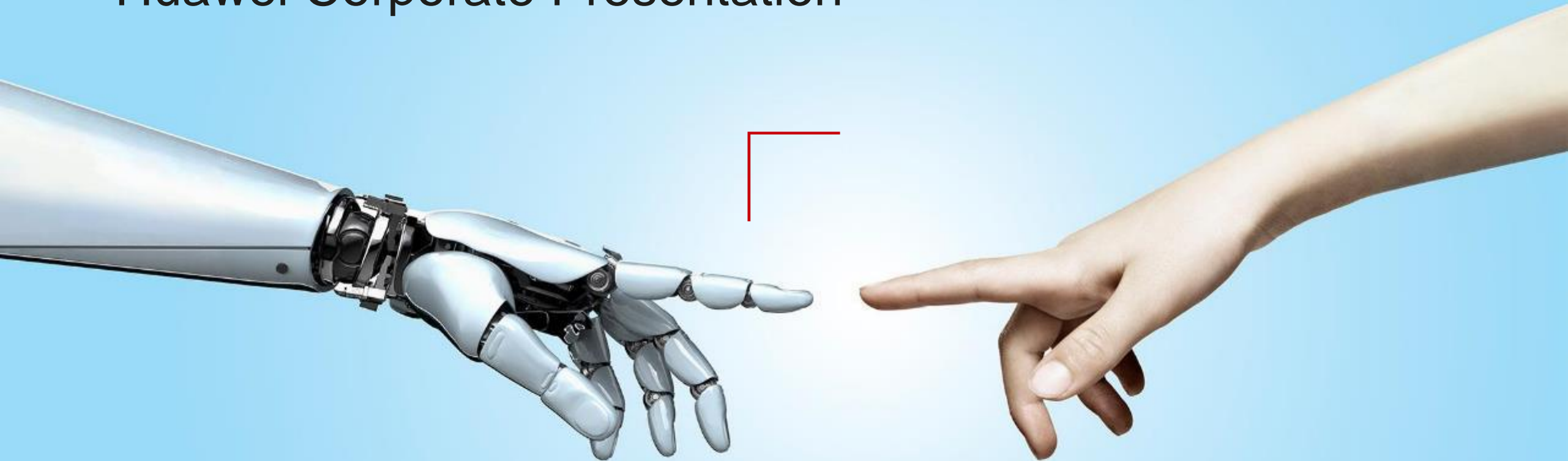


September 2019

Huawei Corporate Presentation



HUAWEI

Huawei: Leading Global Provider of ICT Infrastructure and Smart Devices



Bring digital to every person, home and organization
for a fully connected, intelligent world



