

MODERN SLAVERY STATEMENT 2020



AN INTRODUCTION TO HUAWEI TECHNOLOGIES (AUSTRALIA) PTY LTD

This statement covers the activities of Huawei Technologies (Australia) Pty Ltd (ABN: 49 103 793 380) during the year ended 31 December 2020, a reporting entity under the *Modern Slavery Act 2018* (Cth).

WHO WE ARE AND WHAT WE DO

Huawei is a leading global information and communications technology (ICT) solutions provider headquartered in Shenzhen, Guangdong Province, China. Huawei's ICT solutions, products and services are used in more than 170 countries and regions, serving more than 3 billion people around the world with 2020 global revenues of over US\$136.7 billion. By the end of 2020, Huawei had a total of 197,000 employees worldwide, of which about 105,000 were R&D employees.

By the end of 2020, Huawei supported the stable operation of over 1,500 carrier networks across more than 170 countries and regions. Multiple third-party test reports on 5G network experience in large cities ranked Huawei's 5G networks top. Huawei also worked with 30,000+ partners to serve the enterprise market, including over 22,000 sales partners, 1,600+ solution partners, 5,400+ service and operation partners, and 1,600+ talent alliances.



On the Huawei Songshan Lake campus

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

HUAWEI AUSTRALIA: STRUCTURE, OPERATIONS AND SUPPLY CHAIN:

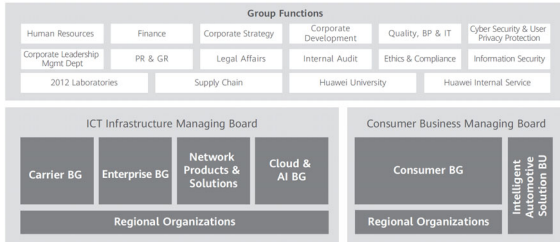
Huawei Technologies (Australia) Pty Ltd (ABN: 49 103 793 380) ("Huawei Australia") is an Australian proprietary company limited by shares, with its registered office in Chatswood in the Lower North Shore area of Sydney, New South Wales and it does not own or control any other entities. Huawei Australia has worked alongside our suppliers and contractors to deliver safe and secure telecommunication products and services in Australia for Australian customers for 16 years, across our Carrier, Enterprise and Consumer business.

Huawei is a major investor in Australia and at the end of 2020 employs over 100 staff directly. Huawei also supports hundreds of jobs through its supply chain across Australia. At the end of 2020, Huawei Australia had 88 active local suppliers, mostly small-to-medium sized businesses which provide telecommunication engineering services, as well as consulting services. Huawei Australia's supply chain outside of Australia is primarily Huawei products, procured from related Huawei entities operating under consistent policies and procedures with respect to modern slavery. These Huawei products include ICT hardware and consumer devices.

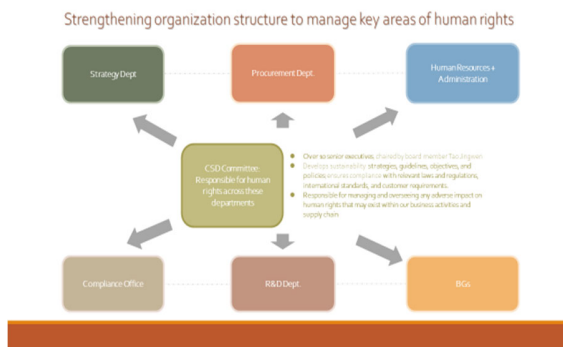
Huawei Technologies Co., Ltd. is a wholly owned subsidiary of Huawei Investment & Holding Co., Ltd. Reference to "we", "our" or "Huawei" in this Modern Slavery Statement ("Statement") refers collectively to Huawei Technologies Co., Ltd., a company incorporated in China, and its direct and indirect

subsidiaries including Huawei Australia, the only trading entity operating in Australia.

