and well-received by these countries.

Established supply centers in Mexico and India

In addition to supply centers in Europe and Brazil, Huawei established supply centers in Mexico and India, which improved delivery efficiency and local operations, as well as dramatically reduced the environmental impact caused by long distance transportation.

Held the second CSR training conference for global Huawei suppliers

Huawei held the second CSR training conference for global Huawei suppliers. The CEOs/VPs of over 170 global suppliers and partners attended the conference. Senior management and CSR experts from world renowned operators, such as British Telecom, Deutsche Telekom, Vodafone and France Telecom also attended the conference.

Focused on the growth of female employees

Huawei's R&D held the first female development conference on "growth, progress, and excellence". In 2011, Huawei will continue to focus on career growth and development of female employees, ensuring equal opportunities for all staff.

Improved employee welfare

In 2010, our employee welfare security system continued to improve. An additional CNY 1.97 billion was spent on employee welfare.

Contribution, disaster relief, and community support

Huawei contributed USD1.055 million in cash and material to flood-stricken countries, such as Venezuela, Columbia, Mexico, and Vietnam, to help local residents with disaster relief. Huawei also encourages employees to lend a helping hand when disaster strikes. After the earthquake in Yushu, Qinghai, China, employees voluntarily contributed nearly CNY 6 million in cash, as well as necessary materials, through the company's Charity Association to help in the reconstruction of Yushu.

Actively promoting global sustainable development

THE GLOBAL COMPACT
WE SUPPORT

Joined in 2004

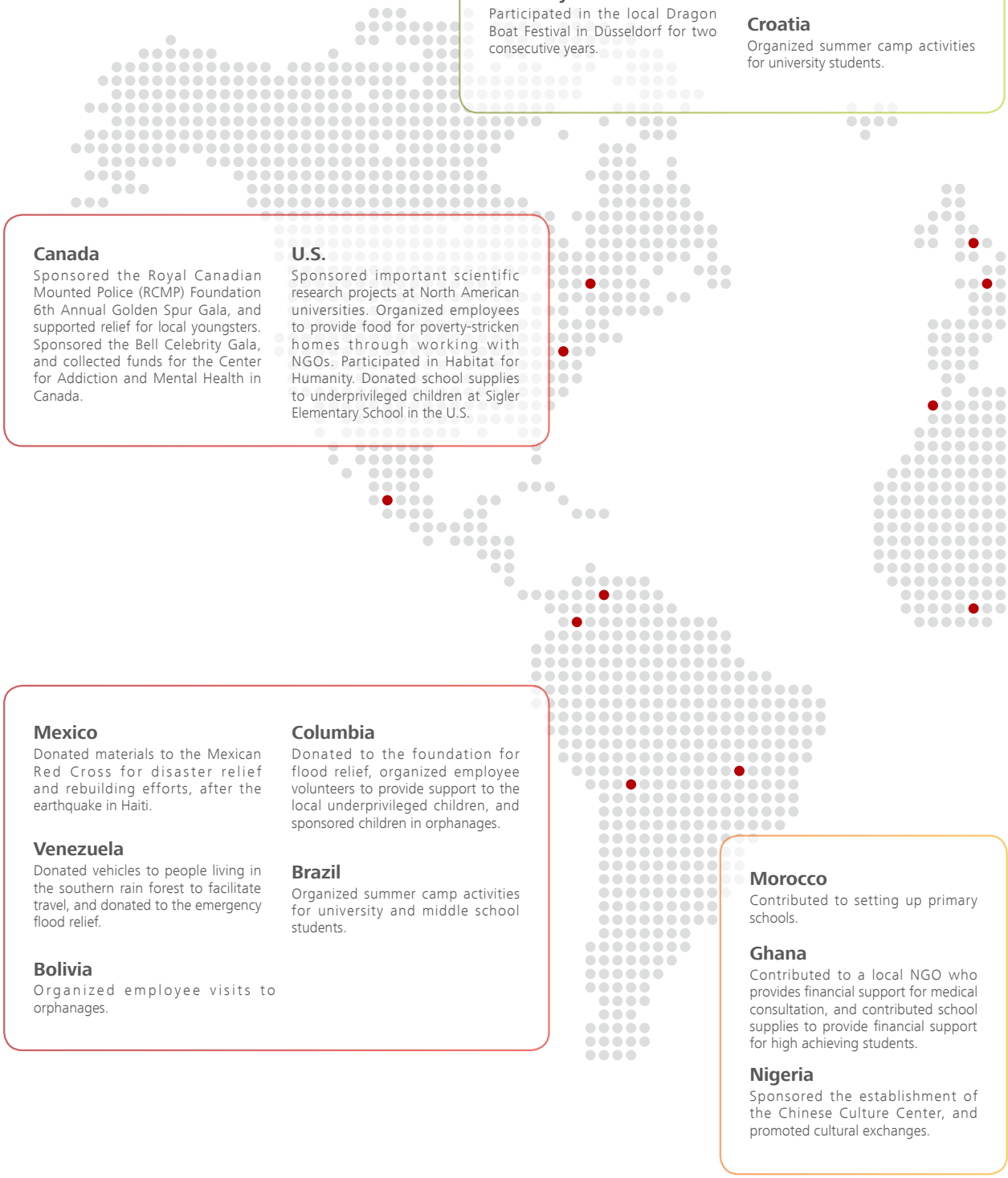
GeSI
GLOBAL e-SUSTAINABILITY INITIATIVE

Joined in 2008

BROADBAND COMMISSION

Joined in 2010

Overview of major CSR activities



U.K.
Held a charity gala evening with the Prince's Trust.

Germany
Participated in the local Dragon Boat Festival in Düsseldorf for two consecutive years.

France
Contributed €250,000 to establish a permanent foundation with Institut des Hautes Etudes Scientifiques (IHES), which supports fundamental math research.

Croatia
Organized summer camp activities for university students.

Canada
Sponsored the Royal Canadian Mounted Police (RCMP) Foundation 6th Annual Golden Spur Gala, and supported relief for local youngsters. Sponsored the Bell Celebrity Gala, and collected funds for the Center for Addiction and Mental Health in Canada.

U.S.
Sponsored important scientific research projects at North American universities. Organized employees to provide food for poverty-stricken homes through working with NGOs. Participated in Habitat for Humanity. Donated school supplies to underprivileged children at Sigler Elementary School in the U.S.

Mexico
Donated materials to the Mexican Red Cross for disaster relief and rebuilding efforts, after the earthquake in Haiti.

Venezuela
Donated vehicles to people living in the southern rain forest to facilitate travel, and donated to the emergency flood relief.

Bolivia
Organized employee visits to orphanages.

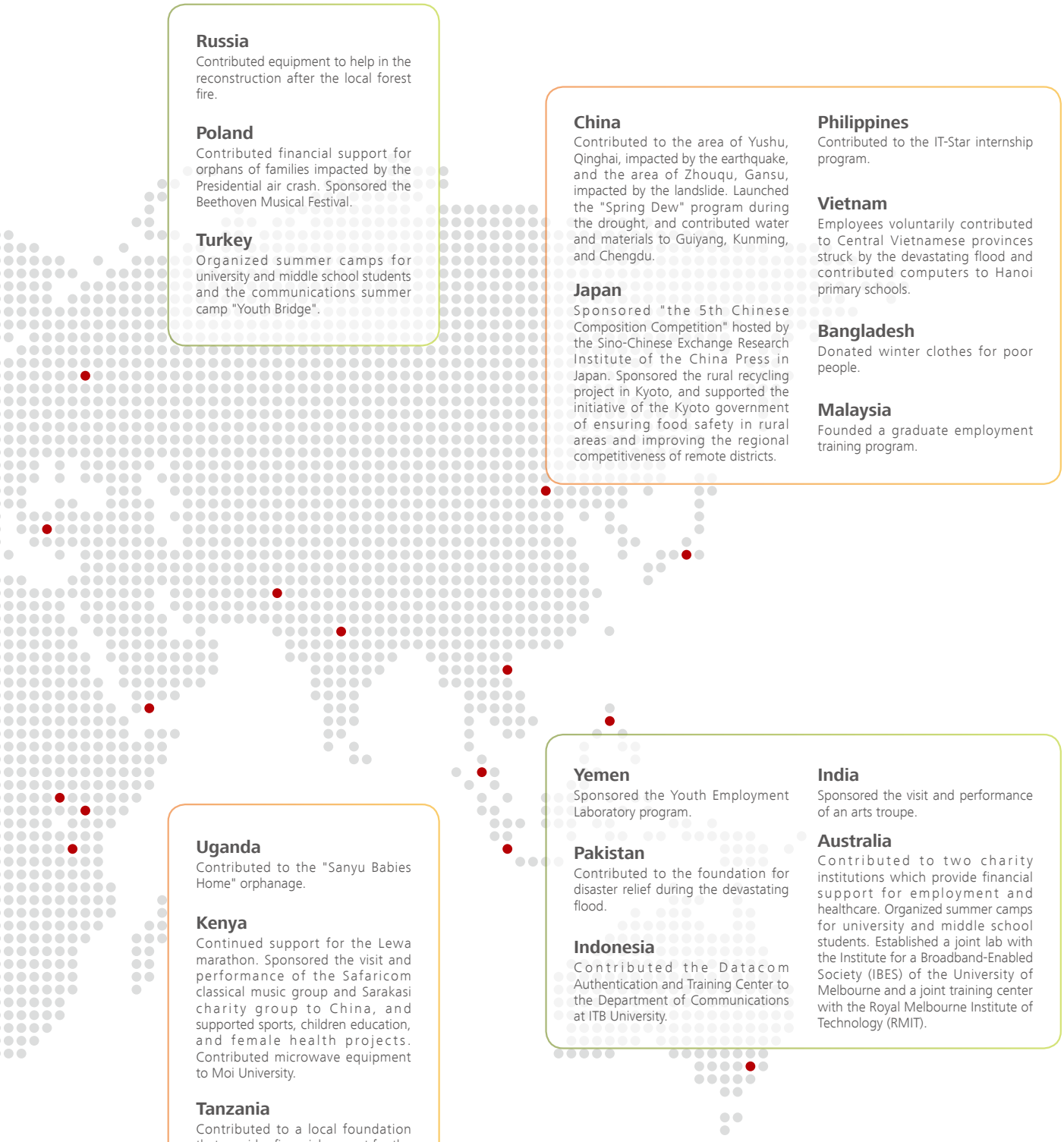
Columbia
Donated to the foundation for flood relief, organized employee volunteers to provide support to the local underprivileged children, and sponsored children in orphanages.

Brazil
Organized summer camp activities for university and middle school students.

Morocco
Contributed to setting up primary schools.

Ghana
Contributed to a local NGO who provides financial support for medical consultation, and contributed school supplies to provide financial support for high achieving students.

Nigeria
Sponsored the establishment of the Chinese Culture Center, and promoted cultural exchanges.



Russia
Contributed equipment to help in the reconstruction after the local forest fire.

Poland
Contributed financial support for orphans of families impacted by the Presidential air crash. Sponsored the Beethoven Musical Festival.

Turkey
Organized summer camps for university and middle school students and the communications summer camp "Youth Bridge".

China
Contributed to the area of Yushu, Qinghai, impacted by the earthquake, and the area of Zhouqu, Gansu, impacted by the landslide. Launched the "Spring Dew" program during the drought, and contributed water and materials to Guiyang, Kunming, and Chengdu.

Japan
Sponsored "the 5th Chinese Composition Competition" hosted by the Sino-Chinese Exchange Research Institute of the China Press in Japan. Sponsored the rural recycling project in Kyoto, and supported the initiative of the Kyoto government of ensuring food safety in rural areas and improving the regional competitiveness of remote districts.

Philippines
Contributed to the IT-Star internship program.

Vietnam
Employees voluntarily contributed to Central Vietnamese provinces struck by the devastating flood and contributed computers to Hanoi primary schools.

Bangladesh
Donated winter clothes for poor people.

Malaysia
Founded a graduate employment training program.

Uganda
Contributed to the "Sanyu Babies Home" orphanage.

Kenya
Continued support for the Lewa marathon. Sponsored the visit and performance of the Safaricom classical music group and Sarakasi charity group to China, and supported sports, children education, and female health projects. Contributed microwave equipment to Moi University.

Tanzania
Contributed to a local foundation that provides financial support for the education of women and children.

Yemen
Sponsored the Youth Employment Laboratory program.

Pakistan
Contributed to the foundation for disaster relief during the devastating flood.

Indonesia
Contributed the Datacom Authentication and Training Center to the Department of Communications at ITB University.

India
Sponsored the visit and performance of an arts troupe.

Australia
Contributed to two charity institutions which provide financial support for employment and healthcare. Organized summer camps for university and middle school students. Established a joint lab with the Institute for a Broadband-Enabled Society (IBES) of the University of Melbourne and a joint training center with the Royal Melbourne Institute of Technology (RMIT).

CSR Strategy and Management

CSR Strategy

CSR vision	To bridge the digital divide, and promote harmonious and sustainable development of the economy, society, and environment.
CSR mission	To build an excellent CSR management system, operate with integrity, promote a harmonious business ecosystem, ensure sustainable development of the company, and provide benefits to our customers and society.
CSR strategy	Fair operation; Bridging the digital divide; Environmental protection; Enhancing supply chain CSR management; Caring for employees; Community support

CSR strategy

- Fair operation: Huawei abides by ethical business practices, operates with integrity, and strictly observes Huawei Business Code of Conduct. Huawei promotes fair operations, strictly implements "transparent procurement" and "transparent sales", and opposes bribery, corrupt activities, dumping, and monopolies so as to build a harmonious business environment.
- Bridging the digital divide: Huawei provides customized solutions to enable people in different regions to access information, takes the initiative to help underdeveloped regions nurture talent, and form effective education systems in the field of communications, and to improve regional technology to promote communications.
- Environmental protection: Huawei actively communicates with customers on energy conservation and environmental protection. Huawei closely collaborates with enterprises across the value chain to build environmentally-friendly networks, and promotes sustainable development of the industry in order to achieve our objective: "Green Communications, Green Huawei, and Green World".
- Enhancing supply chain CSR management: Huawei improves CSR awareness and capabilities of the company and its supply chain to achieve sustainable development. We have established close ties with our suppliers to strengthen CSR management to gain our customers' confidence, enable us to take appropriate actions to ensure CSR compliance, and improve the CSR risk control of suppliers.
- Caring for employees: Huawei attaches importance to employees' growth and health and safety. Huawei values employees' contributions and makes every effort to ensure that employees' personal growth is realized alongside the company's success.
- Community support: Huawei always believes in paying back to society. We support countries and communities where we operate by paying taxes, insisting on local operation and contributing to the local welfare, education, and disaster relief efforts.

CSR Management Mechanism

Huawei has established a good CSR management system. The Board of Directors and its subordinate Investment Audit Committee, Finance Committee, and Human Resources Committee are responsible for decision-making and management related to CSR strategies. The Executive Management Team (EMT) and its subordinate management teams are responsible for implementing decisions made by the Board of Directors, and leading daily CSR activities. The corporate CSR Committee, under the direction of the Investment Audit Committee, is the team that manages CSR, drafts CSR strategies and policies based on the corporate strategies and guidelines, builds, deploys and continuously improves the CSR management work, enhances the corporate branding, and achieves customer satisfaction to ensure the sustainable development of the company.

The corporate CSR Committee has set up the Corporate CSR Management Department to consolidate the planning, governance, system building, assessment, and supervision of CSR programs, coordinate special teams such as the Environment, Health and Safety (EHS) Committee, employee health and safety implementation team, Energy Saving & Emissions Reduction Management Department, Procurement Qualification CSR Committee, and Employee Relationship Department. Huawei ensures proper staffing for all key management positions in related departments to implement CSR initiatives related to energy saving and environmental protection, supply chain, occupational health and safety, and employee development. Each year, the CSR management system effectively identifies CSR risks based on the PDCA (Plan-Do-Check-Act) management model, develops the goal, index, and management program, implements processes, and finds opportunities for continuous improvement through internal audits. Corporate executives hold regular review meetings to discuss and make decisions on topics related to CSR.

Huawei continuously strengthens and expands efforts and scope in CSR by consolidating the implementation of the international CSR standard, ISO26000. We shall:

- Focus on CSR risk management and establish a mechanism to manage CSR risks.
- Establish the CSR baseline and implement a system maturity evaluation.
- Optimize the internal audit mechanism of CSR and perform the global CSR internal audit.
- Continuously strengthen the CSR management capability of production and engineering procurement globally based on industry standard requirements, pay attention to CSR risks jointly with our customers, and actively influence related parties. In particular, strengthen the implementation of environmental protection, energy saving and emissions reduction, health and safety, protection of labor rights, and requirements for ethical business practices.
- Pay attention to mid- and long-term key global CSR social projects to promote the social theme activities of CSR.
- Pay attention to environmental protection and employee health and safety, and strengthen employee safety in countries with high risks to continuously improve the guarantee capabilities of the company globally.

Stakeholder Engagements

Huawei pays attention to the views and opinions of our stakeholders to better serve customers and benefit society. We are committed to actively communicating with shareholders to ensure that Huawei understands and responds to stakeholder requirements completely, accurately and in time.

Huawei effectively identifies material CSR issues by identifying and systematically categorizing stakeholders and establishing communication systems for them. We coordinate and implement dynamic CSR management measures so as to meet stakeholder expectations and achieve Huawei's CSR strategic goals.

Identification, Communication Channels, and Responses from Stakeholder Groups

Stakeholders are impacted differently by the company, and have varying impacts on the company too. Huawei identifies and prioritizes stakeholders according to the AA1000 Stakeholder Engagement Standard (2005), based on its Six Principles of Responsibility, Influence, Proximity, Dependency, Representation, and Policy & Strategic Intent.

In addition, Huawei appointed a third party in 2010 to survey the requirements of major stakeholders. Different types of major stakeholders were identified through the survey based on the AA1000SES standard, and major concerns of typical stakeholders in terms of the economy, society and environment were surveyed. We plan to gradually increase the number of samples for future surveys of stakeholder management to obtain more comprehensive information.