188,000+

Employees



80,000+

R&D employees



170+

Countries



68 in

Interbrand's
Top 100
Best Global Brands



61 in

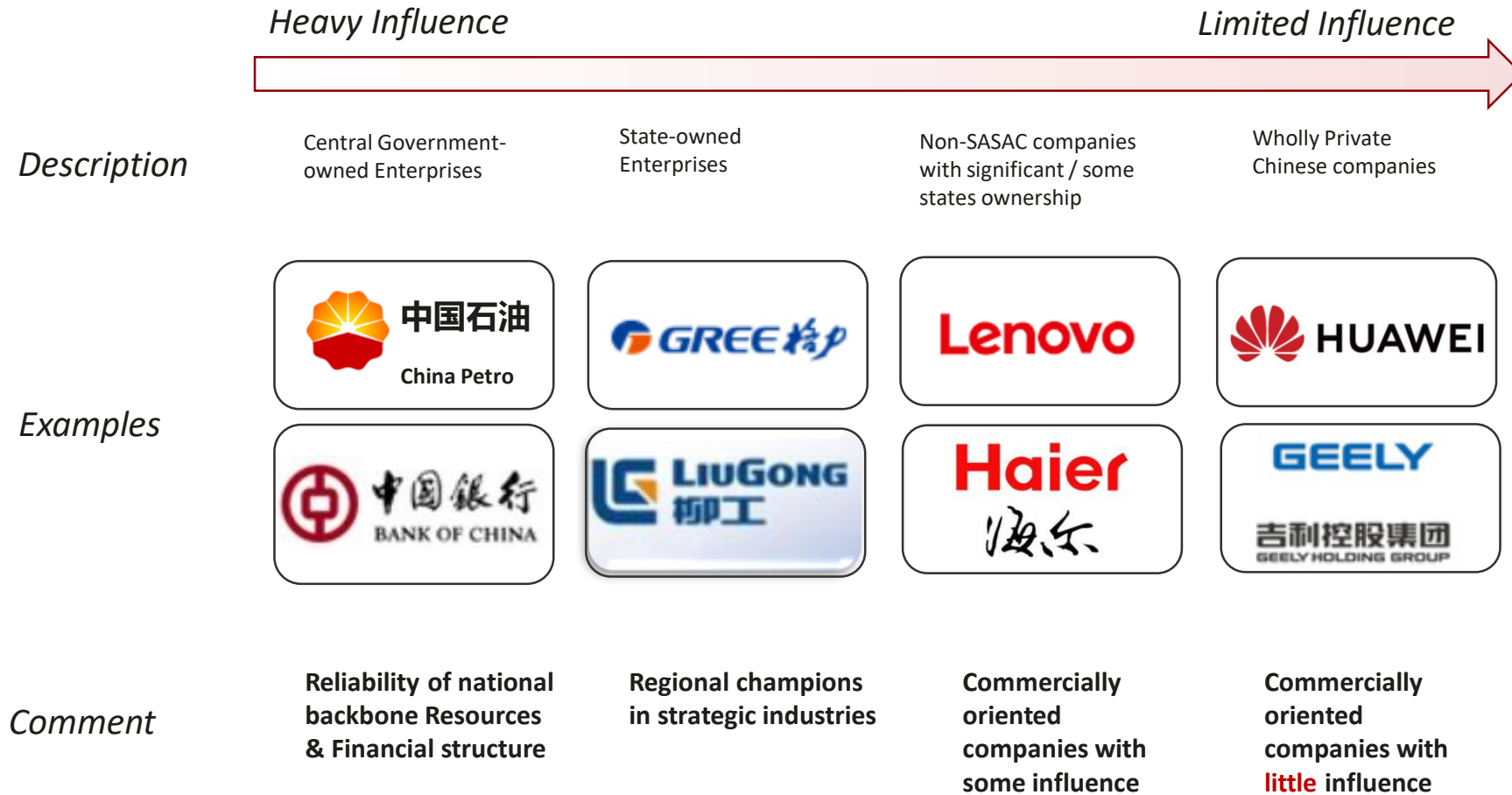
Fortune Global 500

Huawei was founded in Shenzhen, China's Special Economic Zone

- 1987** Huawei, a private company, was founded by Ren Zhengfei and several other investors with an investment of US\$3,500. At that time, the company was a reseller of PBX switches of Hong Kong Hong Nian Company.
- 1992** Huawei developed HJD analog switches that supported 48 ports.
- 1993** Huawei developed C&C08 digital switches, which were primarily deployed in rural areas.
- 1997** Huawei started engaging global top consulting firms for management transformations.
- 1999** Huawei established its first international R&D center in Bangalore, India.
- 2000** Huawei made significant progress in developing countries, e.g., Uzbekistan.
- 2005** Huawei became a preferred supplier for top carriers such as British Telecom and Vodafone. Revenue from Asia Pacific, the Americas, and EMEA exceeded domestic market for the first time.
- 2009** Huawei deployed the world's first LTE network in Northern Europe.
- 2010** Huawei transformed itself from a CT company to an ICT company and established three BGs: Carrier BG, Enterprise BG, and Consumer BG.



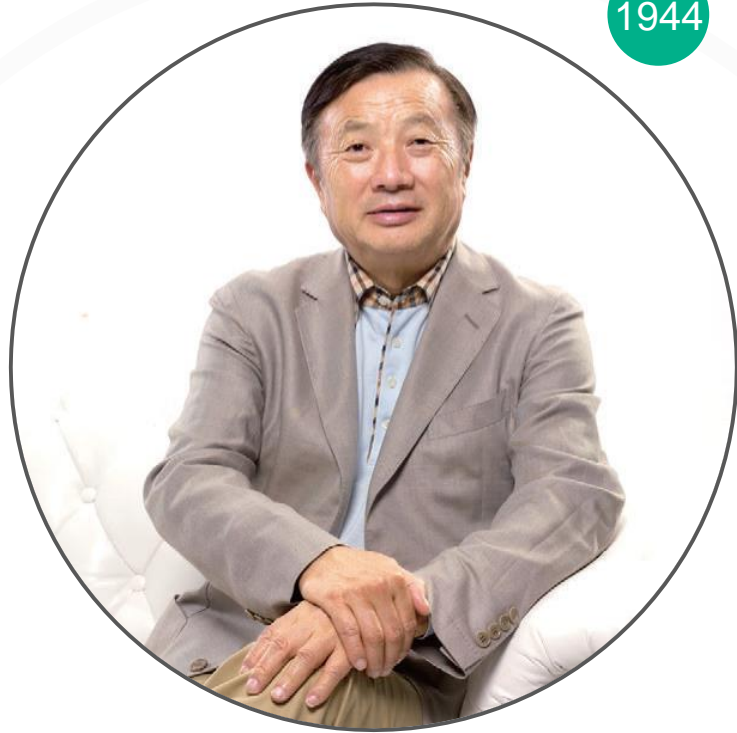
Huawei is a private company operates independently



- Huawei is an independent global company wholly owned by its employees. We have a standard corporate governance structure, stock ownership structure, and audit and internal control system.
- Huawei's business processes have been designed under the guidance of Western companies. Under strict business process systems with key control points (KCPs) and separation of duties (SOD), even Huawei executives cannot go beyond the bounds of processes.



Huawei's founder- Mr. Ren Zhengfei



1944

Born to a rural family; both parents were school teachers in Guizhou Province.

1963

Studied at the Chongqing Institute of Civil Engineering and Architecture, and then was employed in the civil engineering industry after graduation.

1974

Joined the military's Engineering Corps as a soldier.

1983

Discharged from the army when the Chinese government disbanded the entire Engineering Corps. Joined Shenzhen South Sea Oil Corporation.

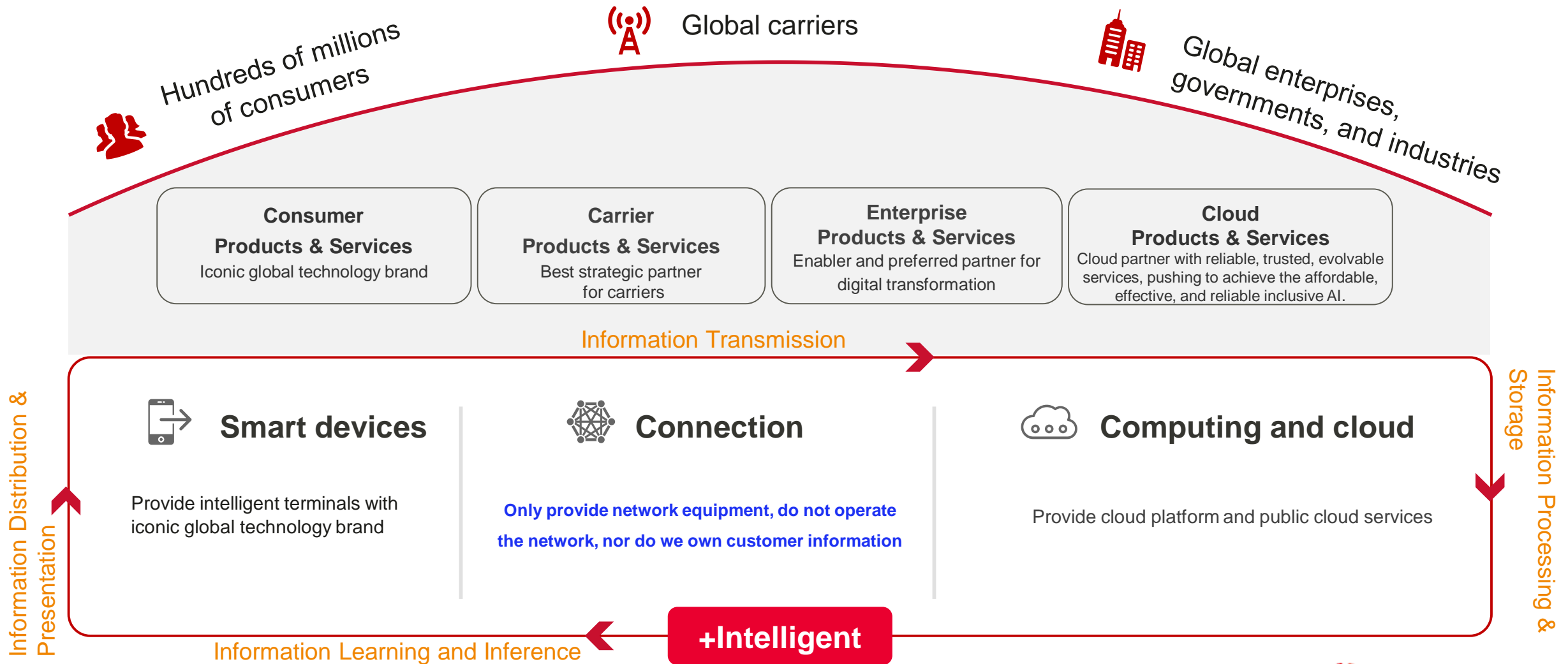
1987

Established Huawei with a capital investment of US\$3,500(CNY21,000).