Business Structure



Although not all entities in the group are subject to the requirements of Australia's *Modern Slavery Act 2018* (Cth), Huawei adopts a group-wide approach to its policies and procedures on slavery and human trafficking, also publishing an equivalent report based on the UK Modern Slavery Act 2015.



THE HUAWEI POSITION ON MODERN SLAVERY:

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

Huawei does not engage in any type of forced or involuntary labour. An employment relationship will only be established on a voluntary basis. Employees have the right to terminate the employment agreement with Huawei with due observance of a proper term of notice stipulated in local laws and regulations as well as corporate policies. We prohibit

requesting job applicants to pledge any certificates or pay deposits for the purposes of obtaining a job at Huawei.



Huawei Hangzhou Research Centre

In addition, we respect employees and value their self-esteem. We shall not engage in nor condone any physical abuse, mental or physical coercion, or verbal abuse against employees. We do not interfere with the rights of minority ethnic groups to practice their religion and customs and instead provide them with venues and opportunities to do so.

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

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

IDENTIFYING MODERN SLAVERY RISKS

As noted further below, we have developed a strategy to assess and address modern slavery risks.

Our risks assessment has indicated that our operations and supply chain may have potential risks, including:

- Industry risks: being in the ICT industry brings possible exposure to Minerals from Conflict-Affected and High-Risk Areas in the mineral supply chain; the complexity of the global supply chain and the changes in business operations means there may be risks of forced labour in Tier-1 or Tier-2 suppliers;
- Product risks: different types of products may have different levels of risks, and electronic devices manufacturing may have risk of exposure to forced, bonded or indentured labour, child labour and/or overtime; there may be risks of forced labour non-compliances in Tier-1 or Tier-2 suppliers due to the complexity of the supply chain;
- Geographic risks: modern slavery risks within suppliers in some countries (especially in developing countries) are higher due to economic and political and cultural differences.

PREVENTING MODERN SLAVERY, THE HUAWEI STRATEGY:

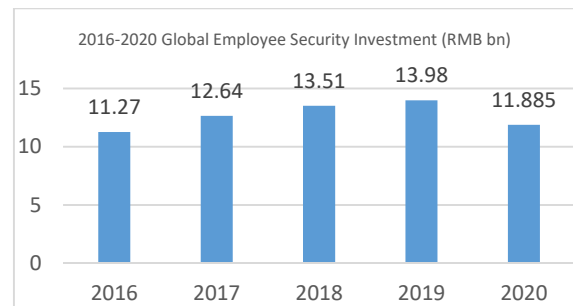
INTERNAL COMPLIANCE:

Huawei continued to implement and improve its internal control system in 2020, based on its organizational structure and operating model. The internal control framework and its management system apply to all business and financial processes of the company and its subsidiaries and business units. The internal control system is based on the five components of the COSO framework: Control Environment, Risk Assessment, Control Activities, Information & Communication, and Monitoring. It also covers internal controls of financial statements to ensure their truthfulness, integrity, and accuracy.

We have worked hard over the years to build a compliance management system that aligns with industry best practices with ISO 37031:2021 Compliance Management Systems Guidelines. At the local and the corporate level we have embedded compliance management into every link of our business activities and processes. These efforts have continued through 2020.

Huawei will not tolerate forced, bonded (including debt bondage) or indentured labour, involuntary prison labour, slavery or trafficking of persons. This includes transporting, harbouring, recruiting, transferring or receiving persons by means of threat, force, coercion, abduction or fraud for labour or services.

Table 1: Global Employee Security Investment



Note: Due to the preferential social security policies during the COVID-19 epidemic period, the total investment in global employee security decreased slightly in 2020.