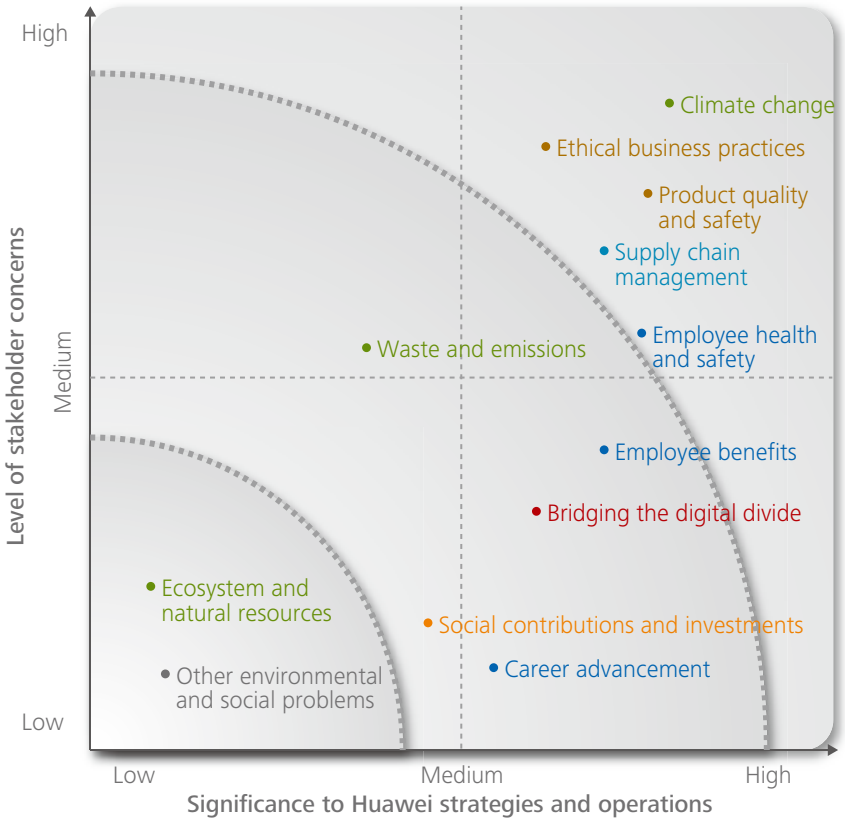
Huawei has established different effective long-term communication channels for different stakeholders (as listed below) based on systematic identification and analysis of stakeholder survey results to ensure that Huawei accurately understands the requirements of different stakeholders, and responds to these requirements effectively.

Stakeholder Group	Categories	Concerns	Communication Channels and Response
Customers: Operators/ Enterprise Users	■ Product quality and safety ■ Ethical business practices ■ Supply chain management ■ Climate change ■ Bridging the digital divide	■ Building and operating the product quality management system ■ Product LCA control ■ Equipment waste treatment and recycling ■ Competition in business activities ■ Anti-corruption and anti-bribery ■ Audit and assessment of suppliers or contractors ■ Energy-efficient product design ■ Solutions that utilize alternative energy sources ■ Extension of communications in non-developed regions ■ Education and training of talented communications personnel in non-developed regions	■ Communicate with customers through customer requirement surveys, satisfaction surveys, meetings and workshops. Jointly attend and organize industry exhibitions and forums, and create joint innovation centers with customers. ■ Control product quality and safety (P26) ■ Build the system to recycle products (P24-25) ■ Build and operate the anti-corruption and anti-bribery system (P14) ■ Continuously improve the supply chain management system (P31-32) ■ Develop green products and solutions (P22-25) ■ Develop low cost and flexible service solutions to help operators extend communications (P18-19) ■ Support countries in forming effective education systems and nurture talent in the field of communications (P19-21, P41)
Employees	■ Ethical business practices ■ Employee health and safety ■ Employee benefits ■ Career advancement	■ Anti-bribery and anti-corruption ■ Working conditions and occupational health status ■ Compensation and benefits ■ Training and competence improvement opportunities	■ Continue to extensively collect ideas, opinions, and suggestions from employees through internal communication channels, such as the employee satisfaction survey, BBS, CEO Mailbox, open day, experts from the Employee Relationship Dept, and rational proposal mailbox (P34) ■ Respond to employee requirements through a series of measures such as OHSAS18001 qualification (P35-40)
Suppliers/ Contractors	■ Ethical business practices ■ Supply chain management	■ Anti-bribery and anti-corruption in procurement ■ Audit and assessment of suppliers or contractors	■ Build and operate the anti-corruption and anti-bribery system (P14) ■ Hold supplier CSR training conferences. Audit and assess suppliers/contractors to ensure that Huawei communicates with and manages suppliers/contractors (P32) ■ Continuously improve through the CSR management system of the supply chain (P30-31)

Stakeholder Group	Categories	Concerns	Communication Channels and Response
Governments	■ Abiding by laws regarding our operations, paying taxes, and promoting employment ■ Climate change ■ Waste and emissions ■ Employee health and safety ■ Bridging the digital divide	■ Energy-efficient product design ■ Solutions that utilize alternative energy sources ■ Leader in energy saving, emission reduction and technological progress of the communications industry ■ Working conditions and occupational health status ■ Waste emission management and compliance ■ Extension of communications in non-developed regions ■ Education and training of talented communications personnel in non-developed regions	■ Continue to communicate with government departments through regular meetings, workshops and compliance self-checks. ■ Strengthen localized operations to promote local employment. (P33) ■ Develop green products and solutions (P22-25) ■ Sign the Voluntary Green Agreement with the Ministry of Industry and Information Technology (P22) ■ Manage compliance of production and office waste (P25) ■ Develop low cost and flexible service solutions to help operators extend communications (P18-19) ■ Support countries in forming effective education systems and nurture talent in the field of communications (P19-21, P41)
Industry/ Standards Associations	■ Climate change ■ Product quality and safety	■ Energy saving and emission reduction of products in the industry ■ New trends in technology and technical innovations	■ Continue to communicate with the industry/standards associations by joining industry organizations, attending workshops and forums, releasing research achievements, joining the U.N. Broadband Commission for Digital Development, and becoming an ICT member of the Steering Committee of the Environmentally Friendly Smart Grid (P18, P28) ■ Develop green products and solutions (P22-25) ■ Practice "Green Communications, Green Huawei, and Green World" strategy. (See Chapter "Environmental Protection") ■ Release cloud computing strategy, and launch cloud platform and services (P27)
Industry Peers	■ Climate change ■ Product quality and safety	■ Energy-efficient product design ■ New trends in technology and technical innovations	■ Attend and organize industry forums, and actively participate in associations and standards organizations (P28-P29) ■ Develop green products and solutions (P22-25) ■ Practice "Green Communications, Green Huawei, and Green World" strategy. (See Chapter "Environmental Protection") ■ Support countries in forming effective education systems and nurture talent in the field of communications (P19-21) ■ Develop low cost and flexible service solutions to help operators extend communications (P18-19)
Media and Non-governmental Organizations	■ Employee health and safety ■ Employee benefits ■ Product quality and safety ■ Society and community ■ Climate change ■ Ecosystem and natural resources ■ Waste and emissions	■ Working conditions and occupational health status ■ Energy-efficient product design ■ Product safety ■ Social contributions and community relationships ■ Waste management and emissions control during production ■ Protection of the ecosystem and biodiversity	■ Continue to actively join NGOs like GeSI and industry associations, regularly release annual report and CSR report, disclose related information to media, NGOs and the public, and pay attention to media opinions for the long-term. ■ Develop green products and solutions (P22-25) ■ Control product quality and safety (P26) ■ Implement multiple social projects and contributions; establish and optimize the policy of building community relationships; organize and encourage employees to participate in voluntary activities. (See Chapter "Community Support")
Consumers	■ Climate change ■ Product quality and safety	■ Energy-efficient design and safety of devices ■ Product noise and radiation ■ Network security and reliability	■ Develop green and low cost products (P23-24) ■ Control product health and safety (P26) ■ Establish a security evaluation center and ensure network information security (P15)

Analysis of Material Issues and Major Responses

After categorizing major stakeholder concerns, Huawei analyzed the 2010 feedback survey results from stakeholder groups, prioritized major stakeholder concerns, and generated the matrix for analyzing Huawei CSR material issues (as illustrated below) based on the significance of those issues to Huawei strategies and operations.



In this report, the following issues are stated and responded to based on the initial analysis of the matrix above:

1. Ethical business practices: Network security guarantee and compliance with overseas export regulations. See Chapter "Fair Operation" .

2. Bridging the digital divide: Expand network coverage, popularize broadband, and popularize communications knowledge. See Chapter "Bridging the Digital Divide".

3. Climate change (environmental protection) and safety quality of products: Green product certification, energy-efficient product design, and product health and safety control. See Chapter "Environmental Protection"

4. Supply chain management: Optimize supplier CSR management and hold CSR conferences. See Chapter "Supply Chain" .

5. Employee health and safety: Improve the health and safety system establishment. See Chapter "People".

6. Social contributions and investments: Continuously bring benefits to communities through community involvement. See Chapter "Community Support" .

Fair Operation

Huawei advocates fair operations and strictly implements “transparent procurement” and “transparent sales”. As one of the company’s core values, integrity is our most valuable asset. Huawei is an ethical corporate citizen that strictly observes the laws in countries where it operates. Huawei opposes price dumping and monopolies, and aims to create and actively promote a harmonious business environment.

Anti-corruption and Anti-bribery

Huawei observes international and national anti-corruption and anti-bribery laws and regulations. It has a fair and honest business and working environment where operational integrity is encouraged. The company developed guidelines for operating with integrity, including its integrity declaration, basic operational principles, related responsibilities, and ensures that all employees maintain high standards of professional and ethical conduct.

Adherence to laws and ethics by each employee of Huawei provides a solid foundation that ensures Huawei's sound long-term development. After robust discussions, the company formulated the Huawei Employee Business Conduct Guidelines (BCG), which serves as a guide for complying with laws and ethical standards. These guidelines require employees to be honest and self-disciplined, both in their business and personal life, and specify the conduct to be adopted regarding laws and customs of gifts and amenities, business amenities, restrictions on receiving gifts and gift offering, referral fees, and any commission or compensation. The company requires that employees observe laws, regulations, and customs relating to gifts and amenities in different countries. Employees must not take bribes or participate in any activities that may be considered bribery. Employees should not give or accept gifts and business amenities that exceed normal value (gifts include not only material goods, but also services, promotional premiums, and discounts). Employees cannot accept gifts that could influence the company's business relationships. Employees are prohibited from receiving referral fees, or any commission.

Each year, the company arranges for all employees to learn and discuss the BCG based on their specific roles. 98% of our employees have signed a commitment to the BCG. At the end of each year, employees are required to do a self-check on their BCG compliance. In addition, the company performs the financial processes based on local accounting laws and standards in different countries to regularly supervise business conduct by means of finances. The company establishes a system to deter and independently supervise conduct that violates the BCG, and clearly defines the person responsible for supervising, investigating, holding accountable, managing, and improving economic problems. Huawei analyzes global fraud risks, and promotes self reporting and the publication of cases in areas prone to fraud. Huawei has set up internal BCG channels for employees to raise a complaint and established external complaint channels on the company's official website to facilitate the provision of feedback or complaints from suppliers. Huawei formed an Allegation Review Board (ARB) to manage the complaint channels and handle the complaints, carrying out professional investigations in compliance with pre-defined procedures. For verified cases, violators are held accountable based on the Regulations on Accountability of Economic Problems in BCG Compliance (Provisional), or we cooperate with the Legal Affairs Department to follow appropriate legal procedures. In addition, we assign people responsible to optimize the process design or strengthen control relating to the exposed problems. Analysis of fraudulent methods for each project is sent to managers at all levels for reference.

Cyber Security Assurance

The rapid growth of the telecom industry has provided unparalleled convenience to communications and lives. At the same time, with the continuous evolution and development of telecom networks and services, threats and challenges for network security will become increasingly severe.

As a global leader in providing telecom solutions, Huawei fully recognizes the importance of cyber security, and understands why this continues to be a significant concern for customers and governments. Huawei attaches great importance to this issue, and is dedicated to taking effective measures to help operators avoid and reduce security risks to win stakeholders' trust. Huawei believes that building an open, transparent and visible framework to solve security issues will facilitate continuous and sound development of the entire industry chain, and will promote innovations in both technology and human communication.

To truly fulfill our commitments to cyber security, Huawei will build and fully implement an end-to-end telecom network security assurance system and make it one of the important development strategies of the company. Huawei builds and optimizes a sustainable and trustworthy security assurance system with respect to the following: policies, organizations, business processes, management, technologies and regulations on the basis of compliance with all applicable security laws and regulations of countries and regions, international telecom standards and industry best practices. Huawei addresses the security challenges with relevant governments, operators and industry partners in an open and transparent manner to meet security requirements for telecom networks and services from operators. Huawei attaches more importance to guaranteeing the security of its telecom networks and services than to its business returns.

- In terms of organization, the GNSC, as the top network security management organization of Huawei, is responsible for planning, managing and supervising the organizations and businesses of all departments involved, such as R&D, Supply Chain, Marketing, Sales, Engineering Delivery and Technical Service. By doing this, we ensure the implementation of the cyber security assurance system in every system, every region, and throughout the entire process, and we actively promote communication with stakeholders such as governments, customers, partners and employees. The GNSC directly reports to the top management of the company.

- In terms of business processes, security assurance shall be integrated into all business processes relating to R&D, Supply Chain, Sales and Marketing, Delivery and Technical Services. Through regulations and technical specifications, we ensure that these activities are effectively conducted. Huawei supervises and improves our business processes through internal and governmental security audits, security evaluations, and audits by independent third party organizations. Huawei's security management system has passed the ISO27001 certification.

- In terms of personnel management, all Huawei employees, partners and consultants must strictly observe Huawei's security policies and attend security training sessions. In this way, the concept of security is instilled into the whole organization. Huawei rewards employees who actively participate in the assurance of telecom network security, and includes in performance appraisals conducts that violate such policies. Employees who violate relevant laws will be legally liable.

Huawei also actively participates in creating the security standards of international standards organizations like ITU-T, 3GPP and IETF. Additionally, Huawei has joined security organizations, such as Forum of Incident Response and Security Teams (FIRST), to share dynamic information about the security industry. By working closely with mainstream security vendors, we are striving to guarantee cyber security for our customers worldwide.

Huawei is willing to communicate and cooperate with governments of various countries, operators and industry partners on security issues through different platforms, organizations and channels in an open and transparent manner, and to jointly address the security threats and challenges of global telecom networks. Huawei will establish regional cyber security evaluation centers as required. These evaluation centers shall be highly accessible and open to local governments and operators. Organizations and personnel recognized by local governments assess relevant products in the area of security to ensure secure delivery by Huawei to local operators.

In 2010, Huawei established the Cyber Security Evaluation Center in the U.K. This Center is a key part of Huawei's end-to-end global security assurance system. This Center is open, readily accessible and transparent to the U.K. government. All security evaluation personnel of the Center have gained the approval of the Communications-Electronics Security Group (CESG), U.K.. The Center's personnel are responsible for reviewing Huawei product security, including source code for software and hardware, and supply sources, to ensure that products delivered by Huawei to its U.K. customers are secure.

Compliance with Export Control Regulations

Strictly implementing national and international laws and regulations, including those of the U.S. on export control, is one of Huawei's basic policies. Huawei has made the following commitments: Huawei observes laws and regulations on export control regarding corporate operations issued by the Chinese government, and international laws and regulations on export control, including those of the U.S. It also supports international commitments of the Chinese government, including global obligations and implementing related resolutions of the United Nations Security Council. In addition, as an international company, Huawei adopts responsible attitudes and measures regarding export control, attaches a high importance to related operation globalization requirements, and fulfills its corporate responsibilities.

To ensure that this self-disciplined system is effectively implemented, Huawei has established the Trade Compliance Committee and Trade Compliance Advisor Office on an organizational level. Both organizations are led by supervisors of the Legal Affairs Department. The Trade Compliance Committee has the right to veto transactions that have problems. With regard to corporate policies, Huawei has developed corporate regulations for export control, established a standard process for export reviews, retained information on related documents, conducted publicity and training sessions on export control laws and regulations, enhanced audits inside the company, and implemented departmental responsibilities concerning export control. The company plans to set up a database containing sensitive product information and customer details according to international practices. The database will be modeled on the existing information management system and will help manage the daily work of the corporate export control in a quantitative manner.

Bridging the Digital Divide

With the improvement of the voice service coverage and the steady progress of telecom technologies, the current digital divide exists not only in voice service penetration but also in broadband services.. The broadband network has become an important enabling platform for diverse social services including health, education, business, trade and government, and a key engine of economic development. The IT level of the broadband network becomes an important index for measuring national competitiveness. Many far-sighted countries make it a national strategy to improve the index. However, from a global perspective, the information technology gap of broadband networks between regions and countries becomes increasingly wide, forming a new digital divide. Therefore, it will have more far-reaching effects on the social and economic development of the world. Huawei anticipates that bridging the digital divide will be a challenging task.

With "to enrich life through communication" as its vision, Huawei applies its professional ICT experience to help bridge the digital divide so that people can enjoy indiscriminate communication services and experiences anytime, anywhere, through any terminal. On one hand, Huawei makes constant innovations centered on customer requirements to provide advanced, efficient and low-ARPU solutions for customers. As a result, the information society is accessible to more people. On the other hand, Huawei is committed to universal broadband convenience by deploying broadband networks and helping construct national broadband networks. The purpose is to enable people from different regions to enjoy the conveniences that broadband services can bring. This will also drive local social and economic development. Moreover, Huawei provides extensive support for local educational undertakings and develops communications talent to boost the technological level and skills of the telecom industry.

Narrowing the Digital Divide Through Continuous Dedication

It can be a challenge to build and deploy communications equipment in remote areas due to harsh natural conditions, resulting in local residents being unable to connect to communication networks. To address this issue, Huawei is dedicated to expanding the coverage of communication services through partnerships with worldwide operators, and has enabled more people in remote and undeveloped areas to experience these services.

Ensuring network coverage in such areas requires hard work from our employees. For example, in the arctic region, our employees have to endure the freezing cold and endless darkness of the polar night, to install communications bridge for local people; in Vanuatu, an island nation located in the South Pacific, Huawei employees blazed trails through rain forests using machetes and overcame many hardships. Only after the trails were in place could optical cables be laid to link the 80 islands. In countries such as Afghanistan and Ecuador, Huawei employees remained at their posts during wars to ensure that local communication systems ran properly. Thanks to their efforts, Huawei made great contributions to expanding network coverage and enriching the lives of local people through communication.