1998

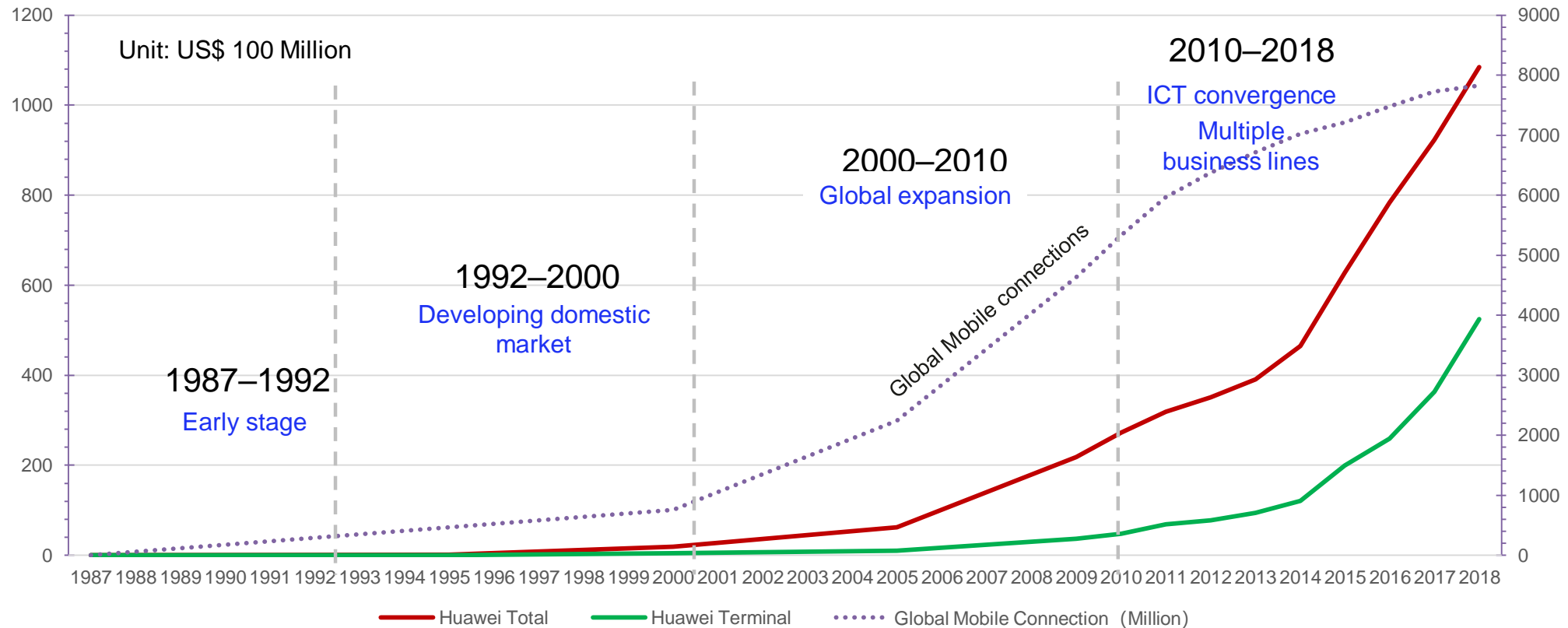
Became the CEO of Huawei and has held the title ever since.

Focusing on Smart Devices, Connectivity, Computing, and Cloud; Providing Products and Solutions for Three Customer Groups