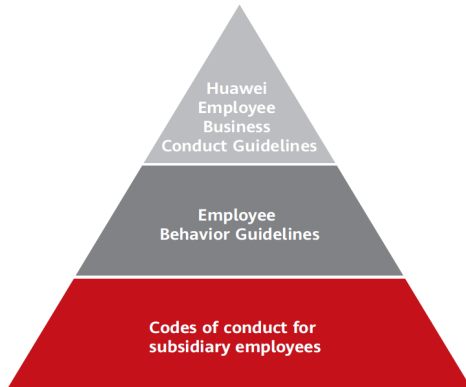
As part of the Huawei hiring process, workers are always provided with a written employment agreement in their native language that contains a description of terms and conditions of employment. All work must be voluntary and workers shall be free to terminate their employment agreement with Huawei at any time with due observance of the agreed contract terms of notice and in accordance with local laws and regulations.

BUSINESS ETHICS:

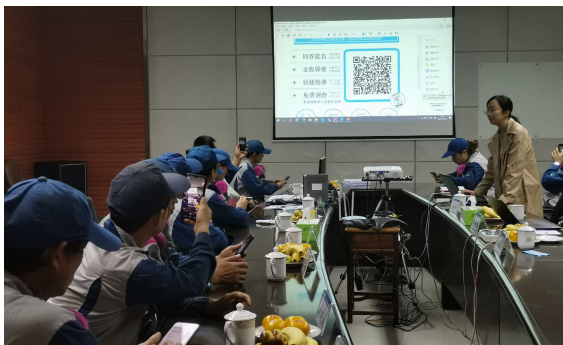
We conduct business with integrity, adhere to standard business ethics practices, and observe all applicable laws and regulations in the countries and regions in which we operate. This is a guiding principle for our management team.

Huawei values and works hard to create a culture of integrity, and requires all employees to comply with Huawei's policies and procedures, including the Business Conduct Guidelines (BCGs).

Huawei Employee Business Conduct Guidelines + Codes of conduct for subsidiary employees: Incorporating compliance requirements into employee behavior



In 2020, Huawei continued to enhance our compliance program across multiple domains, including trade compliance, finance, anti-bribery, intellectual property, trade secrets, cyber security, and privacy protection. We have engaged and collaborated openly and proactively with stakeholders including our customers, partners, and government regulators, to foster mutual understanding and trust. This includes participating in the annual anti-corruption/anti-bribery benchmarking program with Transparency International since 2019, and again in 2020.



Huawei cooperates with customers to conduct supply chain transparency research

Through ongoing efforts to strengthen compliance, Huawei continues to win the respect and approval of governments and partners around the world.

RESPECTING HUMAN RIGHTS:

Huawei adheres to all applicable international and national laws and policies through developing business processes, products and services in compliance with national and international laws, standards and certifications. Huawei respects all basic human rights as promoted by the Universal Declaration of Human Rights, ensuring our business activities do not adversely impact human rights.

Huawei has been a member of the United Nations Global Compact (UNGC) since 2004, and is also a member of the Responsible Business Alliance (RBA). In addition, Huawei is committed to the United Nations Guiding Principles on Business and Human Rights and standards released by the International Labour Organization (ILO), among others.

Huawei believes that connectivity is a basic right for every human being. We are committed to building better network connectivity and providing convenient and affordable information and communications services to billions of people around the world using our innovative technologies. Ubiquitous broadband and connectivity will create new jobs, promote development, decrease poverty, and improve quality of life. In addition, connectivity will help us respond to global challenges, reduce the human impact on the environment, and provide essential communications services to support rescue and relief efforts during natural disasters.

Key Areas of Huawei Human Rights Management:

Huawei management of key areas with a potential impact on human rights



Building on its existing corporate sustainable development organization, Huawei has strengthened its management of key areas that may have an impact

on human rights. This team is responsible for managing and overseeing any adverse impact on human rights that may exist within our business activities and supply chain across four key areas:

1. **Ensure technology is used to benefit humanity:** Technology should be used to enhance human, social, and environmental well-being. Huawei opposes the misuse of technology that may have an adverse impact on human rights. We carefully evaluate the long-term and potential impact of our new technologies on society in the design, development, and use of our products, and work hard to ensure that our products and services are used in accordance with their commercial purpose.