In order to maintain a base station on a remote mountain in Albania, a Huawei employee had to trudge along the muddy road for several hours.

An ice covered Huawei base station in the Arctic Circle area of Finland.

Driving Broadband Development to Expand Network Coverage

Through the concerted efforts of global operators and its partners, Huawei customized low-cost, efficient system equipment and terminal products in the international market. By providing cost-effective intelligent terminals for emerging markets in Asia, Africa and South America, Huawei helped popularize digital technologies, thus playing an important role in bridging the digital divide and constructing a simple world in the digital era.

Member of the Broadband Commission for Digital Development

In 2010, Huawei was invited by the ITU to become a telecom provider representative for the Broadband Commission for Digital Development within the United Nations. Huawei is therefore able to discuss and formulate policies, guidelines, concepts and promotional measures for the development of the broadband industry along with other leading global enterprises.

Two keys in unlocking the potential of mobile broadband

It is estimated that mobile broadband users will grow ten times – to nearly 3 billion – in the next five years. In the long term, however, there are bottlenecks obstructing further development of mobile broadband and a close partnership is needed across the ecosystem including services, networks and devices. In terms of services and applications, mature internet applications and smartphones, which deliver a good user experience have dramatically increased demand.

As Mr. Guo Ping, Chief Strategy Officer of Huawei Technologies Co., Ltd. and Chairman of Huawei Device Co., Ltd., vividly depicted at the Mobile World Congress 2010 in Barcelona, Huawei's SingleRAN strategy and cost-effective smartphones that deliver good user experience are "two keys to unlock the potential in the spring of mobile broadband".

SingleRAN@Broad Solution

In 2008, Huawei addressed multi-mode convergence at the equipment level by introducing the next generation base station platform. In 2009, this was expanded to address network convergence with Huawei's SingleRAN solution which enabled operators to achieve full convergence from equipment and sites to O&M systems, and significantly reduce network TCO and improve O&M efficiency. Huawei's SingleRAN@Broad solution, unveiled in 2010, further enables operators to cope with the rapid increase in mobile broadband traffic, reduce per bit cost, improve the user experience and promote the robust growth of the mobile broadband industry.

In terms of networks, in the next ten years, total network traffic will increase 75 times, while mobile broadband traffic will increase over 2,000 times, undoubtedly posing challenges to wireless networks. To date, the challenges brought about by the network traffic increase have been well-managed. The impact of traffic bursts on networks is alleviated by adopting new technologies that improve the frequency efficiency, obtaining new frequency resources, and constructing new hotspots. Huawei's Single network strategy will enable operators to cope with network traffic 100 times the current volume within the next ten years, thus meeting the requirements for future networks, namely larger capacity, better performance and lower cost.

In terms of terminals, new generation smartphones have elevated the user experience to an unprecedented level, thereby stimulating consumption of mobile broadband services. However, the high price of smartphones is the biggest bottleneck obstructing the development of mobile broadband. To this point, past data shows that pricing the handset at USD175 brought about the explosion in mobile phone users. In the mobile broadband era, the key to removing the bottleneck is to offer smartphones priced at USD150 and that deliver a quality user experience. Only good user experience can stimulate consumption, and only a low price can guarantee sales. Huawei is committed to providing affordable, entry-level smartphones with a good user experience. In 2010, the shipment of Huawei smartphones reached 3 million units.

In September 2010, Huawei launched IDEOS, the world's first affordable smartphone with Google. The IDEOS, with Android 2.2 (the most advanced platform at the time of launch) pre-installed, is not only fast, but also supports functions such as voice dialing, voice navigation and the ability to run applications from a SD card. With more than 70,000 applications available in the Android market, the IDEOS provides a wide range of communication, entertainment, office and financial management applications, presenting users with a wider and more colorful world. The IDEOS will be released in countries across Europe, Asia-Pacific and Americas and is priced between USD100 and USD200, enabling more users to enjoy the convenience of a smartphone at an affordable price.

Huawei IDEOS smart phones

Bangladesh: Deploying the national mobile network

In 2010, Grameenphone, the largest mobile operator in Bangladesh and a subsidiary of Telenor, chose Huawei's SingleRAN and SingleCore solutions to deploy, upgrade and expand the capacity of its mobile network on a large scale. As part of the third-year cooperation agreement, Huawei will deploy the world-class SingleRAN solution for Grameemphone, including the installation of thousands of next-generation base stations across the country. This will greatly help the country in its efforts to bridge the digital divide and enable Grameenphone users to experience excellent voice and enhanced data services, including mobile internet access and mobile streaming media.

Peru: Deploying ATCA-based CDMA Mobile Softswitch Solution

In 2010, Huawei partnered with Movistar Peru to announce the successful deployment of the Advanced Telecom Computing Architecture (ATCA-based) CDMA mobile softswitch solution in Peru. This deployment represents an important milestone in Movistar's strategy to develop a high-quality All-IP network. It significantly simplifies the network architecture and reduces operating expenditure (OPEX). As part of Huawei's SingleCore strategy, the ATCA-based mobile softswitch solution features optimal capabilities for service expansion and smooth network evolution. It lays a solid foundation for Movistar Peru's subsequent development of the convergence business and effectively protects the operator's current investments.

Popularizing Communications Knowledge to Elevate Local Communications Expertise

Huawei has established 36 training centers and over 20 R&D centers worldwide to develop and boost telecom talent in local communities. In addition, Huawei launched the "Telecom Seeds for the Future" program in an effort to bridge the digital divide in emerging markets.

Nigeria: Sponsoring CITMC-3

In August 2010, Huawei was a major sponsor of the third African Union Conference of Ministers in Charge of Communication and Information Technologies (CITMC-3). The conference focused on the function of ICT in driving the African economy and the development of ICT in Africa to bridge the digital divide. At the conference, Huawei also set up a booth to showcase e-government solutions and terminal products and demonstrated the latest communications technologies so as to share knowledge and expertise with conference attendees.

Continuing the Roll Out of the "Telecom Seeds for the Future" Project

Since its launch in 2008, the "Telecom Seeds for the Future" project has served as a platform for students from countries in Africa, Asia, the Middle East and Latin America to acquire telecom knowledge and master telecom skills. In 2010, Huawei continued its "Telecom Seeds for the Future" Project in Malaysia, the Philippines, Australia, Indonesia and Bolivia. The activities organized by Huawei included donations of data communications equipment, the founding of training centers, and provision of hands-on training. These activities were supported and recognized by local governments.

Thailand: "Telecom Seeds for the Future" Project to Develop Telecom Talent

In Thailand, Huawei's the "Telecom Seeds for the Future" project for telecom majors at Chulalongkorn University, Kasetsart University, Mahidol University and Thammasat University provides the opportunity to study cutting-edge telecom technologies, such as 3G and LTE, thus preparing the students for the future work. Since the launch of the project in 2008, Huawei has delivered about 3,000 hours of training to local university students.

Australia: Establishing the Joint Training Center with the Royal Melbourne Institute of Technology (RMIT)

In 2010, Huawei helped the Australian government train talent for the national broadband project. Huawei founded a joint training center in collaboration with the Royal Melbourne Institute of Technology (RMIT) to cultivate the backbone of Australia's telecom industry and to develop expertise in next-generation network technologies. The first group of RMIT teachers arrived at Huawei headquarters in Shenzhen, China for training in December 2010. Huawei will eventually offer training to local engineers in Australia. In addition, Huawei also collaborated with the Institute for a Broadband-Enabled Society (IBES) of the University of Melbourne to jointly set up a GPON lab.

Indonesia: Funding the construction of Datacom Training Centers for the Ministry of Communication and Information and Bandung Institute of Technology

In 2010, Huawei invested considerable efforts in developing telecom talent in Indonesia. Under the agreements signed with the Ministry of Communication and Information (MCI) of Indonesia and Bandung Institute of Technology (ITB), Huawei founded two datacom training centers. Approved by the MCI, Huawei datacom certification was included in the certification system ratified by the government. Certified trainees now obtain certificates jointly issued by the MCI and Huawei, with the ITB including Huawei certification training in its curriculum. Huawei reimburses the examination fee for students who pass the certification exam to encourage students to participate in the certification training. Those who pass the exam are offered preferential employment opportunities as teachers so as to impart their knowledge to others. Huawei also provides training facilities and programs for teachers at the training centers. In addition, our staff offer assistance in operating the training centers by sharing their experience. The operating model of this successful program will be introduced in other Asia-Pacific countries in 2011 as a main pillar of Huawei's education program.

The Philippines: IT-STAR Internship Program

The IT-STAR Internship Program was jointly launched by Huawei and Mapua Institute of Technology, a prestigious communications university in the Philippines. The program is aimed at familiarizing students with state-of-the-art communication technologies and solutions so as to enable them to put theory into practice. Since 2009, nine training sessions have been carried out. Huawei enrolled some 80 interns under this program in 2010, providing them with two to three months of training, during which Huawei delivers weekly technical lectures and invites training subcontractors to coach interns on specific projects. A mentoring system, where each mentor is assigned three to four interns, provides the interns with the opportunity to learn from and interact with customers as they follow their mentors to meetings and engagements.

In 2011, Huawei will continue the IT-STAR Internship Program and introduce it in other universities.

Malaysia: Training Recent Graduates in Partnership with the Ministry of Science, Technology and Innovations (MOSTI)

Huawei cooperated with the MOSTI of Malaysia and a third party organization to train recent university graduates, by providing teaching resources, training courses and scholarships. In 2010, 87 graduates of ICT universities were offered such training.

Ms. Sun Yafang, Chairwoman of Huawei, shakes hands with Mr. Pierre Simon, President of CCIP, at the signing ceremony

France: Cooperating with the Chambre de Commerce et d'Industrie de Paris

Huawei signed a cooperation agreement with the Chambre de Commerce et d'Industrie de Paris (CCIP) to provide training opportunities in China for students selected by the CCIP. This agreement reinforces Huawei's successful collaborations with the French telecom industry.

Donating Communications Equipment to Expand Communications Network Coverage

Huawei improved communications in local communities by providing the hardware necessary for the development of telecom talent and elevation of communications skills in undeveloped areas. By narrowing the digital divide between poverty-stricken rural and urban areas, Huawei aims to enrich the lives of more people through communication.

Huawei donated 100 computers to 11 primary and secondary schools in poverty-stricken areas near Hanoi, Vietnam, and 40 computers to Jianshan Farm Secondary School in Heilongjiang Province in China. Partnering with Safaricom, Huawei donated microwave equipment to Moi University (in Eldoret, 310 kilometers northwest of Nairobi, in Kenya) to facilitate understanding and knowledge, and promote technical transfer to electronic engineering students.

In Kendrapara, Orissa, the most undeveloped and remote area in India, Huawei provided free equipment and services, including computers, backup power supply systems, network connections and IT training, to open a window to the world for school-age children through the internet. The hardware and infrastructure also provide the foundation for Huawei's delivery of e-learning programs in the future.

Huawei also donated telecom lab equipment worth USD1 million to three national universities in Ghana, providing opportunities for the students to apply what they learn in the classroom to practical situations.

In Uzbekistan, Huawei donated 50 computers, 400 CDMA fixed wireless terminals and 100 CDMA data cards to rural schools, providing underprivileged teenagers with access to knowledge and the outside world through the internet.

Huawei donated 100 computers worth USD30,000 to 11 primary and secondary schools in poverty-stricken areas near Hanoi, Vietnam.

Environmental Protection

Environmental deterioration and accelerated global warming are posing great challenges to the sustainable development of the world economy. The telecom industry consumes significant amounts of energy, and this consumption is on an upward trend. In such a context, energy saving and emission reduction measures become imperative.

With "environmental protection" being one of the fundamental strategies for corporate development, Huawei actively communicates with customers about energy saving and environmental protection measures and closely collaborates with enterprises across the industry chain to build energy-efficient telecom networks. We actively promote the sustainable development of the industry and thereby realize our "Green Communications, Green Huawei, and Green World" vision.

Green Communications

To help the telecom industry realize the goal of energy saving and emission reduction and to drive the development of a green telecom industry, Huawei exerts end-to-end control over its products, promotes assessment of carbon emissions throughout the product lifecycle, and carries out technological innovations in energy saving and emission reduction. Huawei is committed to developing green communications solutions that feature green sites, green equipment rooms, green transmission and green energy.

Signing the Voluntary Green Agreement

In November 2010, Huawei signed the Voluntary Green Agreement with the Ministry of Industry and Information Technology (MIIT) of China in Beijing, promising to reduce the average energy consumption (AEC) per unit business volume of shipments by 35 percent of the consumption level in 2009, by the end of 2012.

Developing and using the "Quick Lifecycle Assessment" tool

By assessing products throughout the lifecycle, from raw material procurement to part and component manufacturing, product processing, transportation and usage, and finally waste treatment and recycling, Huawei can determine the impact of each phase on the climate and environment and identify key influencing factors. This allows Huawei to pursue corresponding activities that can alleviate the environmental impact of our business.

In 2010, Huawei built a product environment database and developed a quick lifecycle assessment (Quick-LCA) tool based on this database, which effectively supports the LCA and continuous improvement of products. In partnership with Telecom Italia (TI), Huawei completed the first LCA analysis report on FTTx network deployment, and reduced product energy consumption and CO_2 emissions for FTTB, FTTC and FTTH. In addition, Huawei analyzed the carbon efficiency (CO_2 emission per unit bandwidth) in each of the preceding modes (FTTB, FTTC, and FTTH), providing a reference for the product usage in different scenarios. In addition, Huawei collaborated with TI to complete LCA analysis on solar sites and conducted a comparative analysis of the environmental impact of alternative energy-powered sites and sites adopting the traditional diesel-electric hybrid solution.

Green Certification

Huawei regards "reducing the impact of products on the environment" as one of the most important indices for evaluating product quality during product design and manufacturing. In addition, Huawei developed certification standards for green products to evaluate the environmental performance of products in each phase of the lifecycle, such as raw material procurement, manufacturing, transportation, usage and waste treatment. The certification standards – which cover all regulations, directives, standards and requirements on energy efficiency, weight, packaging, harmful substance, recycling, noise and electromagnetic performance of products – have been adopted in Huawei's integrated product development (IPD) process. From September 28, 2010, all newly-developed Huawei products are required to obtain this green certification, with nine products having been certificated as green products to date.

Raw Material Management

As a global corporate citizen with a high sense of social responsibility, Huawei adheres to environmental protection laws and regulations to restrict the use of hazardous substances in products. Huawei has created the Huawei Substance List to provide guidance and control the use of raw materials and components in the process of product manufacturing. In addition, Huawei is actively seeking alternatives to reduce the use of hazardous chemical materials.

Huawei closely monitors changes in environmental protection statutes and policies, such as the release of REACH (Registration, Evaluation, Authorisation and restriction of

Chemicals) and SVHC (Substances of Very High Concern), and responds promptly to any changes. Since 2005, the categories of hazardous substances on the Huawei Substance List have increased from six to 25. In addition, 29 categories of reportable substances were added.

In 2010, Huawei developed a suite of halogen-free radio communication products that are free of polyvinyl chloride (PVC), brominated flame retardants (BFRs) and chlorinated flame retardants (CFRs), and will begin mass production of these halogen-free radio communication products in 2011.

In addition to reducing toxic and hazardous substances in its products, Huawei continues to improve its use of ordinary materials by enhancing the utilization of raw materials, reducing the unit consumption of natural resources, and seeking environmentally friendly alternative materials and processes.

From 2010, as a result of measures adopted to reduce the weight of equipment, the annual consumption of steel and copper by Huawei will be reduced by 3,000 tons and 800 tons respectively. Through enhancements in design, high strength steel is now used in our equipment, thus minimizing welding operations.

In addition, Huawei urges its suppliers to adopt efficient laser welding, phosphate-free surface treatments and recyclable packaging technologies. All these mean that power consumption during manufacturing by Huawei's suppliers can be reduced by 30 million kWh, water consumption reduced by 44,250 tons, fuel oil consumption reduced by 600 tons, packaging materials reduced by 500 tons and CO_2 emissions reduced by 42,000 tons annually.

Energy Saving and Emission Reduction Design and Application

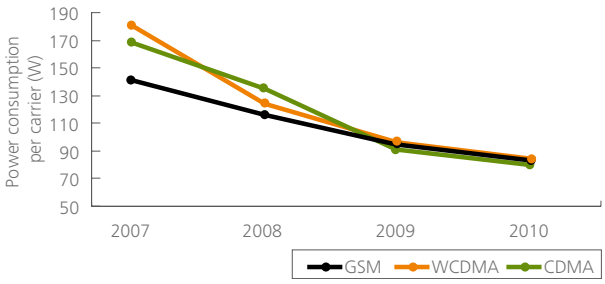
Huawei is committed to developing energy-efficient and environmentally-friendly products. We continue to enhance the energy efficiency of products and develop and utilize alternative energy through constant innovation and improvements. The company has developed diverse technological measures and put these into practice to help telecom operators reduce their energy consumption and carbon emissions.

Energy-efficient Design

Through lifecycle assessment of our equipment, Huawei has discovered that the carbon emissions of communications products are mainly generated by base stations used for mobile networks and broadband access devices used for fixed networks. Wireless sites and broadband/narrowband access sites generate a large proportion of carbon emissions. According to data analysis of a number of customers' networks, Huawei has found that the power consumption of wireless sites accounts for more than 70 percent of a mobile operator's total network power consumption. In comparison, the access section of fixed networks consumes less power, at 40 percent or higher of total consumption.