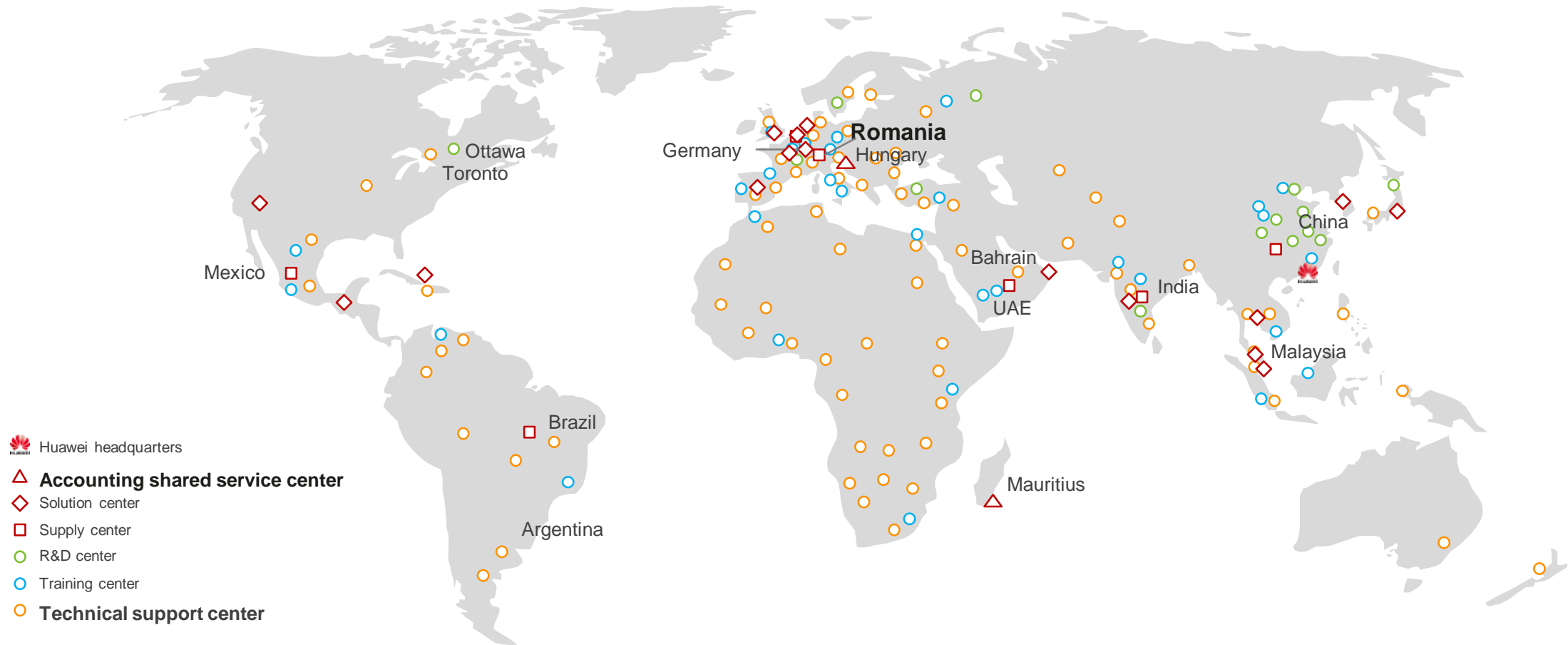


Development History

- In 1987, Mr. Ren Zhengfei, the founder of Huawei, raised 21,000 RMB to establish Huawei in Shenzhen.
- Starting from a PBX agent, seize the historical opportunities brought by China's reform and opening and the rapid development of global ICT industry, has grown steadily into a company with annual sales volume more than 100 billion \$.



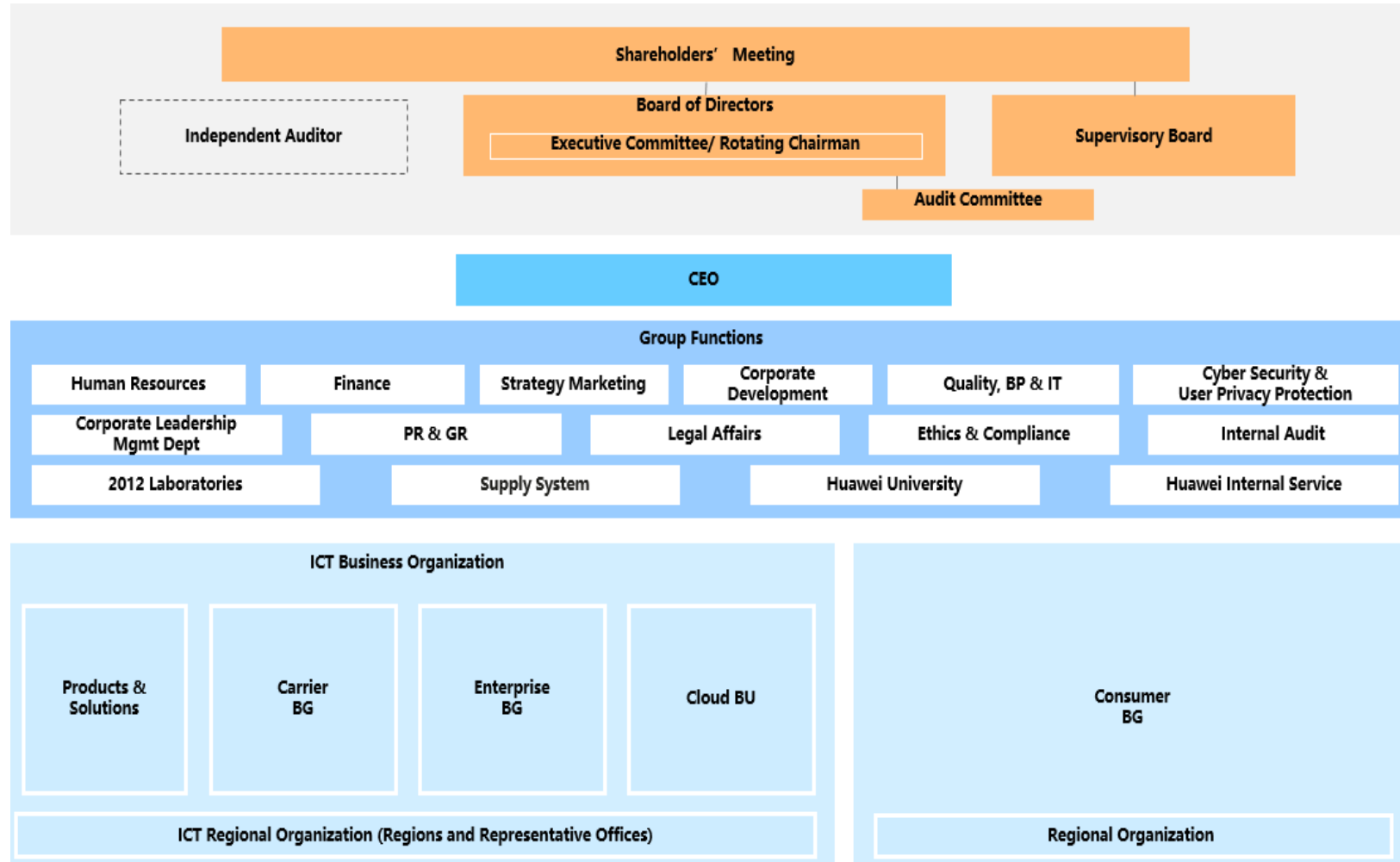
Globalized Positioning, Localized Operations