1. Ensure that Technology is Used to Benefit Humanity



- Principles**
- Technology should be used to enhance human, social and environmental well-being
 - We evaluate impact of new technologies in design, development and use of our products
 - We work hard to ensure that our products and services are used in accordance with their commercial purpose. All governance principles, product usage instructions, acceptable use policies, agreements with distributors and partners

- Processes**
- To address unknown risks from widespread use of new technologies, we have expanded existing processes and governance programs
 - Committed to working with our suppliers, partners and customers to manage any potential negative impact of technology development



To address the unknown risks that may arise from the widespread use of new technologies, Huawei has expanded its existing processes and governance programs, committing to working with our suppliers, partners, and customers to manage any potential negative impact of technology development.

2. **Protecting privacy:** Huawei attaches great importance to privacy protection, and we take our responsibilities seriously. We comply with all applicable privacy laws worldwide, including the EU General Data Protection Regulation (GDPR). Huawei has embedded privacy protection requirements into our corporate governance and every phase of our personal data processing lifecycle.

We follow the principles of privacy and security by design and by default, and conduct privacy impact assessments before the release of any

product or service, especially when they involve sensitive personal data or sensitive usage. Huawei also requires our suppliers to comply with requirements for personal data protection. A total of 473 Huawei privacy professionals have been certified (by 31st Dec 2020) by the International Association of Privacy Experts (IAPP), placing Huawei among the top companies globally.

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- Huawei also requires our suppliers to comply with requirements for personal data protection
- 473 Huawei privacy professionals have been certified by the International Association of Privacy Experts (IAPP), among the top companies globally



3. **Safeguarding labour rights:**

Huawei supports and protects the rights of its employees through detailed, equitable regulations that cover all stages of an employee's relationship with the company, including recruitment, employment, and exit. We are committed to providing equal opportunities for all employees. When it comes to employee recruitment, promotion, and compensation, we do not discriminate against anyone on the basis of race, religion, gender, sexual orientation, nationality, age, or disability. We prohibit the use of forced labour, whether overt or covert, and all use of child labour.

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 - We prohibit the use of forced labor, whether overt or covert
 - We prohibit all use of child labor

4. **Maintaining a responsible supply chain:** Huawei works closely with our suppliers and partners. We align with our customers'

sustainability requirements and any audit and due diligence requests. In turn, we require that our suppliers respect the rights of their employees, build sustainability systems that conform to industry standards, and comply with legal requirements with regards to environmental protection, health and safety, privacy, and anti-bribery. Huawei has a comprehensive qualification process for all new suppliers, and carries out annual audits on current suppliers, both at a corporate and at a local level. All suppliers are evaluated based on their sustainability performance, the results of onsite audits, and the completion of any corrective actions. Market share will be impacted if improvements are not made.

4. Maintaining a Responsible Supply Chain



- ✓ Huawei requires suppliers to respect the rights of their employees, build sustainability systems that conform to industry standards, and comply with legal requirements with regards to environmental protection, health and safety, privacy, and anti-bribery compliance
- ✓ We have a comprehensive qualification process for all new suppliers with guidelines based on the RBA Code of Conduct
- ✓ We carry out annual audits on current suppliers - all suppliers are evaluated based on their sustainability performance, the results of onsite audits, and the completion of any corrective actions
- ✓ We comply with our customers' sustainability requirements and any audit requests

Respecting human rights has been a long-standing focus for Huawei. In compliance with all applicable laws, regulations, and standards, we actively communicate with international organizations, governments, and industry institutions to develop human rights standards and guidelines in the use of new technologies, especially those technologies that are likely to be widely adopted. At the same time, we plan to redouble efforts to raise awareness of human rights among all of our employees and will optimize management mechanisms to promptly identify, manage, and mitigate any related vulnerabilities or impact within our organization.

CONTROL ENVIRONMENT:

A control environment is the foundation of an internal control system. Huawei is committed to a corporate culture of integrity, business ethics, and compliance with laws, regulations and best practice guides.