■ Green Base Station

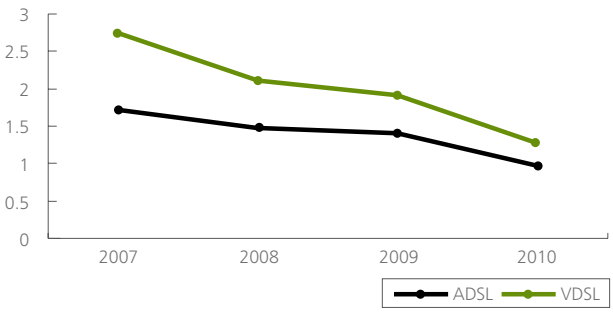
Huawei has made continued commitments to optimize energy saving technologies. The company continues to improve core technologies and application technologies for power amplifiers, power supply, software and algorithms through self-developed Application Specific Integrated Circuit (ASIC) to reduce the power consumption of base stations. In addition, Huawei has developed multiple software features, such as power control, discontinuous transmission (DTX), intelligent carrier shutdown, intelligent time slot shutdown and intelligent voltage regulating, to reduce the operating power required by base stations. Frequent technical advancements continue to reduce the power consumption of base stations, which saves large quantities of power and greatly reduces CO_2 emissions.



consumption trend of radio access equipment

■ Broadband Access

With a three-fold green design, featuring low heat emissions, thermal dissipation and heat resistance, a Huawei million-node green broadband network can save more than 200 million kWh of power per year – the annual power consumption of roughly 250,000 households in China. Over the next three years, the average energy consumption of user ports of Huawei access networks will be reduced by 30 percent[1], which is equivalent to saving 700 million kWh from newly-added equipment or 5.9 million tons of carbon emissions



Power consumption trend of broadband access equipment

[1] As of 2010, the power used by each ADSL user port is 0.97 W and that by each VDSL user port is 1.28 W.

Alternative Energy Solutions

Huawei's alternative energy solutions include harnessing solar power, solar and diesel hybrid power, wind and solar hybrid power, and wind, solar, and diesel hybrid solution. Given that these solutions can be tailored to meet customers' diversified demands and local climates, they can reduce the TCO as well as meet energy saving and emission reduction requirements. In 2010, a total of 8,000 hybrid-energy powered stations (including those running on diesel-electricity and recyclable resources) were deployed.

Packaging and Logistics

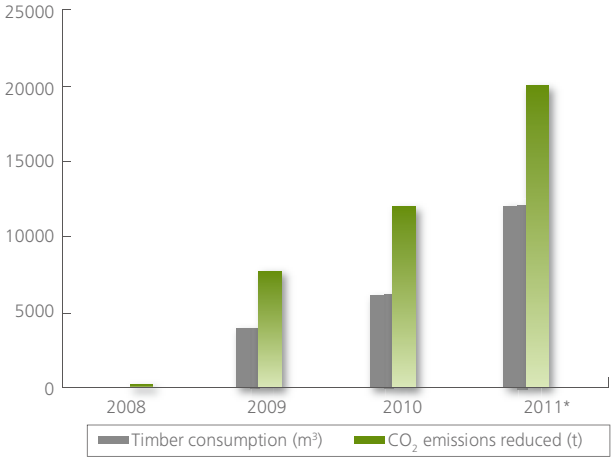
Green Packaging

Huawei has formulated a "6Rs1D" strategy, comprising Right (a reasonable design which centers on correct and appropriately-sized packaging), Reduce, Returnable, Reuse, Recycle, Recovery and Degradable. In addition, in line with green packaging standards, Huawei implements systematic development, application and promotion of two core green packaging solutions that feature returnable frames and returnable pallets. By reducing weight and size, Huawei reduces the use of packaging materials and the overall cost of packaging and transportation through efficient packaging designs. We also improved and extended the lifecycle of materials, including recycling and reuse of energy, by promoting environmentally-friendly and recyclable packaging as well as building and optimizing an effective recycle system.

In 2008, Huawei in partnership with China Mobile developed a "metal returnable frame and visualized packaging" solution. Essentially a reusable packaging unit, the solution is made from recyclable wood substitute materials and leverages visualized packaging technology in the way it is assembled, standardized and designed. The solution when used on a universal logistics platform, reduces the consumption of natural resources in the packaging and logistics phases. Huawei has also developed two additional green packaging solutions featuring metal returnable pallets and plastic returnable boxes.

With the promotion and application of these green packaging solutions and continuous improvement in related technologies, Huawei's total shipment of products in green packaging exceeded 40,000 pieces in 2010, resulting in a reduction of annual timber usage by 6,100 cubic meters and carbon emissions by 12,000 tons.

Shipments **Recycle rate** **Shipment proportion**

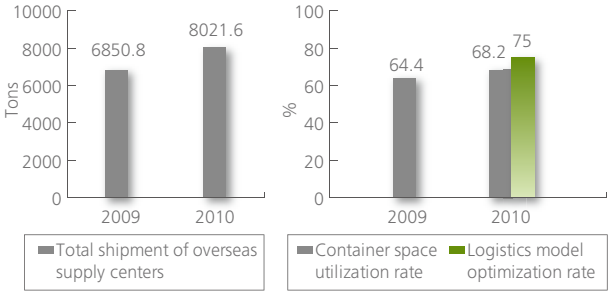


Positive results from green packaging

Note: Figures for 2011 are forecast values.

The contributions of Huawei's green packaging solutions to energy saving and emission reduction efforts, and the company's promotion of resource-efficient industry chains have been recognized by the industry. Huawei received the Silver Award of PackStar by China Packaging Federation in 2009, the WorldStar Award for Packaging Excellence by the World Packaging Organization (WPO) in 2009, the WPO WorldStar Sustainability Award 2009 Gold, and the China Green Technology Innovation in Telecom Award in 2009–2010 by the China Energy Conservation Innovation Forum on ccidcom.com.

Huawei will continue to implement green packaging solutions to save materials and reduce power consumption across a broader scope and in more regions to generate greater economic and social benefits.



Green Logistics

Given Huawei's continued growth internationally, the company has attached increasing importance to direct shipment of goods, with the aim of shortening the logistics cycle and reducing transportation distance. By 2010, Huawei established four supply centers in Europe, Brazil, India and Mexico and 116 national spare parts centers. Goods shipped from overseas supply centers reached over 8,020 tons, an increase of 17 percent from 2009. We anticipate that shipments from these supply centers will increase further as they are utilized to full capacity in future.

Huawei's global supply network not only improves delivery and operational efficiency but also significantly reduces the impact of line haul on the environment. For example, it previously took about seven days to ship goods from our headquarters in Shenzhen, China to Northeast Europe by air, or about 38 days by sea. Now, it takes only four days to ship goods from Huawei's European Supply Center to the same destination, thus greatly reducing supply and transportation costs, as well as energy consumption.

Huawei has optimized each step of the end-to-end logistics model in 129 countries across Europe, Africa, Asia-Pacific (including China), South America, Middle East and North Africa, North America and Central America. The logistics quantity in these regions accounts for 75 percent of Huawei's global total. By optimizing the model, the logistics cycle was shortened by 17 percent, resulting in a 16 percent reduction in end-to-end logistics costs against the previous year. Furthermore, by optimizing the logistics network, fully loading containers, and reducing the number of half-filled containers and the quantity of goods shipped on an LCL (less than container load) basis, the company succeeded in reducing the number of warehouses by 17 percent – from 95 to 79 – in countries where the end-to-end logistics model was adopted. As a result, the warehouse area was reduced by 38 percent and the global container space utilization rate increased from 64 percent to 68 percent, generating cost savings of USD4.3 million.

Huawei has adopted low-cost transportation solutions, such as sea-air and air-truck transportation, in multiple countries including Ghana, Nigeria, Cambodia, Peru and U.K. These low-cost transportation solutions have replaced airfreight, lowered transportation costs and reduced CO_2 emissions.

In 2011, Huawei will continue to promote the end-to-end model optimization project in other countries across South Pacific, Southeast Asia, Latin America and CIS, aiming to cover 90 percent of shipment regions worldwide. In addition, Huawei will continue to optimize its business model and strategy, as well as build on our experience to expand the application of green logistics solutions.

Treatment, Recycling, and Reuse of Electronic Waste

As a leading telecom solutions provider, Huawei takes our responsibility for electronic waste treatment seriously. Huawei strictly complies with the EU Waste Electrical and Electronic Equipment Directive (WEEE Directive) and electronic waste management regulations enacted by different countries worldwide. In addition, the company has established a system for electronic waste recycling and reuse. In 2010, Huawei disposed of about 5,000 tons of electronic waste worldwide. By dismantling waste electronic equipment and extracting useful materials from these wastes, we were able to circulate 96 percent of raw materials for reuse, with the remainder being incinerated or sent to landfills.

Huawei adopts a systematic approach to manage the disposal of electronic waste. Huawei has a scrap disposal center at its headquarters in Shenzhen, and has also jointly established regional scrap disposal platforms worldwide with waste service providers in Latin America, Europe, Africa, Asia-Pacific and China. In 2010, by integrating waste treatment resources in Latin America, Europe and Asia-Pacific, Huawei reduced the number of waste service providers that it works with by half. By optimizing the use of waste treatment platforms and selecting qualified service providers, Huawei is able to dispose of wastes generated worldwide, especially hazardous wastes such as batteries, in a secure and eco-friendly manner.

In line with our vision of "green communications" and through our collaboration with service providers, Huawei ensures that electronic waste goes through proper and secure treatment channels. An example of Huawei's commitment to waste treatment can be seen in the Asia-Pacific region where a regional waste treatment model was put in place in 2008. Huawei has developed and implemented a waste disposal IT system for scrap delivery, handover, dismantling and extraction of useful materials from scrap, and account settlement for the region to ensure that scrap reaches secure and environmentally-friendly waste treatment channels in a safe and efficient manner.

Product Health and Safety

Electromagnetic Radiation Safety

Huawei is aware of and concerned about potential health problems that may be caused by electromagnetic radiation. As such, we have established rigorous internal control procedures for product design, testing and installation to ensure that all wireless communications products meet the safety requirements of national and international electromagnetic radiation regulations.

Huawei has adopted strict measures to ensure that when used properly, wireless terminals designed, manufactured and sold by Huawei meet local, regional and international radiation safety statutes. The company has set up a professional specific absorption rate (SAR) test lab to guarantee that products meet the requirements of SAR regulations during design and manufacturing phases. Huawei's user manuals for wireless terminals indicate the specific electromagnetic radiation of products and provide corresponding radiation protection measures. In addition, some Huawei handsets are subjected to the hearing aid compatibility (HAC) test required by international statutes to ensure that these handsets do not interfere with hearing aids. This safeguards the physical safety and personal interests of hearing impaired people when using our handsets.

When constructing wireless base stations, Huawei strictly adheres to the electromagnetic radiation standards and environment impact evaluation specifications set forth in all countries and regions. The company also actively supports telecom operators and governments in Asia and Latin America in optimizing their electromagnetic radiation safety supervision systems, thus ensuring that customers enjoy safe mobile communications services. In addition, the company cooperates with our customers in instilling the concept of green and safe communications.

Huawei also invests in global research on electromagnetic radiation safety, actively participating in fundamental studies in this field and the formulation of national and international electromagnetic radiation standards. Standardization organizations that Huawei has joined or is involved in related studies with include the International Electrotechnical Commission (IEC), International Telecommunication Union (ITU), Institute of Electrical and Electronics Engineers (IEEE) and China Communications Standards Association (CCSA).

Noise Control

In response to low noise requirements from its customers, Huawei has built a world-class noise control center to provide the most competitive and advanced noise reduction solutions.

With an advanced noise testing and analysis system and testing environment as well as professional noise experts, Huawei is able to deliver equipment that meets or exceeds national and international noise standards and statutes for telecom equipment. For high-power outdoor equipment using centrifugal fans, Huawei developed the NRM module, which has been patented and rolled out in the market. In addition, the soon to be launched "zero" noise network box and active noise cancellation module will expand the applicable scope of the NRM module, enhancing noise cancellation capability and making way for the technology required to develop high-power noise reduction cabinets. For products used in residential areas and building corridors, Huawei conducted research on application scenarios and devised evaluation methods for noise muffling and reverberation field amplification. Based on research findings, the company developed a site selection guide so as to minimize the impact of product noise on people's lives and health.

Man-machine Engineering Design in Huawei Products

Huawei considers it our responsibility and obligation to make products safe before they reach end users. To this end, Huawei set up a man-machine engineering design team to deliver on our concept of scenario-specific designs and product safety. This concept is considered throughout the R&D process from product planning to design, as well as development and testing. Usage scenarios including the environment where products are used and user skill levels, habits, and behaviors when they use the product are analyzed and collated to inform product design. Currently, Huawei has collected data on usage scenarios from major operators in 12 countries across North America, Europe, Africa and Asia. From these scenarios, Huawei has gained a comprehensive understanding of local engineering conditions and user habits.

Innovative scenario-specific designs ensure that Huawei products are easy to use and install. In addition, based on in-depth understanding gained from various scenarios, Huawei is able to adapt designs and tailor products to cater to local engineering requirements and skill levels.

These measures effectively support product design and project delivery, and are the reasons why Huawei's products enjoy an excellent record in health and security, and are recognized by leading operator customers worldwide. They are also why Huawei is the leader in health and security product design, and fares better on customer satisfaction indexes than our peers.

Huawei's user-friendly design minimizes psychological burden on residents living near the base station

Green Huawei: Production and Operation

Legal Compliance: Environment Management System

Huawei establishes, implements and maintains the environment, health and security (EHS) system worldwide, in line with the ISO14001 standard, and has set up an EHS Committee and various teams across the company to manage our EHS system. By doing so, Huawei has systematically identified and controlled potential environmental hazards to prevent environmental deterioration and pollution. As part of our efforts to reduce energy consumption and promote green communications, Huawei continues to develop technologies for cleaner and more efficient production. Huawei's EHS system has been certified by third-party industry associations in key regions.

Green Production and Operation

Huawei attaches great importance to environmental protection, energy savings and emission reductions, and has implemented measures to reduce energy consumption during production and operation. In addition, Huawei promotes environmental protection measures within the company so that energy efficiency and environmental protection are integrated into our operations and actions. By implementing energy saving and consumption reduction programs, Huawei saved CNY7.93 million – or 9.75 million kWh in terms of power and close to 9,300 tons in CO_2 emissions – in the production phase last year.

Energy Consumption

The main types of energy consumed by Huawei include electricity, gas and diesel oil. Electrical energy consumption accounts for over 90 percent of the total energy consumption (based on standard coal conversion from various types of energy). In 2010, Huawei's total CO_2 emissions in China was about 532,600 tons, representing a 9.4 percent reduction in CO_2 emission per unit sales revenue over that in 2009.

Energy Saving Measures

Energy Source	Unit of Measure	2009	2010	CO_2 Emission Coefficient
Natural gas	Ton	2592.5	2777.6	2.184/ton
Gasoline	Ton	520	556	2.985/ton
Diesel oil	Ton	40	60	3.159/ton
Electricity	KWh in 10 thousands	48945	55000	9.54/ton
Total CO_2 emission	Ton	474275.9	532615.5	---

Note: CO_2 emission coefficients are based on the IPCC Guidelines for National Greenhouse Gas Inventories (China Statistics Press, 2008)

Huawei controls energy consumption in production and operations through the implementation of energy saving projects, effective management and measures aimed at saving energy and reducing emissions. In 2010, Huawei introduced a series of measures to reduce power consumption on our premises, including 11 energy saving projects such as temperature and lighting system controls for offices, running mode regulation for cooling tower fans and coolers, exhaust fan optimization, and fume hood and pump room frequency conversion. Huawei was able to save 820,000 kWh of electrical power, which amounted to a saving of CNY 620,000 in energy expenses.

At our R&D labs and administration offices, Huawei harnesses various energy saving measures, such as cloud office, iTools and powering down idle equipment in labs and in-service equipment, to reduce consumption and in turn reduce the impact of our operations on the environment.

Waste Management

Cloud Office

In 2010, Huawei introduced pilot projects on cloud computing and agile development for business handling in the Shanghai Research Center and the Nanjing Research Center. Cloud offices offer fast and convenient access, secure and reliable data storage, green business handling, and energy savings and carbon emission reductions. The thin clients (TCs) in a cloud office generate no noise and low radiation, providing a comfortable and healthy work environment. In addition, the power consumption of a TC is less than 20 W, which means it radiates low heat and generates a 71 percent reduction in power consumption. Currently, virtual machines (VMs) have been assigned to 8,100 employees. Similar projects will be subsequently implemented at the Beijing Research Center and the USA Research center, with 1,200 additional VMs to be assigned in 2011.

Cloud office

Waste generated by Huawei includes recyclable solid wastes (paper, scrap metal, plastic and scrap assets), dangerous wastes (scrap PCBs, used solvent bottles, used mineral oil and solvent-laden rags), and general wastes (household refuse and production waste).

Huawei has garbage rooms and dangerous waste depots in each office building and production base. In office and production areas, dustbins and used battery recycle bins are available. Recyclable waste such as paper, scrap assets and furniture is placed in recyclable resource collection stations or shipped back to manufacturers for treatment. Used batteries and dangerous waste generated in facility maintenance and production are turned over to qualified service providers for professional treatment and disposal.

In 2010, Huawei's Shenzhen and Dongguan production bases generated a total of 780 tons of recyclable waste and 175 tons of dangerous waste. These wastes were treated by qualified waste management service providers according to requirements by the Chinese government, thereby alleviating negative impact on the environment.

Green World: Supporting a Sustainable Economy

Huawei is committed to developing and promoting more ICT applications to the transportation, construction, electrical power generation and energy industries by providing network solutions to reduce activities that generate intensive greenhouse gas emissions or improve efficiency of such activities. These solutions reduce the energy demands of the industries and enable them to meet energy saving and carbon emission reduction requirements, thus contributing to an energy-efficient and environmentally–friendly economy and society.

Active Participation in Industry Associations and Relevant Researches

Leading international organizations, such as the United Nations Educational, Scientific and Cultural Organization (UNESCO) and World Economic Forum (WEF), are exploring ways to lower carbon emissions and to leverage ICT in developing society in a low carbon manner. As a member of many of these global organizations, Huawei has been working with our partners to realize the common goal of a green world and to deliver on the promise of a green communications industry.

Smart Grid Steering Board Member

In early 2010, Huawei was recommended by the WEF to become a member and ICT representative of the Smart Grid Steering Board. Our membership allows Huawei to partner with other leading enterprises in urging the global power industry to implement energy saving and carbon emission reduction measures.