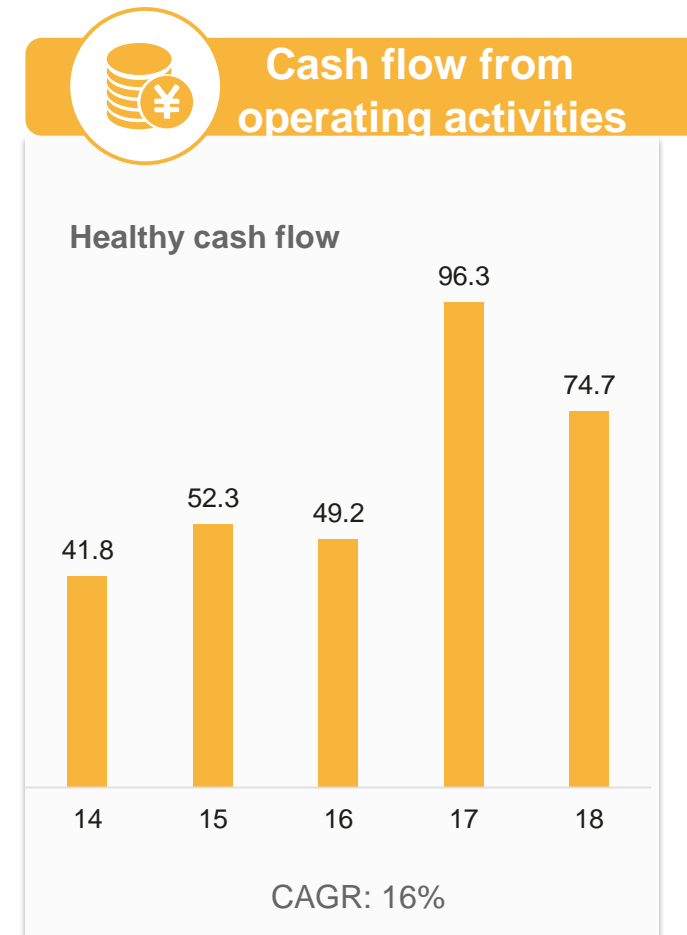
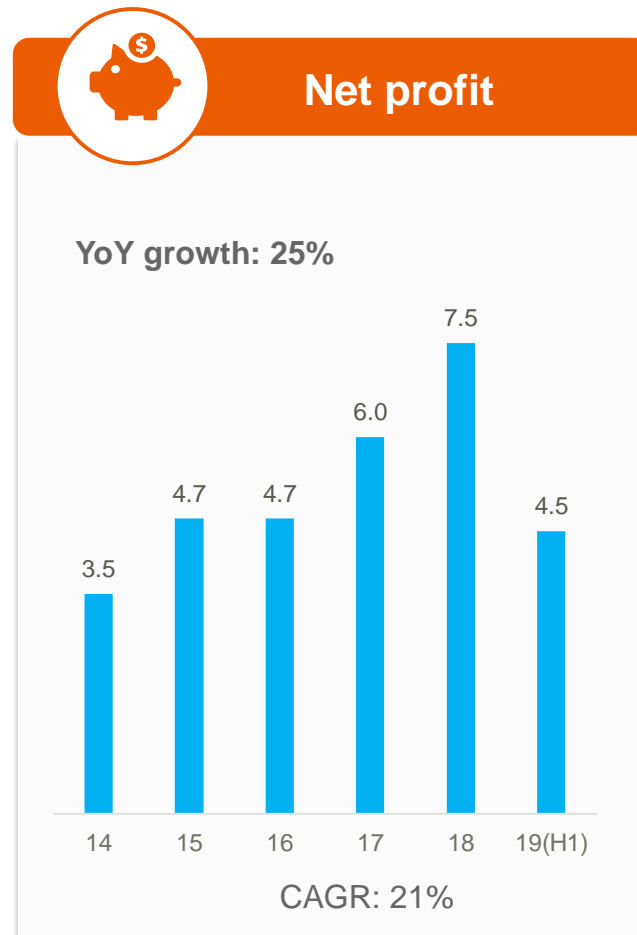
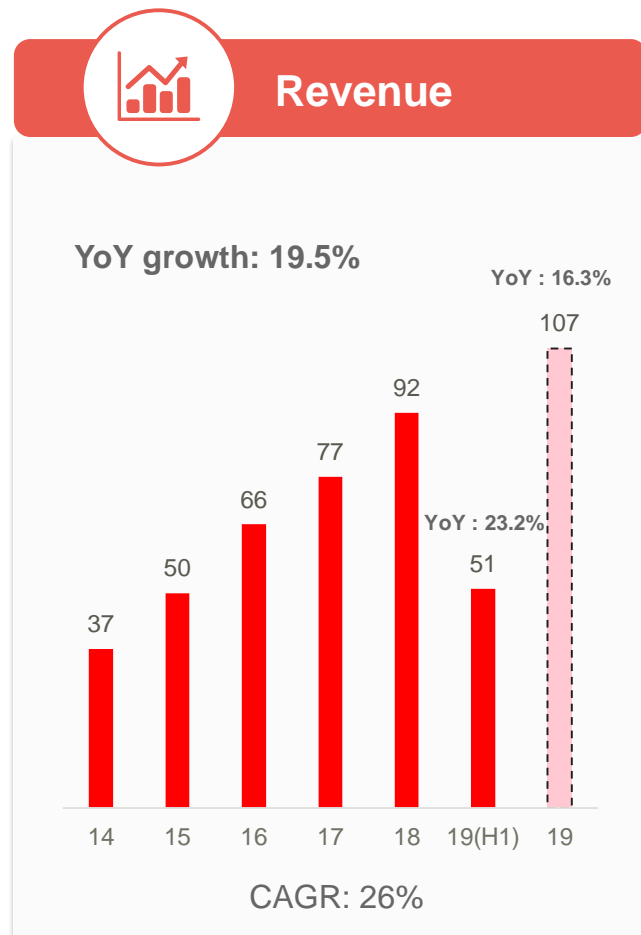
- Operations in **170+** countries; **188,000+** employees of **160+** nationalities; **70%** of staff hired locally.
- Huawei's global business **maximizes value by projecting local capabilities** around the world. We **develop and retain talent locally**, which **drives jobs and growth**.
- Huawei is increasing its **"localization"**, delegating more end-to-end business responsibility and authority to local teams.
- We aim to **develop a healthy industry** in which every player can succeed, and we **pride ourselves on being a responsible local corporate citizen**.