Huawei regularly updates and issues Business Conduct Guidelines (BCGs) to identify acceptable business conduct. The BCGs must be observed by all employees, including senior executives. Regular training programs are offered, and all employees are requested to sign the BCGs to ensure that the BCGs have been read, understood, and observed.

Huawei has implemented a mature governance structure, with clearly defined authorization and accountability mechanisms. The governance structure comprises the Board of Directors (BOD), its committees, group functions, and multi-level management teams. Huawei clearly defines the roles and responsibilities of its organizations to ensure the effective separation of authority and responsibilities as well as checks and balances through mutual oversight.

The CFO of Huawei is overall accountable for internal controls. The business control department reports to the CFO for any possible defects and improvements already made in terms of internal controls, and assists the CFO in building the internal control environment. The internal audit department independently monitors and assesses the status of internal controls for all business operations.

WHISTLEBLOWING:

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

In addition, Huawei Australia published its Whistleblowing Policy to reinforce the existing mechanism for escalating complaints or allegations of wrongdoing and to outline the responsibilities and key aspects pertaining to the enhanced protections for corporate whistleblowers under the Corporations Act 2001 (Cth), which commenced on 1 July 2019.

PEOPLE MANAGEMENT COMMITMENT:

Huawei is committed to providing an inclusive working environment for all employees. When formulating and implementing human resource management policies and local rules and regulations, we strictly abide by local laws and regulations and industry norms. We also respect the customs, beliefs and lifestyles of local employees, including setting up prayer rooms as an example, and strive to meet the needs of employees of different countries and religious beliefs. We have built auxiliary facilities such as gyms, coffee shops and nursing rooms to provide high quality facilities and human services to our staff.

Huawei's Care for Employees Policy specifies the general principles and requirements for caring for employees. Overseas subsidiaries develop and release localized policies based on local laws and regulations. In addition, we have developed relevant processes, systems, and baselines to continuously create an open, inclusive, respectful, and diverse employment environment.

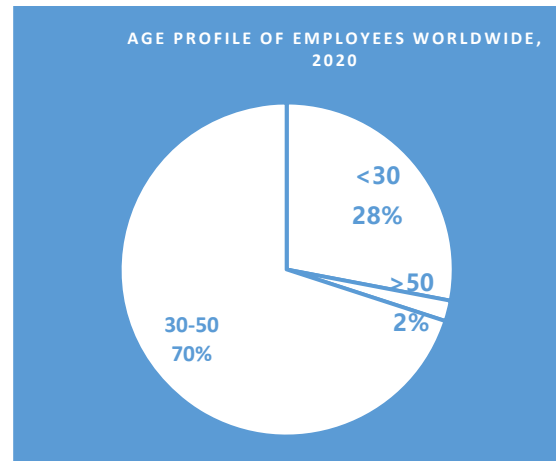
Huawei stipulates that there should be no discrimination on the basis of race, religion, gender, sexual orientation, nationality, age, pregnancy, or disability in recruitment, promotion, and remuneration. Huawei explicitly prohibits the use of forced, debt-paid, or indentured labor, and has made detailed and reasonable regulations on recruitment, employment, and exit to prevent the use of forced labor in specific practices. Huawei has never used forced labor within its operations.

Huawei explicitly prohibits child labour. We have formulated relevant policies and comprehensive preventive measures in the recruitment and employment of employees to prevent the use of child

labour. We do not employ anyone under the age of 18.

We also pass this requirement on to our suppliers and regularly monitor and audit them to ensure they similarly do not use child labour.

Table 2: Worldwide Employee Age Profile



Huawei respects employees' rights to freely associate and bargain collectively according to law, and does not object to employees participating in lawfully registered trade unions voluntarily and without violating local laws.

Huawei has also established and maintained an effective employee communication mechanism. Employees can collect and understand employees' opinions and suggestions through various means, such as the Manager Feedback Plan (MFP), organizational climate survey, and departmental HRBP. Employees can also make complaints about related issues through the CEC complaint hotline, HR service complaint hotline, and suggestion reception hotline.