Host of the China Green Economic Growth Forum

In October 2010, Huawei jointly hosted the China Green Economic Growth Forum with the French-based China Institute. More than 360 leaders from the National Assembly, the Senate, large industrial and commercial enterprises, mainstream media, and prestigious universities in France were invited to the forum. At the forum, Huawei shared its best practices and efforts in green communications and environmental protection and conducted in-depth exchanges on new models of cooperation for eco-friendly and sustainable development, with other participants.

The China Green Economic Growth Forum held in the Hugo Meeting Hall of National Assembly Building of France

Participation in the Asian Climate Leaders Symposium

In December 2010, Japan Climate Leaders' Partnership (Japan-CLP) organized the Asian Climate Leaders Symposium. Huawei attended the symposium with other enterprises from Japan, South Korea and Hong Kong where representatives actively contributed to discussions on the role that private enterprises should play towards a low carbon society.

Promotion of Industry Solutions

Among all high energy consuming industries, the electrical power and transportation industries, due to their heavy dependency on traditional energy sources and low energy utilization efficiency, are especially encumbered with high power consumption. However, by effectively leveraging ICT, even the electrical power and transportation industries can consume less energy.

Smart Grid

Given that the electric power industry is usually the biggest consumer of primary energy, it should assume responsibility for power conservation and promoting best practices across industries. Therefore, the smart grid has become a national strategy in many countries even though it is currently deployed on a trial basis only.

At present, Huawei has conducted significant experimental work in China, Asia-Pacific and North America in the area of smart grids. In China, Huawei worked with the China Electric Power Research Institute (EPRI) to optimize communications standards for power generation facilities and explore solutions, including wireless and wired power distribution automation (DA). For example, in Dalian, Huawei deployed a wired access (optical network) and radio access (WiMAX) solution, to help Liaoning Electric Power Co. Ltd. develop innovations in DA. Huawei, in collaboration with EPRI, built an experimental platform that integrated xPON and the power consumption information collection function.

Huawei also participates in pilot programs for smart grid projects at home and abroad, with emphasis placed on areas such as advanced metering infrastructure (AMI) and DA. Huawei continues to optimize its products and solutions by applying advanced communications methods and approaches to the power generation business and adapting these to meet the special requirements of the electric power industry.

Thanks to the "peak load shifting" function, the smart grid can significantly reduce power consumption in construction and production, which in turn reduces carbon emissions. In Shenzhen, Huawei conducted a test with experts from the electric power sector which proved that the implementation of a smart grid can reduce the capital expenditure (CAPEX) by CNY 600 million, operating expenditure (OPEX) by 10 percent, and carbon emissions by about 5 percent annually. In the past two years, Huawei has helped the State Grid Corporation of China implement 30 smart grid pilot projects. Huawei was also involved in similar projects in Canada.

Another important function of the smart grid is to facilitate the introduction of new or alternative energy, which can potentially reduce carbon emissions of the power grid to almost zero. Huawei provides green energy solutions for communications networks, including solar energy and wind energy base stations that have been deployed worldwide. Under the Energy 2.0 framework, the power grid can, through intelligent means, connect recyclable energy sources generated by consumers. By deploying the smart grid, we meet the energy requirements of communications equipment, and transfer the remaining power to the public grid, thereby serving the public and realizing the green energy goal.

Intelligent Transportation and Logistics

Transportation and logistics is another industry that consumes a great amount of power, particularly petroleum. To help the industry reduce energy consumption, telecom solution providers can provide more intelligent scheduling and logistics solutions, such as railway communications, intelligent expressway scheduling network, and GPS-based positioning and scheduling. Over the years, Huawei and its subsidiaries have developed various integrated solutions for multiple transportation sectors. In 2005, Huawei worked on intelligent logistics and intelligent expressway system monitoring projects in Zhejiang and Jiangsu, China. Since then, Huawei has deployed various smart city solutions incorporating intelligent logistics and intelligent traffic surveillance in dozens of cities at home and abroad.

The rapid expansion of mobile subscriber bases in developing countries, the construction of FTTx broadband networks in developed countries, and the constant improvement of mobile bandwidth will continue to result in new requirements for network construction. Furthermore, the addition of in-service equipment will lead to more carbon emissions and higher financial pressure. As such, operators, equipment vendors and other relevant parties will need to develop new solutions to generate reductions in emissions and costs.

Huawei is committed to the following:

1. Improve the energy efficiency of products, thus helping operators to reduce TCO while reducing carbon emissions.

2. Conduct closed-loop management in the supply chain to control the environmental impact of equipment during manufacturing and transportation.

3. Cooperate with operators to launch more convenient and practical ICT applications so as to reduce unnecessary business trips and material turnover, as well as to actively promote the use of clean energies to reduce carbon emissions of society.[2]

[2] Huawei White Paper on Energy Saving and Emission Reduction

Supply Chain

Supply Chain CSR Management Policy and Strategic Goals

Huawei has implemented ethical and green sourcing methods and improved CSR management in the supply chain to ensure that product procurement meets CSR requirements:

1. Improve CSR awareness and management capability of suppliers to encourage sustainable development of the industry chain.

2. Urge suppliers to establish a CSR management system and assist them in improving critical CSR fields so as to reduce risks to suppliers, Huawei and our customers, and bring benefits to stakeholders including the employees of suppliers.

3. Urge suppliers to comply with CSR standards and encourage them to require the same from their suppliers.

Supply Chain CSR Management System

In 2010, Huawei optimized the supply chain CSR management system by establishing the Supplier CSR Management Department and inviting CSR experts to define organizational responsibilities, improve processes and policies, develop Supplier CSR Agreements, and enhance the professionalism of the qualification team.

1. Strengthening CSR Management

In 2010, Huawei made CSR a prerequisite for new suppliers. Suppliers unable to meet CSR requirements are rejected, regardless of other conditions they are able to offer. In addition, Huawei conducts an annual CSR risk assessment and random CSR inspections of all our suppliers. Huawei has reduced order values or even ceased cooperation with suppliers who have serious CSR issues.

2. Formulating a Supplier CSR Agreement

In 2010, Huawei formulated a Supplier CSR Agreement that includes labor standards, occupational safety and health standards, environmental standards, business ethics, CSR management system requirements, and sub-supplier management requirements. In 2011, the company will urge global suppliers to sign Supplier CSR Agreements to strengthen the CSR management of suppliers.

3. Establishing the Supplier CSR Management Department

In 2010, Huawei established the Supplier CSR Management Department and employed international renowned CSR experts to share expertise and boost capabilities of our CSR team. The Supplier CSR Management Department is responsible for the management of global suppliers and reports directly to the Chief Procurement Officer (CPO).

Some 240 full-time and part-time CSR officers are responsible for Huawei's procurement globally, with a CSR officer appointed to each procurement functional team and regional procurement branch.

4. Optimizing Processes and Policies

Huawei optimized the CSR Emergency Handling Process and revised the Supplier CSR Certification Standard and Report Template, the Supplier CSR Audit and Improvement Tracking Template, the Scoring Criteria on Supplier Environment and CSR, and the Guide to Supplier CSR Audit.

5. CSR Training and Skill Enhancement

Huawei developed and trained over 110 SQE and TQC on CSR Basic Knowledge (V3.0). The company also optimized the Supplier CSR Auditing Methods and Skills, and trained 24 CEG and TQC. To date, 140 engineers have achieved the CSR internal auditor qualification, close to 110 have received the OHSAS18001 internal auditor certificates, 110 have received the ISO14001 internal auditor certificates, over 100 have received the SA8000 internal auditor certificates, and 16 have achieved the senior CSR auditor qualification.

Huawei also invited external training organizations to provide EHS training to engineers who manage sub-contractors. To date, more than 60 engineers have obtained EHS management certificates.

6. CSR Data Management

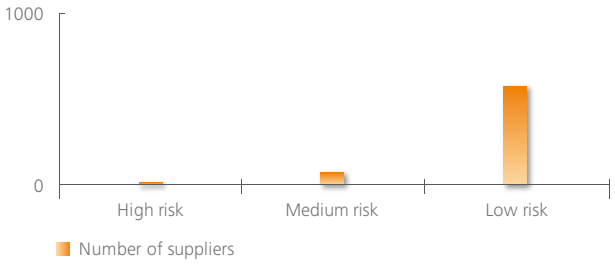
In 2010, Huawei continued optimizing the Supplier CSR Risk Assessment Tools to assess and record supplier CSR risk levels. Under the Supplier Corrective Action Request tracking and management system, Huawei classified the CSR problems of suppliers and urged them to correct and mitigate any risks to ensure that suppliers meet CSR requirements.

Supplier CSR Management Summary Highlights

1. Supplier CSR Risk Assessment

In 2010, Huawei used the CSR Risk Assessment Tools to assess the CSR risks of 670 key suppliers worldwide and found that 2.1 percent were high-risk suppliers, 11.2 percent were medium-risk, and 86.7 percent were low-risk. Based on these results, Huawei adopted various measures to successfully manage supplier CSR risks.

Supplier CSR Risk level	Number of Suppliers	Percentage
High risk	14	2.1
Medium risk	75	11.2
Low risk	581	86.7
Total	670	100



2. Supplier CSR Certification, Audit, and Improvement Tracking

In 2010, Huawei focused its CSR audit and improvement tracking on 178 suppliers, including the CSR certification for 18 new suppliers, on-spot CSR audits for 42 suppliers in cooperation with Huawei, and CSR problem tracking and resolution for 136 suppliers. Under the Supplier Corrective Action Request tracking and management system, 60 suppliers resolved their CSR problems and dramatically reduced their CSR risks.

Accordingly, Huawei increased the order values of 26 suppliers who had good CRS performance by 16 to 30 percent, reduced the order values of 16 supplies that had CSR problems by 10 to 40 percent, and ceased cooperation with eight suppliers who failed to resolve CSR problems within a pre-defined period. Huawei also encouraged 270 suppliers to complete their CSR annual report in 2010.

Supplier CSR Audit Scores	Number of Suppliers
91–100	10
81–90	21
71–80	19
61–70	10
Total	60

Appendix 2: 2010 Supplier CSR Certification Scores

3. Green Procurement

Huawei signed the Green Procurement Agreement with the Shenzhen Municipal Administration for Environmental Protection (SMAEP), promising that the company will optimize the management of green supply chain and implement green procurement. According to the agreement, SMAEP will provide Huawei with lists of heavily polluting enterprises, enterprises with good environmental performance, and those with poor environmental performance on a regular basis. Huawei will purchase products or services preferentially from enterprises with good environmental performance and stop purchasing products or services from enterprises violating environmental protection regulations. In addition, Huawei will establish a green procurement qualification system to promote supply of green products or services by enterprises upstream of the supply chain.

4. Huawei Green Partner Program

Environmental protection continues to be Huawei's focus in supplier CSR management. In 2010, Huawei continued the implementation of the Huawei Green Partner (HW GP) program. The program's certification standards cover all regulations, directives, standards, and requirements related to environmental protection. Its goal is to ensure that all product parts and materials meet environmental protection laws, regulations, and customer requirements.

In 2010, 31 suppliers passed the certification and became Huawei's green partners. The HW GP program encourages innovations in energy saving and carbon emission reduction to build green supply chains and reduce adverse environmental impact of the entire production chain.

Award ceremony for Huawei Green Partners at the Huawei Supplier CSR Conference held on July 2, 2010

5. Subcontractor Management

In 2010, Huawei established and signed the subcontractor EHS agreement with 123 subcontractors, and conducted over 5,200 audits on subcontractors' CSR/EHS systems and engineering sites. In addition, the company trained and tested EHS officers on major projects for major accounts such as Vodafone and Telenor. More than 60 officers received EHS management certificates. At the end of 2010, Huawei's operations in 22 countries passed the OHSAS18001 certification.

6. 2010 Supplier CSR Conference

Huawei's annual Key Supplier CSR Training Conference in 2010 emphasized the need for environmental protection, energy saving and emission reduction, health and safety, and social responsibility. In addition to 170 CEOs and leaders from 170 key suppliers and partners, senior management and CSR experts from operators such as British Telecom, Deutsche Telekom, Vodafone and France Telecom, attended the conference.

In his speech at the conference, Mr. Xu Zhijun, Executive Vice President of Huawei, stated: "Huawei attaches great importance to CSR, and has integrated it into the corporate organization, its processes, and its marketing. In fact, CSR is the DNA for Huawei's sustainable development."

Emphasizing the importance of supplier CSR management, Mr. Peng Zhiping, Senior Vice President of Huawei and President of the Huawei Procurement Qualification Management Department, said: "Huawei will continue to dedicate itself to the fulfillment of our global social responsibilities and stand firm by the policy of sourcing with social accountability. Additionally, we will reinforce our CSR building to guide and encourage supply chain CSR management and promote the sustainable development of the industry's supply chain."

Mr. Yin Xuquan, Senior Vice President of Huawei, stated in his closing speech: "Huawei will continue to encourage CSR strategies and CSR industrial standards and urge all suppliers to understand the importance of CSR and comply with CSR requirements in their daily operation. Furthermore, we will develop annual CSR plans and goals and intensify our efforts to improve CSR management and reduce CSR risks."

7. Customers and CSR Cooperation

Huawei held CSR seminars with British Telecom, Vodafone, France Telecom, and Norway's Telenor to share experiences and discuss measures to improve cooperation and address CSR challenges. The agenda for the 2010 CSR seminars included:

- Supplier CSR agreement
- Supplier CSR risk management and control
- Sub-supplier CSR management
- ISO26000 standards
- Joint CSR review
- Quarterly communication

Additionally, Huawei actively conducted joint assessments with customers (JAC). Huawei conducted 18 JACs with our suppliers, through which the company gained a deeper understanding of customer CSR requirements.

The CPO of Huawei was also invited by Vodafone to attend the Project H&S Conference in Luxembourg as a special representative.

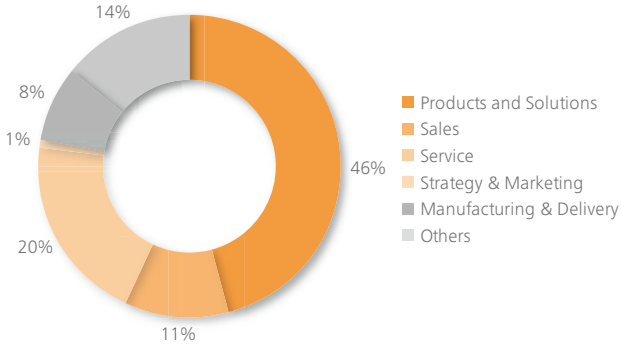
In April, David Mu, one of Huawei's supply chain CSR experts, attended the Switch-Asia Program meeting held in Qingdao. Mr. Mu delivered a speech entitled "Green Huawei and Green Supply Chain", which was highly regarded by attendees. The Switch-Asia Program was launched by the European Union in 2009 to promote sustainable consumption and production, and enhance sustainable growth and alleviate poverty. As a member of GeSI, Huawei participates in the Switch-Asia Program, and partnered with Deutsche Telekom to offer support for this program. As part of the company's commitment to the program, Huawei has also invited some of our suppliers to participate.

People

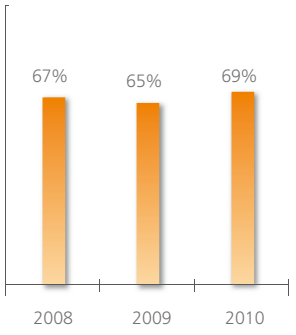
Huawei deems dedicated employees as the foundation for the company's sustained development and ensures that the hard work of its employees is rewarded in accordance with their performance and contributions. We provide a complete health and safety assurance system, as well as a comprehensive training and development program for our employees. Huawei also attaches high importance to the psychological health and well-being of its employees by providing support for employee issues through multiple internal communication channels and by offering a wide range of activities to enrich their leisure life.

Employee Overview and Management System

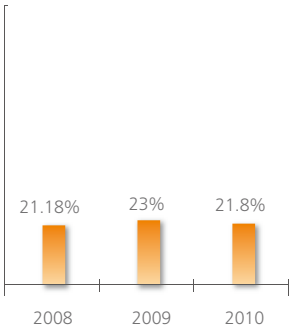
As of the end of December 2010, Huawei has over 110,000 individuals from 150 countries. About 46 percent of our employees are engaged in R&D and 31 percent are in sales and services. Some 69 percent of employees working in our overseas offices and operations are locals. More information about our employees, please refer to Appendix I "Key Performance Index"



Professional Fields of Employees



Localization rate of employees working overseas



Percentage of female employees

Diversity

Currently, Huawei has branch offices in over 140 countries around the world. While Huawei globalizes its business, the company is also committed to the localization of its operations. Huawei's employees come from 150 countries and regions (including China), and the number of foreign employees reached over 21,700 (as of December 31, 2010), accounting for 19.4 percent of the total workforce.

In 2010, Huawei enhanced its localization efforts. The localization rate of employees in our overseas offices increased from 65 percent in 2009 to 69 percent in 2010. Managerial positions are also available to foreign employees, enhancing the diversity of the management team.

Non-Discrimination

Huawei's equal opportunity policy is reflected in our recruitment process. Huawei will not tolerate discrimination on the grounds of race, gender, geographical origin, nationality, age, pregnancy or disability in recruiting employees. We have also adopted an anti-discrimination policy and will meet local labor laws and regulations.

Assistance for the Physically Disadvantaged

We take into consideration the special needs of physically disadvantaged employees and provide necessary facilities, including specially designed corridors and washing rooms.

Child Labor

Huawei strictly abides by laws and regulations and explicitly bans the use of child labor. We have established rigorous labor recruitment and employment procedures to ensure there is no child labor throughout our business operation.

Compensation and Benefits

Huawei not only adheres to the local minimum wage laws and regulations but also implements a very competitive compensation system. To boost Huawei's position as an employer of choice, Huawei's Human Resource Department has established long-term partnerships with consulting firms such as Hay Group and Mercer to conduct regular salary surveys as well as adjust employee compensation based on survey results and the company's business growth.

Huawei has put in place a social insurance and welfare system for all employees. The system complies with or exceeds local policy requirements and includes mandatory social insurance and additional benefits.

In addition, Huawei's employee bonus program is closely linked to employee performance. Employee bonuses are given out based on a quarterly assessment of an employee's performance on responsibilities assigned and the completion of major projects by the employee. The total compensation package is also considered.