Corporate Governance

- Huawei is a private company wholly owned by its employees, **with 96,768 Shareholding employees. The founder Mr. Ren holds 1.14% of the shares.**
- Huawei has a sound and effective corporate governance system. Shareholding employees elect 115 representatives to form the Representatives' Commission. This Representatives' Commission elects the Chairman of the Board and the remaining 16 board directors. The Board of Directors elects four deputy chairs and three executive directors. Three deputy chairs take turns serving as the company's rotating chairman.
- **Hire independent auditor (KPMG) to conduct financial audits and publicly publish audit reports every year.**



Business Performance 2014–2019 (H1)



Unit: EUR billion

Chinese Government Official clarification: **Chinese law doesn't require companies to install backdoors to collect intelligence**

Li Keqiang,
Premier of the People's Republic of China

*Whether Beijing told Chinese companies to spy, Li said, “Let me tell you explicitly that **this is not consistent with Chinese law.** This is not how China behaves. **We did not do that and will not do that in the future.**”*

Yang Jiechi,
Director of the Central Foreign Affairs Committee of China

*Huawei as a company is cooperating very closely with European countries. In the fourth industrial revolution, we should all work together, and **Chinese law doesn't require companies to install backdoors to collect intelligence.***



Independent Clarification on China's Laws by External Legal Experts

Independent legal opinions by preeminent law firms incl. Zhong Lun, and Clifford Chance in UK

- **No empowerment to government authorities to order for backdoor installation**
No law in China authorizes intelligence offices to ask companies to install backdoors.
- **No extraterritorial effect:**
Companies and branches established outside the territory of China and their employees have no obligation of “assistance”.
- **Consistency**
The Intelligence Law applies also to the foreign-invested companies incorporated in China, and the China subsidiaries/branches of foreign companies. The legal obligations they assume are the same as those of Chinese enterprises under the Intelligence Law.
- **Procedural requirements and limitations in law enforcement**
According to the Article 31 of the Intelligence Law, the conduct of state intelligence agency and its staff is subject to restrictions of the law, and potential abusive conduct, including infringement of legitimate rights and interests of citizens and organizations, and enforcement beyond authority would be subject to investigation and punishment in accordance with the law.
- **Obligation for defense/protection**
After the Snowden event, China has released series of laws including Cybersecurity Laws, National Security laws, and National Intelligence laws since 2014, **the purpose of which is to protect itself from potential security threats from other countries. It is a legislation for defense purpose, not for malicious intelligence actions or espionage.**
The telecommunication networks set up outside the territory of China with the participation of Huawei pose no threat to China's national security. “Obligations of assistance and support” should not be interpreted as “Huawei is unconditionally obligated to meet malicious intelligence requests”, as this interpretation does not align with the intent and purpose of the legislation.

HUAWEI's understanding in Business environment

At Huawei, we believe that [legal compliance is a bulwark against the uncertainties of international politics](#).

[We conduct business with integrity, observing international conventions and all applicable laws and regulations in the countries where we operate](#). This is the cornerstone of operational compliance at Huawei. We require all subsidiaries and departments around the world to strictly comply with local laws and all other applicable regulations.

Building on industry best practices, we have developed a robust system of compliance over 10 years of hard work and investment. We embed compliance controls in all of our business processes to manage and oversee the compliance of end-to-end business operations. Moving forward, we remain committed to strengthening compliance across multiple business domains, including trade, finance, bribery prevention, as well as protection of intellectual property and trade secrets. We will [continue to cultivate a culture of compliance by driving awareness and embedding compliance-related requirements in all business activities](#).