The era of globalization requires the integration of diversity. Huawei attaches great importance to the globalization and diversification of Huawei's operations. To facilitate smooth communication and communication between Chinese and overseas employees, enhance the cross-cultural awareness of managers and employees at all levels, and build a diverse team with mutual trust, Huawei has launched

multiple training courses, such as Diversity Management Course, Adaptation for International Assignments, and Cross-cultural Awareness. Huawei requires expatriates to study and pass exams and help them adapt to cross-cultural challenges and integrate into teams as soon as possible as part of the onboarding training for new overseas employees.

In 2020, to effectively support localization, we required all Chinese positions in global regions to have the ability to use English as the working language and pass relevant certifications. By the end of December 2020, more than 8,300 Chinese employees and more than 2,200 Chinese managers have passed the English certification. In the future, we will continue to create an atmosphere for learning and using English to better support localization and smooth communication with customers.

RECRUITMENT:

Across recruitment we state that "no fees will be charged for job seekers during the recruitment process" and "no fees will be charged for the physical examination for new hires"; we also provide details of the complaints hotline and complaints email address as an additional level of protection. That way, we ensure that there is no charge for job seekers during the recruitment process, and the medical examination is free of charge.

Attendance management: We manage attendance in strict accordance with the RBA 6.0.1 standard through routine scheduling, overtime control (briefing), and real-time monitoring in the MeHR system.

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

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

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

Child labour: According to national laws and regulations and Huawei's requirements, we strictly prohibit the recruitment and use of child labour. We have not found any infringements of these rules.

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

Table 3: Manufacturing Employment Checkpoints

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

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

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

Communication feedback channel cards are printed to help employees better understand the three-level communication feedback channels: department-level, manufacturing-level, and corporate-level. The communication forms include the democratic life meeting, open day, 1-to-1 communication, senior expert communication, performance communication, regular department meeting, and the new employee forum.

SUSTAINABLE SUPPLY CHAIN MANAGEMENT, MONITORING AND COMPLIANCE:

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

Huawei is committed to ensuring sustainable supply chain management practices and it continues to update its Supplier-Corporate Social Responsibility Agreement (CSRA), with elements focusing on labour practices, health and safety, the environment, business ethics, and management systems. All of Huawei's suppliers are required to sign said agreements and it is a prerequisite to any supplier being on-boarded. Huawei participates in the joint audit cooperation (JAC) organised by our customers in order to make audits more accurate, thorough and efficient. Feedback from these audits are integrated into our procurement corporate social responsibility (CSR) processes. Additional detail is provided within the Huawei Annual Sustainability Report¹.

RISK ASSESSMENT:

Huawei has a corporate group dedicated to internal controls and risk management to regularly assess

risks to the company's global business processes. This department identifies, manages, and monitors significant risks, forecasts potential risks caused by changes to the internal and external environments, and submits risk management strategies along with risk mitigation measures for decision making. All process owners are responsible for identifying, assessing, and managing business risks and taking necessary internal control measures. Huawei has instituted a mechanism for improving internal controls and risk controls to efficiently manage critical risks.

ON-BOARDING, AUDITING AND APPRAISING OUR SUPPLIERS:

In accordance with the Huawei Supplier Corporate Social Responsibility Agreement (CSRA), a screening, qualification and reviewing process is in place to identify any potential risks within the supply chain. Huawei's suppliers are subsequently required and expected to extend these requirements to their own vendors.