Huawei reviews and revises our remuneration and compensation program annually in accordance with the company's compensation policy to ensure that the program reflects market conditions.

Employee Participation in Company Management

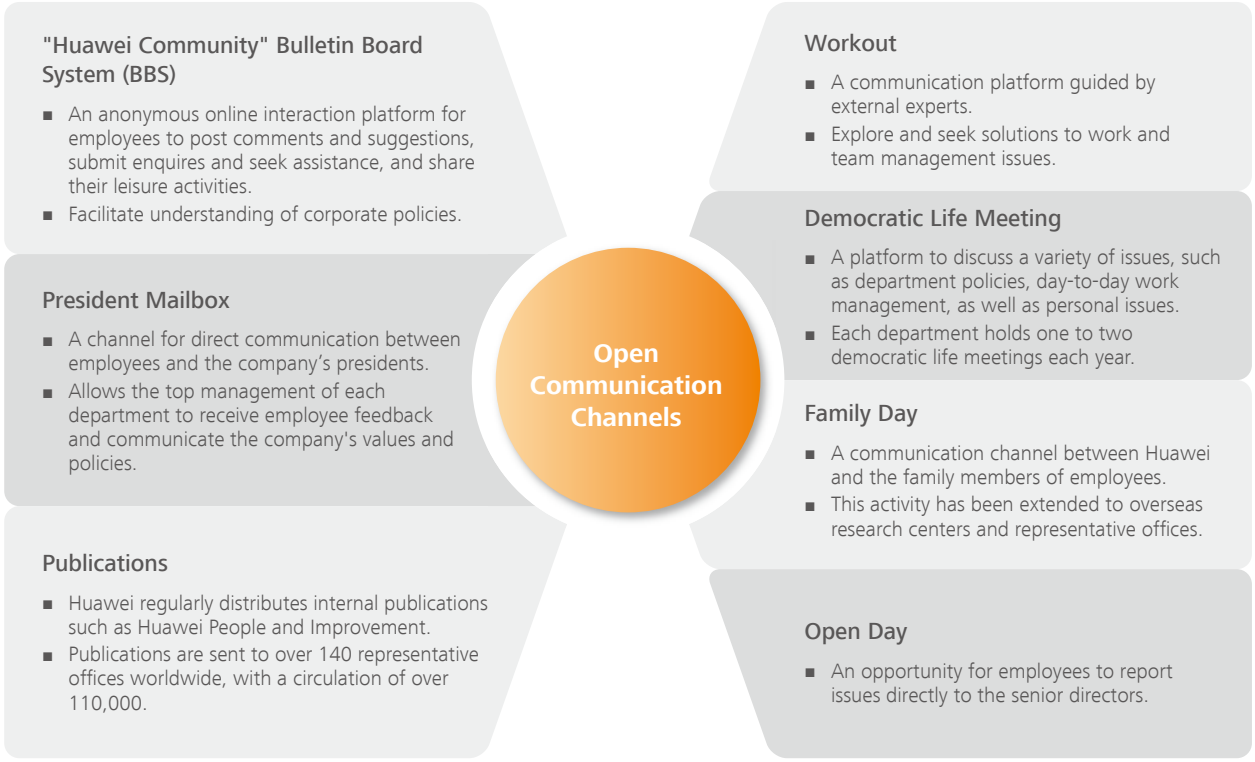
In December 2010, 61,359 Huawei employees, accounting for 95.5 percent of employees who participated in the Employee shareholding scheme, elected 51 shareholding employee representatives and 9 alternates. These representatives then elected the members of Huawei's Board of Directors and Supervisory Board.

Open Communication Channels

A wide range of formal and informal communication channels exist between Huawei and our employees. Employees can raise opinions and provide recommendations to their direct supervisors or to leaders at higher levels in accordance with the company's policy of open communications.

Huawei has established a hierarchical employee complaint reporting channel, where employees can be heard in a timely manner. Mechanisms are also in place to facilitate quick response to and fair and reasonable resolution of complaints.

In addition, Huawei continues to keep and maintain multiple regular and casual internal communication channels, as shown in the following figure:



Employee Health and Safety

Employee health and safety is a priority in Huawei. The company has set up the Employee Health and Safety Leadership Team, led by a member of Huawei's executive management team. Huawei also developed and implemented a comprehensive set of policies and programs to protect employee health and safety. These cover the following areas:

- Occupational health and safety management system
- Working environment and safety
- Operational site management
- Employee catering and vehicle safety assurance
- Health check and disease prevention
- Emergency handling and critical illness treatment
- Psychological consultation and counseling
- Employee insurance and welfare system
- Leisure life

Occupational Health and Safety Management System

Huawei has set up a corporate Environment, Health and Safety (EHS) Committee and EHS teams across different levels to establish, implement and maintain our occupational safety management system worldwide, in accordance with the OHSAS18001 standard. The teams systemically identify and control sources of potential hazards, and prevent occupational diseases and work-related injuries. Our occupational safety management system has passed various third-party certification in key regions.

Working Environment and Safety

Huawei is dedicated to providing a conducive and healthy working environment for employees.

The company appoints industry leaders in facility and property management to provide health and safety assurance to employees. The entry-exit of personnel, vehicles and property, and security of Huawei campuses are managed by property companies. Elevators, air conditioning, heating and ventilation, power supply and distribution system, and firefighting facilities in the workplace are maintained and repaired regularly by facility management companies to ensure that air quality, lighting, noise and radiation in the working environment meet requirements. Huawei also provides bottled water that meets drinking standards. Secondary water supply facilities are cleaned, disinfected and checked twice a year. Daily cleaning, regular disinfection and cleaning of external walls are also done at the offices.

Huawei attaches high importance to fire safety management. In 2010, the corporate fire safety accountability team comprised a total of 578 people, of whom 34 were department heads and 544 were management staff and safety specialists. The fire safety accountability team effectively prevented fire risks and accidents through communication, training sessions, fire inspections, and rectification of fire hazards. It also conducted unannounced fire drills. In 2010, besides the quarterly general fire inspection, we also conducted special inspections on firefighting equipment and facilities, electric appliances, construction sites, and canteens to actively eliminate fire risks. We strengthened the publicity of cases online and on site, conducted activities as part of the 119 Fire Safety Week, and conducted a total of 47 fire drills in 2010.

An unannounced fire drill

Operational Site Management

Huawei relies on the reliability of its sound EHS system to guarantee the occupational health and safety of employees. In 2010, we developed a series of EHS management processes and regulations on reducing microwave radiation, laser radiation and chemical cleaning agents to deal with the scenarios at operational sites, and also updated relevant regulations on managing production safety accidents.

We developed measurable EHS and process management metrics to encourage production business departments to change their approach to EHS initiatives from passive management to active management, and gradually reached the management objective of "I need EHS" and "I understand EHS". To implement the EHS accountability program, all staff from the production business departments of the Supply Chain Management Department signed the EHS Letter of Commitment to ensure that EHS responsibilities in the production process were fully implemented. In 2010, production business departments conducted self-assessments regarding safety performance, and reduced the injury rate per one million work-hours to 0.41 in 2010 (the average level of the electronic industry is between 0.5 and 0.75), and the total number of safety accidents was also far below the industry average.

To eliminate safety hazards, we applied EHS to assess and manage newly-developed and newly-introduced equipment, products, and raw materials in accordance with applicable state regulations concerning safe production, and ensured the safe and smooth operation of the production process. We conducted two initiatives on removing safety risks throughout the end-to-end process, audited special equipment, power facilities and plant infrastructure of factories and conspicuous sources of safety risks, and corrected the issues identified. We optimized PPE site management tailored to the site features of the production base, and ensured that there are sufficient PPE (Personal Protective Equipment) and employees use PPE correctly. Our management of special equipment and the qualifications of employees performing the operations meet state regulations on safety management for special operations.

In EHS publicity and skills improvement, production departments especially conducted EHS awareness and skills training for over 4,800 new production employees, enabling them to quickly familiarize themselves with and apply Huawei's production safety management system at work. We provided regular comprehensive training sessions on EHS awareness and skills review to all on-the-job production employees. Over 280 employees who required the state certificate for special operations participated in skills training and received certificates from the relevant authorities. To motivate EHS management teams, the EHS management teams of the production departments selected and publicized the performance of over 220 outstanding EHS operations teams and individuals, and monthly EHS stars.

In the engineering delivery field, we conducted all-round EHS management, conducted health and safety assessments of key products, released the Regulations on Personal Protective Equipment and Safety Identifiers, incorporated the regulations into our SOP, and provided guidance to the employees performing operations. We continuously optimized the EHS management technologies and documentation system relating to delivery, and printed and distributed the Site Construction Safety Guide in multiple languages to encourage safe site construction. Huawei also provided training, publicity, and first aid drills on EHS awareness and knowledge to improve employee awareness and mitigate accidents. We provided employees with a whole set of personal protective equipment, and strengthened safety patrols on construction sites to ensure the safety of site construction. We took proactive measures to reduce construction noise, clean up construction sites, protect vegetation, and avoid destroying the environment. The company actively responded to customer requirements, communicated the EHS management status of delivery projects, and participated in customer EHS communication meetings. We encouraged our partners to implement EHS strategies, and guided them in conducting EHS management and improving performance.

In R&D laboratory management, products and solutions focused on improving EHS management in the following three areas:

Engineering personnel follow protective measures strictly

A microwave radiation check in the workplace

- Testing laboratories: We set up full-time testing laboratory teams who were responsible for the environment planning, design, construction and improvement of testing laboratories.
- R&D laboratories: We improved the laboratory environments based on the 8S (Seiri, Seiton, Seiso, Seiketsu, Shitsuke, Safety, Saving, and Service) improvement, conducted daily patrols and optimization based on functional area divisions, regulation development, operational guidance, and inspection recording, and managed development laboratories in a structured and consistent manner. These efforts were put in place at over 800 R&D laboratories.
- Special reconstruction: In 2010, Huawei invested CNY 1 million in a reconstruction fund for examining acoustics, lighting, electricity, heat, and magnetism in laboratories and key location reconstruction sites. A total of seven special reconstruction projects were completed.

Employee Catering and Vehicle Safety Assurance

Huawei campuses in China adopt a social operational model to meet the catering and transportation needs of its employees, and provide high-quality and efficient services to its employees while ensuring safety.

Huawei's 20 catering suppliers in China have all obtained food sanitation licenses and their employees have received health certificates. Additionally, they abide by food sanitation and safety requirements of the HACCP system, which include providing certificates for food ingredients, providing a sanitary environment, separating raw food from cooked food, and cleaning and disinfection. They keep a complete record of food samples, conduct acceptance on food ingredients, ensure food temperature control, and maintain site sanitation inspection records. Four canteens at Huawei's headquarters in Shenzhen were selected as a Level-A Organization on Food Sanitation by the Health Bureau of Shenzhen. In the 2010 reporting period, there were no food poisoning cases. To improve our capabilities for handling food poisoning emergencies and verifying the viability of the emergency handling process, Huawei arranged for our Chinese branches to conduct food poisoning drills, and simulated activities that occur after food poisoning, including reporting the accidents, organizing rescues, issuing alerts, recalling the food, sealing and retaining samples, and sending samples for assessment. These drills were successful and achieved their intended purposes.

Huawei attaches high importance to vehicle safety management in overseas regions. In 2010, overseas representative offices focused on strengthening the implementation of the Regulations on the Safe Use of Corporate Vehicles (Corp. Doc. No. [2009] 115), and the safety of overseas vehicles improved significantly. By 2010Q3, a total of 4,894 vehicles were applied for use in overseas regions, and most of the vehicles were in good condition. For the 144 vehicles that have been used for more than 8 years or have clocked mileage of over 200,000 km, the relevant representative offices will maintain greater oversight in the day-to-day management of these vehicles and replace them in time to ensure safety.

To improve the traffic safety awareness of employees, we organized the 3rd Traffic Safety Week across the company in May 2010. The activities held during the Traffic Safety Week attracted over 170,000 person-times' participation, and over 20,000 brochures were distributed. Our 25 overseas representative offices also organized other activities to communicate the importance of traffic safety.

Health Check and Disease Prevention

Huawei monitors the health and safety of its employees in three ways: (1) health checks for new employees, (2) annual health checks, and (3) occupational on-boarding, on-the-job, and exit health checks. We hire professional organizations to interpret the physical health check reports for the employees, and track and provide health guidance to employees who are identified with health problems.

In 2010, Huawei provided physical check-ups to 15,000 new hires, and 1,200 specific check-ups. It also provided annual health checks to all full-time employees, and provided occupational health checks to about 3,200 on-the-job employees who are exposed to occupational health risks.

Huawei has business operations around the world, and we invest to protect the health of our employees, regardless of where they are located. Health care for employees working overseas is provided mainly by the local administration departments. Huawei provides support to overseas health care efforts by developing health policies, sharing knowledge on preventing infectious diseases, and distributing health-related materials.

In 2010, Huawei provided guidance on infectious diseases and emergency handling for regions with high risks of infectious diseases, developed the Manuals for Preventing Malaria, Typhoid and Dengue and Mosquito Prevention, publicized them in our overseas offices, provided small medicine kits for employees, first aid medicine kits for offices, and medicine kits for vehicles in high risk countries, and distributed and encouraged employees to take preventive measures such as using protective articles like mosquito nets, door screens, window screens and lights, as well as medication or vaccination against mosquito-borne diseases. To ensure that employees who work in challenging environments where safe drinking water may be an issue, Huawei provides guidance on drinking water safety, inspects water quality, and requests that regions where tap water does not meet drinking water safety standards use bottled water or install water purification devices.

Emergency Handling and Critical Illness Treatment

Huawei follows state laws and regulations and relevant corporate policies when handling an emergency. Should personal emergencies occur to employees, we carry out a series of activities aimed at reducing the losses incurred by the employees and their family, as well as by the company and society. These activities include site handling, reporting and extending condolences to family members, post-emergency handling, internal employee communication, and external media reporting. We follow the principles of legal compliance, fairness, justness and confidentiality, and request relevant departments and personnel to focus on timely reporting, appropriate handling and prevention.

When responding to and managing emergencies, Huawei actively promotes the proactive and simply-termed management concept – "I want safety". In 2010, we held more than ten emergency drills in different emergency scenarios on production sites to improve how employees handle emergencies and increase collaboration among departments. To improve personal safety, we organized the "Personal Safety Week" to promote personal safety awareness, encouraged employees to participate in activities under the theme of "I have a say on safety", designed and printed 100,000 safety emergency cards for all employees, and revised and distributed a total of 30,000 copies of the Safety Manual for Huawei Employees.

Presidents of key departments are held responsible by the company for work-related injuries to employees. Huawei has also established the Employee Insurance Management Leadership Team to review and decide on solutions to personal emergencies that occur to employees. They are supported by the Employee Insurance Management Execution Team, which investigates and handles personal emergencies that occur to employees, recommends solutions, and submits them to the Employee Insurance Management Leadership Team for review and approval.

Huawei provides 24/7 emergency aid services globally through the partnerships we have established with commercial insurance companies and international aid organizations, including transnational medical transport providers on the use of chartered medical flights. Huawei has also introduced medical service suppliers in our Shenzhen campus to provide day-to-day medical services to employees. In addition, Huawei purchased commercial critical illness insurance for our employees to ensure they receive quality care and timely financial support during their recovery period.

Psychological Consultation and Counseling

To safeguard the psychological well-being of employees, the company provides training courses on topics such as psychological health and stress management. These courses are available in various forms, such as videos and case studies. Many departments also have their own psychological health communication channels (such as Psychology Online and the Psychological Health Workshop), which are engaging, informative and popular among employees.

Professional psychological consultants are available at the corporate Health Service Center to provide consultation services to employees. These services include face-to-face consultations, consultations through phone calls, and home visits by psychologists.

Employee Insurance and Welfare System

Huawei has implemented a comprehensive employee insurance and welfare system, which encompasses mandatory coverage and commercial insurance including personal accident insurance, critical illness insurance, life insurance and business travel insurance. For critical circumstances, the company also has a corporate rescue plan. The personal accident insurance covers all global employees; the critical illness insurance and life insurance cover all employees hired in mainland China; and the business travel insurance covers all Chinese expatriates. In 2010, Huawei spent a total of CNY 1.97 billion on employee insurance and welfare.

In 2010, Huawei also further optimized the employee insurance and welfare system in the following areas:

- Fully deployed the overseas employee insurance optimization project and developed location-based insurance policies to enhance the corporate global employee insurance and welfare system.
- Improved the standards of commercial life insurance.
- Collaborated with insurance suppliers to establish the IT platform for the management and operation of global

employee insurance. In 2010, we started the development of the employee safety information platform, and strengthened efforts in educating staff on and managing employee travel safety.

- Further promoted and optimized our program to facilitate the families of employees in purchasing commercial insurance, and established a platform to enhance insurance for employees' families.

Leisure Life

We are fully aware of the importance of the physical and mental well-being of employees, and as such attach high importance to the quality of life of employees outside of work.

Currently, Huawei has a large number of employee associations that focus on enriching and improving employee quality of life. These associations organize a wide range of activities, such as picnics, dance parties, sports events, photography sessions and singing activities.

These employee associations maintain various internal and external communications channels and provide all types of information to employees, including health, life, transportation, children, education, travel tips and even dance training.

In addition, Huawei also organizes "Family Day" so that employee family members can get to know Huawei better and experience the environment that their loved ones work in.





Career Path and Growth

The growth and development of our employees are priorities at Huawei. The company provides various channels for learning, training and development of employees:

- Competency and qualifications (C&Q) are a managerial innovation of Huawei and serve as a talent quality guarantee system. Professional C&Q provides a clearly-defined career path for employees, and specifies direction for growth and role requirements. The alignment of C&Q standards with job responsibilities provides clear guidance and reference for employees, and serves as the unified basis for the capability assessment of managers and employees. Additionally, a unified C&Q assessment system creates a fair and open work climate, and enables the fair assessment of employee capabilities and recognition of their contributions.

- Huawei has implemented a sound employee learning system. By designing a detailed learning path for key positions, we enable employees to specify gaps in their performance and suggest learning methods, so that they take greater initiative and ownership of self-learning and development. The company provides learning opportunities, rich learning resources and convenient learning methods according to job requirements at different positions, so that employees are able to hone their skills and receive guidance to help them achieve outstanding performance and positive contributions.