Huawei Security Assurance System Focuses on 12 Areas

Top priority
GSPC
Built-in strategy

ISO27001 etc.
100+ organization
17+ chair/Deputy

170+ local lawyers
700+ legal experts

1500+ employees
100% BCG signed
Background Check

5% of R&D investment
2 billion USD software Engineering Transformation

Many eyes, many hands
ICSL (137 engineers)
Transparency Center

Strategy, Governance & Control

Standards and Processes

Laws and Regulations

H&R

R&D

Verification

An End to End Cyber Security Assurance System

Audit

Traceability

Issue & Vulnerability Resolution

Delivering Services Securely

Manufacturing & Logistics

Third-Party Suppliers

Internal audit
3rd parties
Customers

200 million+ barcodes / year
Software in 1 hour
hardware in 1 day

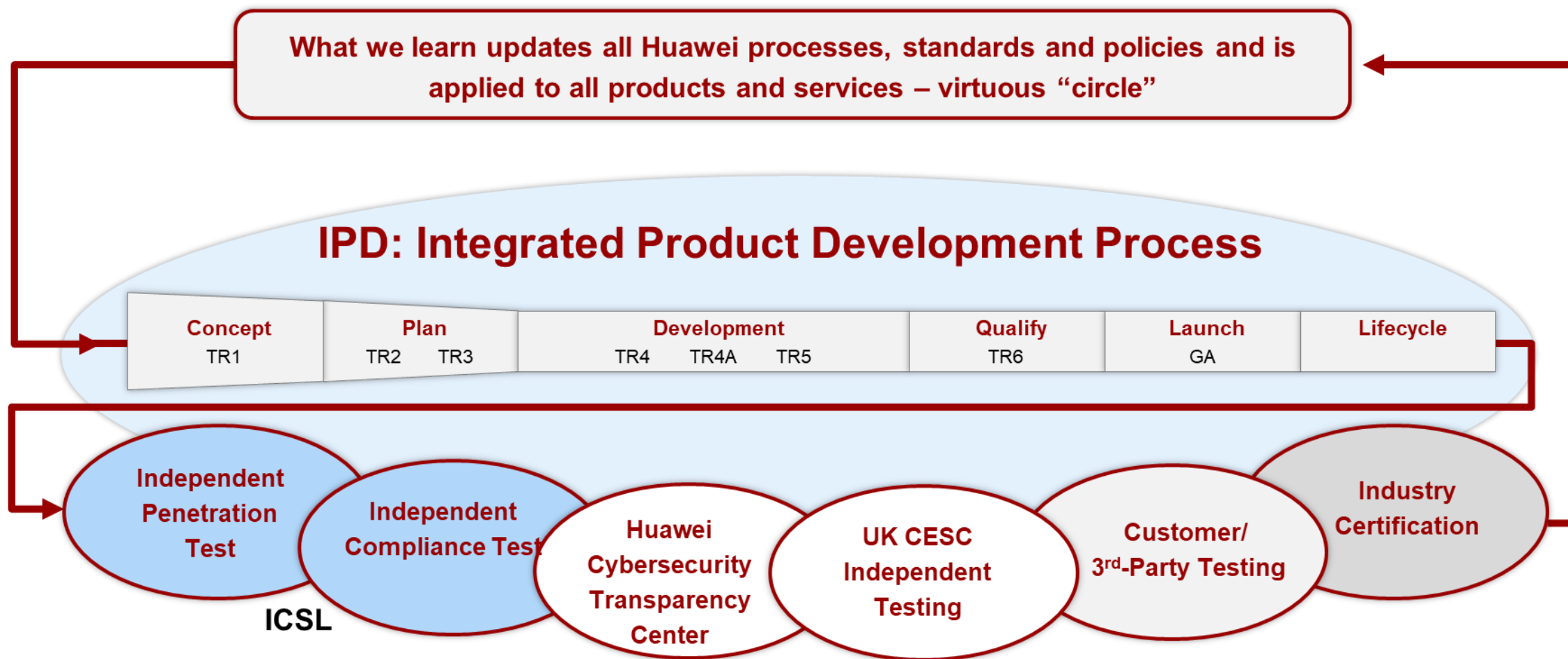
Product Security Incident Response Team

Three approvals
IRAD platform
Security work Certificate

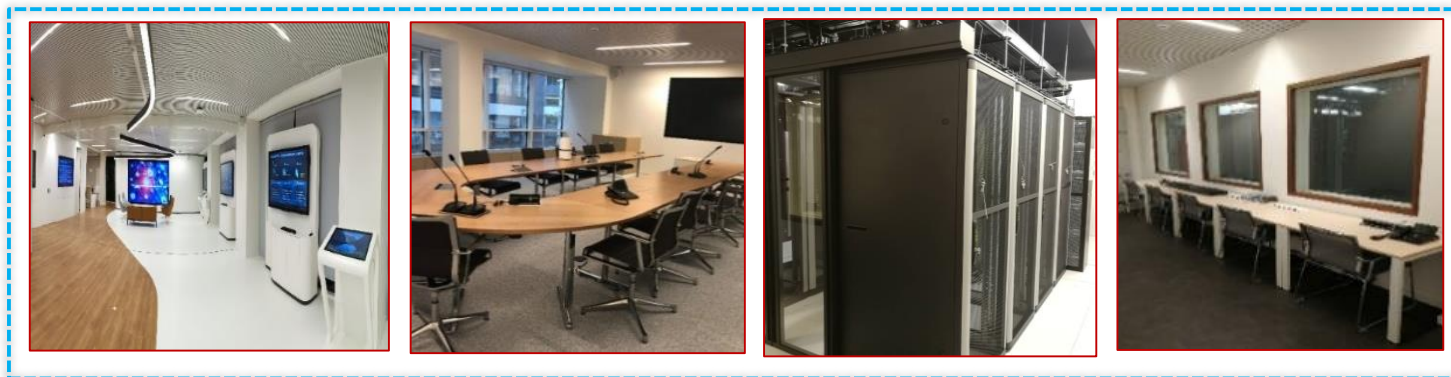
ISO28000
C-TPAT
TAPA

Security Agreement with 3479 Supplier
Supplier Qualification

Multi-layered “Many Hands” and “Many Eyes” Independent Security Verification System



Huawei Cyber Security Transparency Center is to Serve as an Open, Transparent and Collaborative Exchange Platform with Key Stakeholders



Europe is an important investment Destination outside China

12,200+ Employees, including 2,383 R&D staff, 74% of local staff

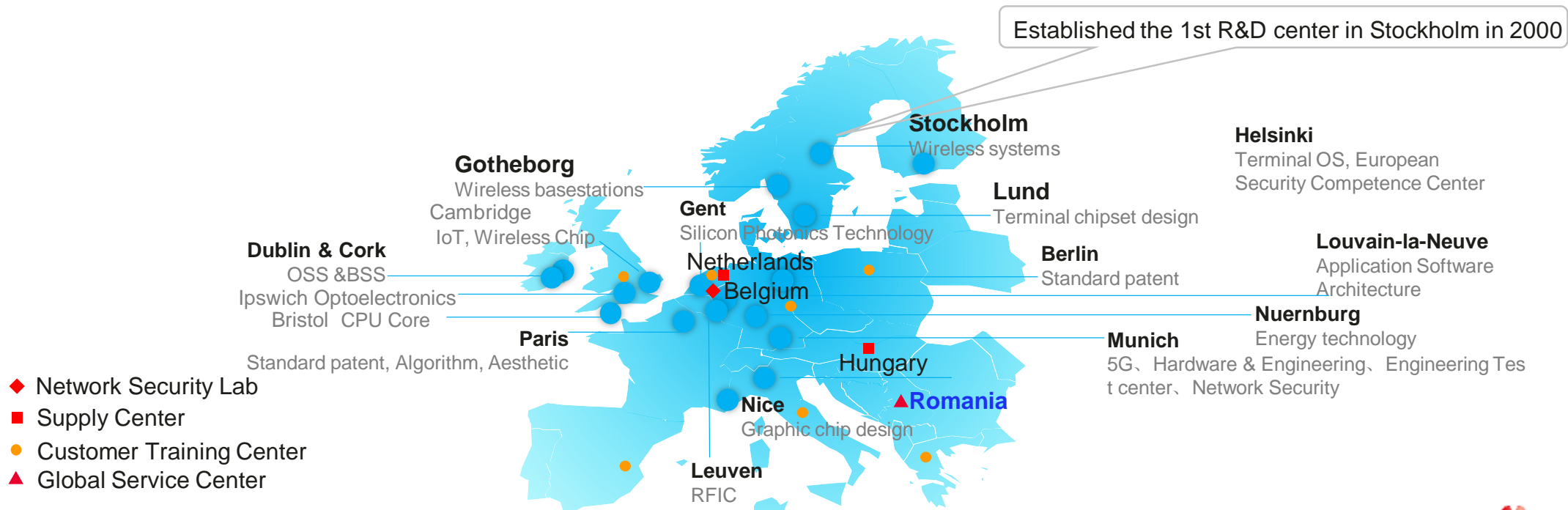
6.4B USD procurement amount in 2018, 37.7B USD accumulated purchasing amount from 2009 to 2018, 14.5B USD revenue in 2018

Regional headquarters (Dusseldorf, Warsaw), 47 offices

23 Research institutes distributed in 14 European countries, including 7 institutes in CEE&Nordic European

20 Joint Innovation Centers, 2 Supply Centers, 7 Customer Training Centers

4 European Cybersecurity Centers



Huawei in Romania



- **Business strategy:** One of the **most important two pillars** in Europe(Germany, Romania), with more than **20 business** units.
- **Taxation & Procurement:** Up to now, the total tax revenue exceeds **255 million** EURO, and the total local purchase exceeds **498 million** EURO.
- **Jobs:** Over 2,100+ employees out of which 1,700+ are Romanian. Indirectly created more than **5000 job positions in Romania**. Cooperating with **126 partners**.
- **Employer Brand:** Receive Randstad's **Most Attractive Employer of the Year 2019 Award**.
- **Concerns the talent:** Huawei Romania kept focusing on education and has provided training for more than **10k staffs, clients and partners**.