Supplier Risk Rating and Audit

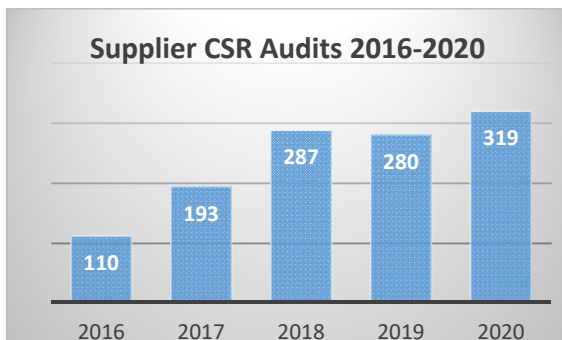
Huawei adopts the risk-based supplier audit model. It conducts annual risk ratings for major suppliers that account for more than 90% of the procurement amount, and classifies them into three levels: high, medium, and low based on the comprehensive assessment of procurement amount, material type, supplier location, CSR risk, and CSR performance of the previous year. In addition, high-risk and medium-risk suppliers are included in the annual sustainability audit plan.

In addition, Huawei conducts on-site sustainability system certification for all new suppliers to assess the capability and level of the suppliers to be introduced to comply with applicable laws and regulations and CSR agreements. Those who fail the certification cannot become Huawei suppliers.

¹ http://www.huawei.com/en/sustainability/win-win-development/develop_supplychain#product4

We have developed a supplier CSR audit checklist based on industry best practices and suppliers' CSR characteristics, which is regularly reviewed and updated. Huawei's CSR audit covers the prohibition of child labor, protection of underage workers, prohibition of modern slavery, prohibition of forced labour, anti-discrimination and punishment, freedom of association, working hours, wages and benefits, fire protection, safety and health, environmental protection, carbon emission reduction, business ethics, and CSR management of tier-2 suppliers. We conduct supplier audits using internationally recognized CSR audit methods, such as on-site inspections, employee interviews, management interviews, document reviews and web searches, and we conduct supplier environmental compliance audits using the Azure Map developed by the IPE Public Environmental Research Center. We coach suppliers to carry out CSR self-checks in advance, arrange experts to conduct on-site audits and verifications, identify issues, and provide improvement suggestions.

Table 4: Supplier CSR on-site audits 2016-2020



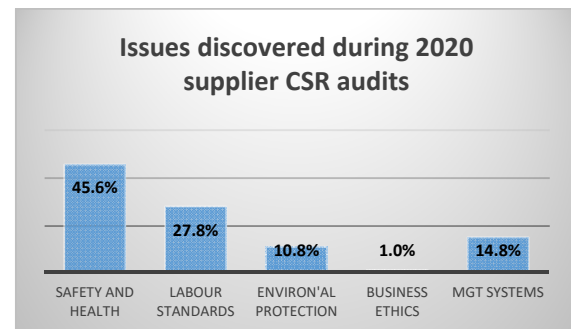
In 2020, we conducted CSR risk ratings on more than 1,600 key suppliers and conducted on-site audits on 319 high-risk and medium-risk suppliers and new suppliers, of which 116 supplier audits were completed by third-party audit agencies.

After an audit has taken place suppliers are subject to performance appraisals. Suppliers are classified into one of four grades (A, B, C or D). This is based on the supplier's overall sustainability and CSR performance and represents each supplier's performance level in descending order. Rather than automatically

terminating low performing suppliers, Huawei will help the supplier identify the root cause and develop solutions via targeted actions within a specified timeframe and by using our Check, Root Cause, Correct, Prevent, and Evaluate (CRCPE) methodology to identify common problems, analyse root causes (Man, Machine, Material, Method, and Mother Nature [5M] and Plan-Do-Check-Act [PDCA] management system). Ongoing assessments and improvements are made against established benchmarks. All such issues are recorded in Huawei's Supplier Corrective Action Request (SCAR) system for follow-up until closure.

Suppliers that are identified as either medium or high risk are also required to perform self-checks in order to identify and create corrective action and improvement plans. All issues are similarly logged and tracked in the SCAR system.

Table 5: Supplier CSR Audits in 2020



Huawei has a policy to maintain a record in the event of any identified forced labour non-compliances and have publicly disclosed these figures in its annual sustainability report since 2014. Huawei aims to improve overall sustainability and CSR performance and, in order to implement this actively with suppliers, to improve rather than impose an immediate termination of contract – as is best practice across leading corporations in multiple business sectors.