- Huawei's learning programs cover a wide range of areas, including culture and orientation training for new hires, product and technical training, position and business skills learning, and management and leadership development programs for key positions. These programs fully meet employee learning requirements to become a technical expert or manager. We actively deploy various forms of learning, such as the Huawei iLearning (e-Learning) project, and various informal learning channels, such as a knowledge management system and the BBS, forums, blogs, and teams. These channels ensure that Huawei employees in every corner of the world have access to online learning materials and performance support. In 2010, every employee received an average of 42 hours of training, bringing the total participation number for learning activities to 1,468,000 person-times On average, over 100,000 employees/times access the Huawei iLearning platform each month, and over 61.7 percent of the learning efforts were completed online.

- Huawei emphasizes practical learning and growth through on-the-job experience. We adopt methods, including situational drills and case studies-based workshops, to help employees understand and grasp basic ideas, skills and tools required in business scenarios and processes, such as the delivery and sales of large projects. Huawei continuously encourages its employees to share their experiences and develop business case studies. As of 2010, the Huawei case library had 9,280 cases, with over 2,500,000 views.

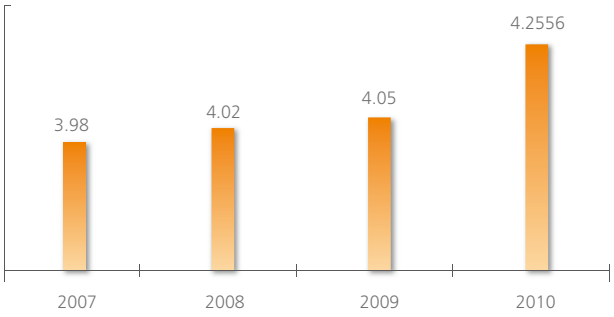
Growth, Progress, and Excellence

To promote the diversity of managers and employees and create a work climate advocating the fair employment and development of female managers and employees, Huawei established the "Steel Rose Club" in 2009.

In March 2010, Huawei held our first female development conference. The theme of the conference was "Growth, Progress, and Excellence". Fifty outstanding female managers and employees from the Products & Solutions department gathered to discuss how the strengths of female employees can be better harnessed in R&D positions, as well as how female employees can continue to develop their skill sets. In 2011, Huawei will continue to enhance the occupational training and promotion of our female employees, so that they receive fair recognition and opportunities at the work place.

Organizational Climate Building

Organizational climate building involves all Huawei employees. Each year, we conduct the plan-do-check-action (PDCA) cycle through assessments, analysis, interviews and improvements, where we listen to employees, identify strengths and weaknesses in team management and manager styles, learn and make improvements, and jointly build a highly-dedicated and high-performing team. We analyze the measurement data in terms of the average score of the team (employees' overall feelings about the organizational climate), data from specific questions (these questions reflect different management focuses), data from the four dimensions (basic requirements, value reflection, team belonging, and common growth), and historic comparison. The measurement data results are then reported to team members. All team members discuss the results and develop an improvement plan, with HR staff tracking the implementation of these improvement plans.



Average Score: Organizational Climate Building

Community Support

Huawei actively contributes to society and the development of the communities we operate in. As a responsible corporate citizen, we are committed to efforts and actions that enable us to make positive contributions to the welfare, education, disaster relief and environmental protection of our local communities.

Overview

In 2010, Huawei successfully organized charity projects for various causes. In China, we contributed mainly through the Charity Association – an organization guided by its motto "make charity our way of life" and dedicated to disaster relief, helping disabled and underprivileged children, caring for senior citizens and education support. In Central, South and Southeast Asia, we focused on bridging the digital divide, equipping local communities with tools and knowledge to improve their communications skills. (Refer to Chapter "Bridging the Digital Divide" for more information.) In less developed countries and regions in Africa and South America, we focused on projects that provide assistance to women and children. In Europe, we worked to promote the cultural exchange between China and Europe.

Education

Huawei became a member of the UN Global Compact in 2004, and has integrated the basic principles advocated by the Global Compact into our corporate culture and business activities. By providing training and education opportunities, improving the communications skills of local people, concentrating on the primary education of children and young people, and supporting the education of people in poverty-stricken areas, we are making every effort to contribute to the Millennium Development Goals of the UN.

In China, Huawei has established scholarship funds to support the development of education and encourage students and teachers who have made outstanding achievements in teaching and scientific development. In 2009, Huawei disbursed scholarships worth a total of CNY 2.09 million at 33 domestic universities, and increased this funding to CNY 2.47 million for students in 40 domestic universities in 2010.

Huawei also attaches special importance to educating primary school students in poverty-stricken areas. In 2010, we donated CNY 1.075 million to underprivileged regions in Guizhou, Sichuan, Gansu, and Guangdong for building primary schools and purchasing school supplies and living necessities, significantly improving educational facilities of the primary schools in these regions. We donated DH 150,000 (about USD 18,000) to a local foundation in Morocco for building primary schools, and also donated school supplies to underprivileged children at Sigler Elementary School in the U.S..

Huawei is committed to providing education opportunities for outstanding students and girls. For two consecutive years, we donated school supplies worth GHC 20,000 (about USD 13,000) to schools in Ghana, benefiting over 300 high-performing students, and provided financial support to underprivileged Ghanaian university students studying in China. We donated KES 1 million (about USD 12,500) to an all-girl school in Kenya, and made donations to local foundations in Tanzania to support local charity efforts, such as the education of women and children.

Disaster Relief

Disaster relief has always been a priority in Huawei's corporate social responsibility and philanthropy programs. When disasters strike, Huawei stands shoulder to shoulder with people all around the world, doing what we can to help those affected by the disasters, and making contributions to disaster rescue and relief operations. As a communications equipment supplier, Huawei not only donates cash and materials to help people in disaster areas, but also assumes the responsibility of helping to repair and restore communications so as to facilitate rescue and relief operations.

Donations for Disaster Relief

In 2010, Huawei donated cash and materials amounting to USD 1.055 million for flood victims in Venezuela, Columbia, and Mexico, through local foundations who purchased emergency materials and helped the local community recover from the flood.

Huawei employees also actively support and make voluntary donations to people living in poverty-stricken areas. Employees of Huawei's subsidiary in Vietnam made personal donations of VND 2.5 million (about USD 4,300) to provinces in central Vietnam impacted by a heavy flood.

In the aftermath of a forest fire in the Russian village of Nizhni Novgorod, Huawei's regional office immediately donated telecom equipment worth USD 500,000 to the people in the affected area and reconstructed the equipment room that had been severely damaged by the fire.

Earthquake Relief for Haitians

In January 2010, an earthquake measuring 7.3 on the Richter scale struck Haiti, causing devastating damage. Huawei's representative office in Mexico took prompt action, encouraging employees to make donations and sending materials urgently needed by the affected areas such as food, medicine and drinking water to the local Red Cross.

In addition, the office donated over USD 220,000 through various channels and organizations, to assist with rescue and reconstruction efforts. Huawei also donated 5,000 cell phones to support the restoration of communications in the area and to enable the Haitians to re-establish contact with their loved ones and friends.

Donations for the Flood in Pakistan

In July 2010, the flood impacting Northwestern Pakistan expanded rapidly in just a few weeks, and eventually became the worst flood in the country in 80 years. Huawei's subsidiary in Pakistan donated INR 8.5 million (about USD 100,000), and employees made voluntary cash donations of INR 500,000 (USD 5,900). Huawei also donated CNY 100,000 to the Prime Minister Disaster Relief Fund through the Pakistan Embassy in Beijing, China.

Communications Assurance for Disaster Relief

When communications are disrupted by disasters, communications recovery in the stricken areas becomes extremely important. After a major disaster occurs, Huawei organizes employees to arrive at the site quickly, so as to assist telecom operators in repairing the sites and recovering communications as soon as possible.

In the wake of disasters, such as the earthquake in Yushu, the landslide in Zhouqu, China, and the rare heavy snow and rainstorm in Albania, Huawei employees were at the frontline of disaster relief operations in repairing communications equipment.

Communications Assurance after the Earthquake in Chile

On February 27, 2010, an earthquake measuring 8.8 on the Richter scale struck Chile. After the earthquake, the communications services of some local operators were disrupted due to equipment being damaged or destroyed. As soon as Huawei was informed of the situation, we sent engineers to the affected cities to repair sites and equipment, even though there was still a high risk of aftershocks, and water and power supplies were cut off. After three days of inspection and repair work, the engineers successfully restored services at the damaged sites.

Charity Association: Making Charity Our Way of Life

Huawei encourages its employees to participate in community charity activities, and has established a dedicated Charity Association to facilitate employee participation in community service and donations to important causes.

After an earthquake struck Yushu, Qinghai Province, the Charity Association immediately organized employees to donate to the area's reconstruction. By May 20, some 10,370 employees donated over CNY 5.88 million to the victims and recovery efforts in Yushu through the Red Cross in Qinghai. The association also donated CNY 1 million to Zhouqu, Gansu Province to aid disaster relief after a severe landslide disaster struck the region in August.

During the drought in Southwest China in the beginning of 2010, the Charity Association launched a "Spring Dew Program" to encourage employees to show their love through donations. Employees responded actively, raising almost CNY 700,000 in donations to the five drought-stricken provinces in the Southwest. Staff from Huawei's five representative offices in Southwest China also showed their care for the people in the drought-afflicted areas, making donations such as mineral water, rice and other endowments of daily necessities including school supplies, shoes and clothing to schools in remote areas affected by the drought.

Other Charity Efforts

As a global leader in the telecom industry, Huawei has operations in over 140 countries worldwide. Huawei is committed to building positive relationships with our communities, especially with those in overseas regions. To bring to life our philosophy of achieving win-win situations for Huawei and the local communities, the company organizes and sponsors a large number of charity activities in the countries where it operates. Through these activities, Huawei has made significant contributions to society – by promoting cultural exchange between China and other countries, enhancing healthcare and education for children and women, fighting against poverty and hunger, encouraging arts, culture and sports development, and protecting the environment.

Cultural Exchange Between China and Other Countries

Huawei actively contributes to cultural exchange between China and other countries through its offices globally.

We sponsored Sarakasi, a charity group in Kenya, to attend the Shanghai International Arts Festival in China. In Nigeria, Huawei was the only official sponsor for Nigeria National Pavilion Day at the Shanghai Expo 2010 and the Nigeria-China Investment Forum, which promotes bilateral cultural and economic exchange. Huawei also established a Chinese Culture Center in Abuja, Nigeria to promote and increase understanding of Chinese culture among students and the local community.

In 2010, Huawei rolled out a host of "Shanghai Expo 2010 Tour" activities, organized summer camps for middle school and university students in countries such as India, Turkey, Australia, Vietnam, Brazil and Croatia, sponsored visits to Huawei's headquarters in Shenzhen and the Shanghai Expo 2010 for outstanding middle school and university students, and cooperated with the Confucius Institute of the Bogazici University of Turkey to host the "Experiencing Chinese" Summer Camp in Istanbul for Turkish youngsters. These activities enable youth from other countries to get to know and appreciate the Chinese culture.

Large-Scale Charity Party Hosted by Huawei and the Prince's Trust

In 1976, Prince Charles of the U.K. founded the Prince's Trust, a charitable organization that aims to train young people, equip them with key skills, and enhance their confidence and motivation. After becoming a member of the organization in 2007, Huawei has provided donations to the trust every year, and sponsored many of its activities. On December 17, 2010, Huawei hosted a fund-raising Christmas Charity Concert with the Trust in London.

Performance by China Disabled People's Arts Troupe in India

In 2005, "The Lady Buddha with a Thousand Hands", a performance by the China Disabled People's Arts Troupe during the Spring Festival Gala touched the hearts of Chinese. Five years later, Huawei invited the troupe to visit India and demonstrate the beauty and spirit of the Chinese culture to Indians from all walks of life. The audience was overwhelmed by the performance of the troupe, and greatly touched by the enduring spirit of the performers who are deaf and mute.

Healthcare

Huawei provides support for the healthcare of individuals in the countries and regions where we operate. For example, the company donated prosthetic legs and corrective medical devices to Venezuela's Ministry of Health, sponsored the Susan G. Komen Tournament in North America to fight breast cancer, and donated USD 10,000 in cash and materials to a local NGO in Ghana to support cancer treatment and prevention. Huawei also continues to sponsor the Nelune Foundation in Australia to assist those battling cancer.

The Bell Celebrity Gala

Huawei sponsored the Bell Celebrity Gala in 2010.This gala raises funds for the Centre for Addiction and Mental Health in Canada.

Women and Juvenile Assistance

Care for women and children and the education of our future generations are universal goals common to countries across the world, and are critical to sustainable global development. Huawei recognizes this and has made the development and protection of children and women, and youth education, key priorities in our CSR program.

In 2010, Huawei provided financial aid to various women's assistance projects. For example, we donated USD 6,250 to women who are recovering from violence-related injuries in Nairobi, Kenya, so that they can receive free medical service and psychological support. We sponsored a local NGO in Ghana to organize the "Saving Mama" charity event aimed at providing assistance to pregnant women in rural areas.

Huawei also cares for children, especially children and orphans in poverty-stricken areas. We donated USD 50,000 to the Smolensk Oblast Air Crash Fund in Poland to assist orphans of the plane crash, visited sick children at the Korle Bu Hospital in Ghana on Christmas Day and gave them toys and candy to cheer them, organized visits to orphanages for employees in Bolivia, made donations to Sanyu Babies Home, an orphanage in Uganda, and sponsored a "run for education" marathon to raise funds for childhood education in Africa. In addition, Huawei also launched the "Rainbow Initiative" in China to encourage our employees to help disabled children.

Visiting Sanyu Babies Home, an orphanage in Uganda

In 2010, Huawei's charitable efforts also focused on the employment of our future generations. We donated USD 55,000 to the Job Foundation in Australia and sponsored the Yemen Youth Employment Laboratory Program.

Visiting Orphanages

Huawei's employees have been providing financial support to orphanages in Columbia for many years. Employees regularly visit the orphans, bringing them food and clothes. For Christmas in 2010, Huawei employees showed their care for these underprivileged children by donating blankets, children's shoes, children's tableware, towels, toilet articles, and other necessities.

The RCMP Foundation Annual Golden Spur Gala

Huawei sponsored the 6th Annual Golden Spur Gala held by the Royal Canadian Mounted Police (RCMP) Foundation in Canada. The gala raised a total of USD 125,000 to aid juveniles and youths-at-risk. The RCMP Foundation was founded in 1994 and is dedicated to helping local communities address juvenile issues.

The Fight Against Poverty and Hunger

Alleviating poverty is a key pillar in Huawei's charitable efforts. In 2010, Huawei conducted a wide range of charity programs around the world to help communities fight poverty and hunger. We donated 10 tons of corn to the Kenyan Red Cross for families in the poor areas of the Laikipia district, donated four boats to people living in the tropical rain forest in Southern Venezuela, and participated in volunteer activities in North America organized by the Habitat for Humanity, an NGO dedicated to providing shelters for those in need.

Miscellaneous

Huawei also contributes to arts, culture and sports development, and environmental protection in countries around the world. We sponsored KES 3 million (about USD 37,500) for Safaricom Classical Concert in Kenya which showcases and encourages local musical talent. We provided USD 3,750 for the "Annual Sports Star Award" in Kenya, and over the last two years, have been participating in the local Dragon Boat Festival in Düsseldorf, Germany to promote interaction and cultural exchange between local community and the Huawei team. In the Philippines, we planted over 200 trees with local operator, Globe.

Charity Event to Fight Hunger

Huawei organized over 80 employees in the U.S. to participate in an event organized by a local NGO aimed at soliciting food donations for needy families. Our employees donated USD 20,000 and helped in the packing and distribution of food to families suffering from hunger.

The Marathon Tournament in Lewa, Kenya

Huawei has sponsored the annual event for five consecutive years to raise awareness for education of children in remote areas and for protection of wild animals. In 2010, Huawei was presented with the Highest Enterprise Donation Award by tournament organizers.

The Opening of the Beethoven Musical Festival, Part of the Opening Ceremony of the 200th Birthday of F.F. Chopin

In March 2010, Huawei partnered with other companies to sponsor the Opening Ceremony of the Beethoven Musical Festival, which is a part of the Opening Ceremony of the 200th Birthday of F.F. Chopin. This event was held in the National Grand Theatre in Warsaw, Poland. Many well-known artists participated in this event and presented a wonderful musical celebration to all in attendance.

Appendix I: Key Performance Index

Type	Key Metrics	Performance in 2010
Finance	Sales revenue (CNY million)	185,176
	Operating profit (CNY million)	29,271
	Operating cash flow (CNY million)	28,458
	Other financial metrics	Refer to Huawei 2010 Annual Report
Environmental Protection	Number of products that passed green certification	9
	Number of types of banned substances	25
	Annual CO_2 emissions reduction due to savings in steel consumption (unit: 10,000 tons)	4.2
	Total number of hybrid-energy powered stations deployed (sets)	8,000
	Shipment of green packages (unit: 10,000 pieces)	4
	Amount of wood saved due to green packaging (m3)	6,100
	CO_2 emissions reduction due to green packaging (unit: 10,000 tons)	1.2
	Shipment of overseas supply centers (unit: ton)	8,021
	Drop rate of the logistics period	17%
	Container space utilization rate	68.2%
	Optimization rate of the end-to-end logistics model	75%
	Amount of wasted electronic products recycled and processed (unit: ton)	5,000
	Percentage of wasted electronic products reutilized	96%
	Total power consumed (unit: 1 ton standard coal) *	73,429
	Total water consumed (unit: 1,000 tons) *	3,130
Supply Chain	Number of key suppliers that accept CSR risk assessments	670
Employee Rights and Interests (Including Employee Occupational Health)	Total workforce Wherein: Percentage of R&D staff Percentage of sales & services staff Others	Over 110,000 46% 31% 23%
	Child labor	0
	Employee training man-times (unit: 10,000 man/times)	146.8
	Total number of foreign employees[1]	Over 21,000
	Localization rate of employees working overseas	69%
	Number of full-time employees under the age of 35	Over 98,000
	Number of full-time employees between the ages of 35 and 50	Over 19,000
	Number of full-time employees over the age of 50	1311
	Average age of employees	30.6
	Percentage of female employees	21.8%
	Number of mid- and senior-level managers[2] Wherein: Number of mid- and senior-level female employees	Over 2,600 Over 200
	Employee turnover rate	9.56%
	Work-related injury rate[#]	0.415
	Number of work-related deaths[3]	1
	Number of people with occupational diseases	0
	Number of annual lost hours[#]	Around 4,405

[1]Refers to the total number of non-Chinese employees of the Company.
[2]Defined as Huawei managerial roles at level 18 or above.
[3]Caused by an elevator accident that occurred outside Huawei facilities.
[#]Only covers injuries happened in China to employees recruited in the China region.
*Consumption data in the China region.