Y2014-2018, keep contributing to the local community



HUAWEI is also committed to continue investing in CSR activities, to make contribution for the local society :

➤ Huawei keep enlarging the development in local, GSC has reached **1,100+** employees and SSC has reached **400+** employees. By the end of 2020, HUAWEI Romania will have **2,400+** employees estimated.

➤ Y2014-2018 held **Huawei Romania Seeds for the future Project**. Provided **66** students from **7** universities in Romania with two weeks study and training opportunities in China, including

Bucharest Politehnica University

Craiova University

Cluj Napoca Technical University

Iasi University

Arad Aurel Vlaicu University

Timisoara University

Timisoara Technical University

➤ Provided total **20k+** USD per year as scholarship to **7** universities in Romania

➤ In 2018 launched the **HUAWEI Romania ICT academy** In Iasi University. Inaugurated training center provides extracurricular study programs in the field of IT, Cloud computing, Network. In the end of May, a team with **2 teachers and 6 students** selected from ICT Academy participated **Huawei ICT Competition – Global final** in China and won the outstanding award.

➤ Provided training to **300+** staffs per year including students, engineers and finance employees

➤ Provided **300+** internship opportunities to graduating students relating to IT&C major

Impact of Huawei's Exclusion



Analysis Report



GDP

\$104 billion ~ \$241 billion ↓

CRA Charles River Associates

€ 6.7 billion ~ € 8 billion ↓

Estimation

Equipment Price

12% ~ 14% ↑

CRA Charles River Associates

15% ~ 40% ↑

Estimation

Rip and Replace

\$1 billion and take 3-7 years

\$2.6 billion and take 4-7 years

Estimation

¹Jeff Johnston, "Equipment Ban Creates Static for Rural Telecom Operators," CoBank, June 2019.

<https://thehill.com/blogs/congress-blog/technology/458260-huawei-is-embedded-in-our-infrastructure-and-the-federal>

- **Broadband infrastructure in rural areas** and areas **lacking broadband infrastructure would be influenced.**
- Broadband infrastructure for **educational and healthcare purposes** would be influenced.
- The **availability, diversity, innovativeness, and quality of services and equipment** provided to the Romania market **will also be heavily affected by the absence of Huawei.**
- 5G is anticipated to enable innovation in industries across the economy, including self-driving cars, logistics, the Internet of Things, smart grid electric systems, public safety, health and wellness, and smart cities. **Delays in 5G deployment will harm the development of these areas.**

People's Livelihood
Government Expenditures
Digital transformation

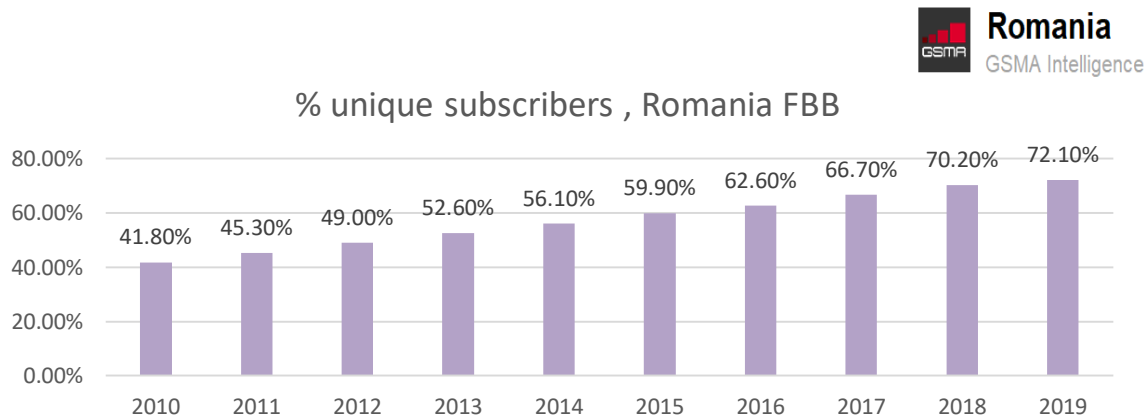
Huawei Impact on Romania Market

[Positive] Huawei participates in local ICT construction and actively contributes to Romania's economic development.

[Negative] Loss of the local economy caused by Huawei's departure from Romania

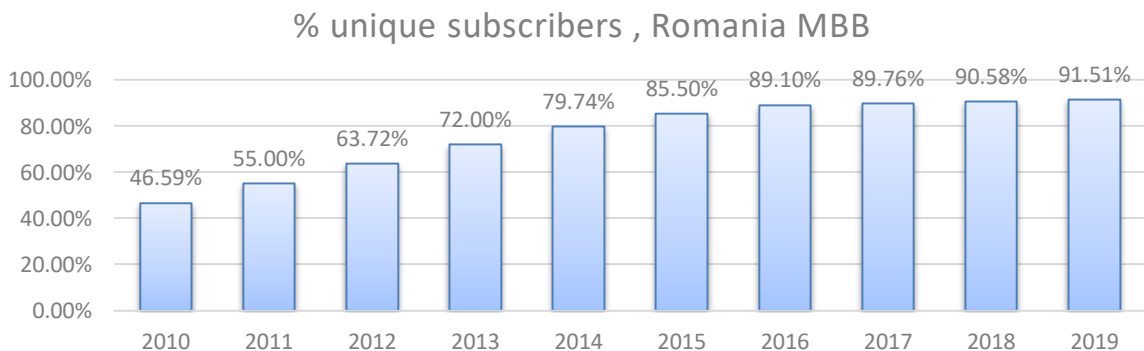
From 2010 to 2019 ICT
MBB penetration rate increases by 45%
FBB penetration rate increases by 31%

Romania ICT industry From 2020 to 2023
Economic losses: € 6.7 Billion



Telecom Operators losses

€ 2.7 Billion



Related industries losses

€ 4.0 Billion

Expenditure Increase

59%

HUAWEI is open and hereby invites and welcomes the government and the authorities to discuss openly on business, cybersecurity challenges and corporate's contribution to local society, which will lead to the authorities' acknowledging that there is no threat to the security of telecommunications. We strongly believe in the judgment and expertise of the Romanian government, and we have full confidence in our continued investment and operations in Romania, reason why we kindly request your support and cooperation in fulfilling the above.

Thank you.

把数字世界带入每个人、每个家庭、
每个组织，构建万物互联的智能世界。

Bring digital to every person, home and
organization for a fully connected,
intelligent world.

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