Appendix II: GRI Index

No.	G3 standard disclosures	Index
1.Strategy and Analysis	1.1 Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy.	Message from the Chairwoman; CSR Strategy and Management
	1.2 Description of key impacts, risks, and opportunities.	Message from the Chairwoman
2. Organizational Profile	2.1 Name of the organization.	About this Report
	2.2 Primary brands, products, and/or services.	Corporate Overview
	"2.3 Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures."	Corporate Overview
	2.4 Location of organization's headquarters.	Corporate Overview
	2.5 Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Corporate Overview
	2.6 Nature of ownership and legal form.	Corporate Overview
	2.7 Markets served.	Corporate Overview
	2.8 Scale of the reporting organization.	Corporate Overview
	2.9 Significant changes during the reporting period regarding size, structure, or ownership.	Corporate Overview
	2.10 Awards received in the reporting period.	Corporate Overview; Environmental Protection; Community Support
3. Report Parameters	3.1 Reporting period for information provided.	About this Report
	3.2 Date of most recent previous report.	About this Report
	3.3 Reporting cycle	About this Report
	3.4 Contact point for questions regarding the report or its contents.	About this Report
	3.5 Process for defining report content.	About this Report; Stakeholder Engagements
	3.6 Boundary of the report.	About this Report
	3.7 State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope). I	About this Report
	3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	N/A
	3.9 Data measurement techniques and the bases of calculations.	About this Report
	3.10 Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g.,mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	N/A
	3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	N/A
	3.12 Table identifying the location of the Standard Disclosures in the report.	Appendix II
	3.13 Policy and current practice with regard to seeking external assurance for the report.	About this Report

No.	G3 standard disclosures	Index
4. Governance, Commitments, and Engagement	4.1 Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Corporate Overview
	4.2 Indicate whether the Chair of the highest governance body is also an executive officer.	Huawei 2010 Annual Report
	4.3 For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Huawei 2010 Annual Report
	4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	People
	4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organization's performance.	N/A
	4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Huawei 2010 Annual Report
	4.7 Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	N/A
	4.8 Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Corporate Overview
	4.9 Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	CSR Strategy and Management
	4.10 Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	N/A
	4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Green Communications, Green Huawei; Supply Chain
	4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Green Communications, Green Huawei; Supply Chain; Community Support
	4.13 Memberships in associations (such as industry associations) and/or national/international advocacy organizations	CSR Highlights in 2010; Green World; Bridging the Digital Divide
	4.14 List of stakeholder groups engaged by the organization.	Stakeholder Engagements
	4.15 Basis for identification and selection of stakeholders with whom to engage.	Stakeholder Engagements
	4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Stakeholder Engagements
	4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Stakeholder Engagements
5. Management Approach and Performance Indicators		
Disclosure on Management Approach	Economic/Environmental/Society	N/A
Economic Performance Indicators	EC1 Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Corporate Overview; Huawei 2010 Annual Report
	EC2 Financial implications and other risks and opportunities for the organization's activities due to climate change.	Environmental Protection
	EC3 Coverage of the organization's defined benefit plan obligations.	People
	EC4 Significant financial assistance received from government.	Huawei 2010 Annual Report
	EC5 Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	People
	EC6 Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Supply Chain
	EC7 Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	N/A
	EC8 Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Community Support
	EC9 Understanding and describing significant indirect economic impacts, including the extent of impacts.	Huawei 2010 Annual Report

No.	G3 standard disclosures	Index
Environmental Performance Indicators	EN1 Materials used by weight or volume.	N/A
	EN2 Percentage of materials used that are recycled input materials.	Green Communications
	EN3 Direct energy consumption by primary energy source.	Green Huawei
	EN4 Indirect energy consumption by primary source.	Green Huawei
	EN5 Energy saved due to conservation and efficiency improvements	Green Communications; Green Huawei
	EN6 Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Green Communications; Green Huawei
	EN7 Initiatives to reduce indirect energy consumption and reductions achieved.	Green Huawei
	EN8 Total water withdrawal by source.	Green Huawei
	EN9 Water sources significantly affected by withdrawal of water.	N/A
	EN10 Percentage and total volume of water recycled and reused.	N/A
	EN11 Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	N/A
	EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	N/A
	EN13 Habitats protected or restored.	N/A
	EN14 Strategies, current actions, and future plans for managing impacts on biodiversity.	N/A
	EN15 Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	N/A
	EN16 Total direct and indirect greenhouse gas emissions by weight.	Green Huawei
	EN17 Other relevant indirect greenhouse gas emissions by weight.	Green Communications, Green Huawei
	EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved.	Green Communications, Green Huawei
	EN19 Emissions of ozone-depleting substances by weight.	N/A
	EN20 NO, SO, and other significant air emissions by type and weight.	N/A
	EN21 Total water discharge by quality and destination.	N/A
	EN22 Total weight of waste by type and disposal method.	Green Huawei
	EN23 Total number and volume of significant spills.	N/A
	EN24 Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	N/A
	EN25 Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	N/A
	EN26 Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Green Communications
	EN27 Percentage of products sold and their packaging materials that are reclaimed by category.	Green Communications
	EN28 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	N/A
	EN29 Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Green Communications
	EN30 Total environmental protection expenditures and investments by type.	N/A
Social Performance Indicators		

No.	G3 standard disclosures	Index
Labor Practices and Decent Work	LA1 Total workforce by employment type, employment contract, and region.	People
	LA2 Total number and rate of employee turnover by age group, gender, and region.	People
	LA3 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	N/A
	LA4 Percentage of employees covered by collective bargaining agreements.	N/A
	LA5 Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	N/A
	LA6 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.	N/A
	LA7 Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	People
	LA8 Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	People
	LA9 Health and safety topics covered in formal agreements with trade unions.	N/A
	LA10 Average hours of training per year per employee by employee category.	People
	LA11 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	People
	LA12 Percentage of employees receiving regular performance and career development reviews.	People
	LA13 Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	People
	LA14 Ratio of basic salary of men to women by employee category.	N/A
Human Rights	HR1 Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	N/A
	HR2 Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Supply Chain
	HR3 Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	People
	HR4 Total number of incidents of discrimination and actions taken.	People
	HR5 Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	N/A
	HR6 Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	People
	HR7 Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	N/A
	HR8 Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	N/A
	HR9 Total number of incidents of violations involving rights of indigenous people and actions taken.	N/A
Society	SO1 Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Community Engagement
	SO2 Percentage and total number of business units analyzed for risks related to corruption.	N/A
	SO3 Percentage of employees trained in organization's anti-corruption policies and procedures.	Anti-corruption and Anti-bribery
	SO4 Actions taken in response to incidents of corruption.	Anti-corruption and Anti-bribery
	SO5 Public policy positions and participation in public policy development and lobbying.	Green World
	SO6 Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	N/A
	SO7 Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	N/A
	SO8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	N/A

No.	G3 standard disclosures	Index
Product Responsibility	PR1 Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Green Communications
	PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	N/A
	PR3 Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Green Communications
	PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	N/A
	PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	N/A
	PR6 Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Green Communications; Green Huawei
	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.	N/A
	PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	N/A
	PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	N/A
6. Telecommunication Sector Specific Indicators		
Internal Operations	IO1 Capital investment in telecommunication network infrastructure broken down by country/region.	N/A
	IO2 Net costs for service providers under the Universal Service Obligation when extending service to geographic locations and low-income groups, which are not profitable. Describe relevant legislative and regulatory mechanisms.	Green World
	IO3 Practices to ensure health and safety of field personnel involved in the installation, operation and maintenance of masts, base stations, laying cables and other outside plant. Related health and safety issues include working at heights, electric shock, exposure to EMF and radio frequency fields, and exposure to hazardous chemicals.	People
	IO4 Compliance with ICNIRP (International Commission on Non-Ionising Radiation Protection) standards on exposure to radiofrequency (RF) emissions from handsets	Green Communications
	IO5 Compliance with ICNIRP (International Commission on Non-Ionising Radiation Protection) guidelines on exposure to radiofrequency (RF) emissions from base stations.	Green Communications
	IO6 Policies and practices with respect to Specific Absorption Rate (SAR) of handsets.	Green Communications
	IO7 Policies and practices on the siting of masts and transmission sites including stakeholder consultation, site sharing, and initiatives to reduce visual impacts. Describe approach to evaluate consultations and quantify where possible.	Green Communications
	IO8 Number and percentage of stand-alone sites, shared sites, and sites on existing structures.	N/A

No.	G3 standard disclosures	Index
Providing Access	PA1 Polices and practices to enable the deployment of telecommunications infrastructure and access to telecommunications products and services in remote and low population density areas. Include an explanation of business models applied.	Bridging the Digital Divide
	PA2 Policies and practices to overcome barriers for access and use of telecommunication products and services including: language, culture,illiteracy, and lack of education, income, disabilities, and age. Include an explanation of business models applied.	Bridging the Digital Divide
	PA3 Policies and practices to ensure availability and reliability of telecommunications products and services and quantify, where possible, for specified time periods and locations of down time.	Green Communications
	PA4 Quantify the level of availability of telecommunications products and services in areas where the organisation operates. Examples include: customer numbers/ market share, addressable market, percentage of population covered,percentage of land covered.	N/A
	PA5 Number and types of telecommunication products and services provided to and used by low and no income sectors of the population. Provide definitions selected. Include explanation of approach to pricing, illustrated with examples such as price per minute of dialogue/bit of data transfer in various remote,poor or low population density areas.	Bridging the Digital Divide
	PA6 Programmes to provide and maintain telecommunication products and services in emergency situations and for disaster relief.	Community Support
	PA7 Polices and practices to manage human rights issues relating to access and use of telecommunications products and services. Explain how such policies and practices are adapted and applied in different countries.	Cyber Security Assurance
	PA8 Policies and practices to publicly communicate on EMF related issues. Include information provides at points of sales material.	Green Communications
	PA9 Total amount invested in programmes and activities in electromagnetic field research. Include description of programmes currently contributed to and funded by the reporting organisation.	Green Communications
	PA10 Initiatives to ensure clarity of charges and tariffs.	N/A
	PA11 Initiatives to inform customers about product features and applications that will promote responsible, efficient, cost effective, and environmentally preferable use.	Green Communications
Technology Applications	TA1 Provide examples of the resource efficiency of telecommunication products and services delivered.	Green Communications
	TA2 Provide examples of telecommunication products, services and applications that have the potential to replace physical objects	Green World
	TA3 Disclose any measures of transport and/or resource changes of customer use of the telecommunication products and services listed above. Provide some indication of scale, market size, or potential savings.	N/A
	TA4 Disclose any estimates of the rebound effect (indirect consequences) of customer use of the products and services listed above, and lessons learned for future development. This may include social consequences as well as environmental.	N/A
	TA5 Description of practices relating to intellectual property rights and open source technologies.	Green Communications; Huawei 2010 Annual Report

Appendix III: Terms and Abbreviations

Abbreviation	Full Name
3G	Third Generation Mobile Telephony
3GPP	Third Generation Partnership Project
AA1000	AccountAbility 1000
ADSL	Asymmetric Digital Subscriber Line
ARPU	Average Revenue Per User
CCIP	Paris Chamber of Commerce and Industry
CCSA	China Communications Standards Association
CDMA	Code Division Multiple Access
CEG	Commodity experts group
CEO	Chief Executive Officer
CSR	Corporate Social Responsibility
EHS	Environment, Health and Safety
EPC	Electronic Product Code
GeSI	Global e-Sustainability Initiative
GPS	Global Positioning System
GRI	Global Reporting Initiative
GSMA	GSM Association
HACCP	Hazard Analysis Critical Control Point
ICT	Information and Communications Technology
IEC	International Engineering Consortium
IEEE	Institute of Electrical and Electronics Engineers
IETF	Internet Engineering Task Force
IP	Internet Protocol
ISO	International Standardization Organizations
ITU	International Telecommunication Union
ITU-T	ITU Telecommunication Standardization Sector
LCA	Life Cycle Assessment
LTE	Long Term Evolution
NGBSS	Next Generation Business Support System
NGO	Non-government organization
OHSAS	Occupational Health and Safety Assessment Series
PCT	Patent Cooperation Treaty
SA8000	Social Accountability 8000
SDP	Service Delivery Platform
SOP	Standard Operation Procedure
SQE	Supplier Quality Engineer
TCO	Total Cost of Ownership
TMF	TeleManagement Forum
TQC	Total Quality Control
UNESCO	United Nations Educational, Scientific and Cultural Organization
VDSL	Very-high-bit-rate Digital Subscriber loop
WEEE	Waste Electrical and Electronic Equipment
WiMAX	Worldwide Interoperability for Microwave Access
WPO	World Packaging Organization

Appendix IV: Assurance Statement

ASSURANCE STATEMENT

Introduction
Det Norske Veritas Business Assurance (DNV BA) has been commissioned by Huawei Technologies Co., Ltd. (Huawei) to carry out verification on Huawei Sustainability Report 2010 (the Report) against the DNV Verification Protocol for Sustainability Reporting (VeriSustain®).
Huawei is responsible for the collection, analysis, aggregation and disclosure of information within the Report, while our responsibility is to perform this work completely in accordance with agreed terms of reference. The stakeholders of Huawei are the intended users of this statement. The verification is carried out based on the assumption that the data and information Huawei provided to us is complete and true.

Scope of Assurance and Limitations
The scope of assurance agreed upon with Huawei includes the following:

- The social, environmental and economic data presented in the Report, covering social responsibility performance from January to December 2010;
- On-site verification of Huawei headquarters which was covered in the Report;
- No interviews with external stakeholders;
- We did not verify the financial data presented in the Report (already verified by another third party);
- DNV has not observed significant factors to limit our assurance activities;
- Verification was completed by DNV BA during February 2011.

Verification Methodology
Our verification was planned and carried out in accordance with the VeriSustain®
The Report has been evaluated against the following criteria:

- Adherence to the principles of Materiality, Completeness, Neutrality and Responsiveness, inclusivity, as well as Reliability of specified sustainability performance information, as set out in DNV's Protocol.

As part of the verification, DNV BA has challenged the statements and claims made in the Report and assessed the robustness of the underlying data management system, information collection and controls. For example, we have:

- Examined and reviewed documents, data and other information made available to DNV by Huawei;
- Visited the headquarter of Huawei;
- Conducted interviews with 30 representatives from Huawei, including senior managers and relevant employees;
- Performed sample-based review on the mechanisms of implementing Huawei's social responsibility policies, as described in the Report;
- Performed sample-based checks on the processes of generating, gathering and managing the quantitative and qualitative data included in the Report.

Conclusions
In DNV BA's opinion, Huawei Sustainability Report 2010 provides a credible and objective presentation of Huawei's overall sustainability performance which is in conformity with the VeriSustain® Principles. DNV BA also endorses the GRI Application Level of B+, as declared by Huawei
We use 'Good', 'Acceptable' and 'Needs Improvements' to evaluate the Report's adherence to the following principles:
Inclusivity: Acceptable. Huawei has established a procedure to identify and prioritize the concerns of stakeholder, the critical sustainability issue were systematically identified and evaluated by third party and disclosed in the Report. A sustainability strategy which objective aligned with critical issues concerned by stakeholders were established and implemented.
Materiality: Acceptable. Based on the Identification Procedure on Sustainability Issues, Huawei has identified at the outset on these critical sustainability issues which are disclosed in the Report along with relative performance.
Responsiveness: Acceptable. The Report discloses Huawei's sustainability performance information for 2010, as a response to main stakeholders' concerns, especially on the policy, approach and performance on global climate change risks, bridging the digital divide and etc.
Reliability: Needs Improvement. During the verification, Huawei adequately described its information management system to DNV BA. Although it was found that several statistical methodologies of specific data and information was not defined clearly, there is no systematic errors were detected.
Completeness: Acceptable. Within the reporting scope and boundary defined by Huawei, we do not believe that the Report omits significant, relevant information that could influence stakeholders' decisions or that reflect significant sustainability impacts during the reporting period
Neutrality: Acceptable. We consider the overall tone of the Report to be neutral and the presentation of information to be balanced. The emphasis on various topics in the Report is basically proportionate to their relative materiality.

Opportunities for Improvement
The following is an excerpt from the observations and opportunities reported back to the management level of Huawei. However, these do not affect our conclusions on the Report, and they are indeed generally consistent with the management objectives already in place.

- It is suggested to disclose more performance indicators according to the requirements of Global Reporting Initiative's Sustainability Reporting Guidelines (GRI G3) and GRI Telecommunications Sector Supplement, to respond and implement the critical issues which have been identified
- It is suggested to establish a more effective and systematic validation mechanism to enhance the collection and validation process of disclosed sustainability performance.
- It is suggested to further complement the relevant indicators of historical data and the explanation of variation trend of indicators in report period.

Statement of DNV's Competence and Independence
DNV is a global provider of sustainability services, with qualified environmental and social assurance specialists working in over 100 countries. DNV BA was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV BA maintains complete impartiality toward the verification by numerous public means to understand positive and negative comments on Huawei. DNV BA expressly disclaims any liability or co-responsibility for any decision a person or entity would make based on this Assurance Statement.

For Det Norske Veritas Business Assurance

WU, Di
Leader of Verification

WONG, Chun Kin
CR Services Manager
DNV BA China

Shenzhen, China, 9th February 2011

In case of discrepancy between the English and Chinese language text, the Chinese text shall prevail.

General Disclaimer

The information in this document may contain predictive statements including, without limitation, statements regarding the future financial and operating results, future product portfolio, new technology, etc. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied in the predictive statements. Therefore, such information is provided for reference purpose only and constitutes neither an offer nor an acceptance. Huawei may change the information at any time without notice.

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