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

requirements with such suppliers; and ultimately to terminate the supplier's business relationship.

Child labour

We list the use of child labour and forced labour as the CSR redline in the entry threshold for suppliers. Huawei adopts a zero-tolerance policy for CSR redline violations and terminates cooperation once it is discovered.

Note: In 2020, we found no cases of supplier use of child labour or forced labour, and found only a few management system findings related to process improvements to prevent child labour or forced labour.

To support the achievement of sustainable procurement objectives, we regularly carry out CSR training for all procurement employees, including procurement CSR agreements, procurement CSR redline requirements, procurement CSR processes, and CSR review skills, and incorporate CSR requirements into the performance appraisal indicators of procurement departments at all levels.

Supplier Performance Management

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

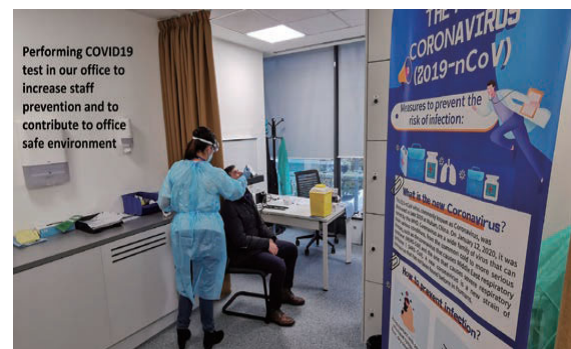


The amount of business we do with each supplier depends partly on their CSR and sustainability performance, which is also a factor considered in our tendering, supplier selection, portfolio management, and other processes. Suppliers that perform well are given a larger quota of procurement and more business opportunities. The reverse is true for low-performing suppliers, especially those who have crossed the line we draw for CSR.

Depending on the situation, we instruct low-performing suppliers to resolve existing issues within a specified timeframe, reduce their quotas of procurement or business opportunities, and may even terminate business relationships with those that display exceptionally poor performance with an inability to improve.

Supply Responsibilities

In 2020, we included COVID-19 pandemic protection in procurement CSR requirements and assisted suppliers in purchasing epidemic prevention materials to strengthen the measures taken to jointly fight such epidemics.



Supplier Capability Building and Development

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

We promote suppliers learning from each other through peer benchmarking and making joint progress. After years of exploration, we developed a low-cost and efficient peer benchmarking learning model. The basic process is as follows:

- (1) Topic collection: Collect CSR topics of common concern to suppliers and sort them by priority.
- (2) Benchmark analysis: Identify benchmark suppliers and conduct benchmark analysis to identify industry best practices.
- (3) Learning and sharing: Invite benchmark suppliers to share their best practices and learn industry standards and specifications.
- (4) Practice introduction: Organise experts to develop templates or checklists, guide suppliers to carry out self-checks, and introduce industry best practices.

Improving Suppliers' CSR Management Capabilities

Huawei attaches great importance to suppliers' CSR capability improvement and has taken a series of measures to help them more efficiently manage their CSR, reduce risks, and become more competitive. These measures include holding supplier conferences, organizing CSR management workshops, evaluating

and coaching suppliers, rolling out targeted programs to improve suppliers' CSR capabilities, and implementing a strategic supplier development program.

Tier-2 supplier CSR management

Through CSR agreements, Huawei requires tier-1 suppliers to cascade CSR requirements to tier-2 suppliers level by level as part of tier-1 supplier CSR performance management. In 2020, we worked with 33 tier-1 suppliers to help them establish procurement CSR management systems and strengthen CSR management for tier-2 suppliers, including clarifying management responsibilities, organising internal training, adopting industry standards, drafting CSR agreements, conducting new supplier qualification, rating supply chain risks, and auditing suppliers. We link CSR performance to business performance, and have developed a reward and continual improvement system.

During 2020, a total of 33 tier-1 suppliers have signed CSR agreements with nearly 4,000 lower-level suppliers.

In addition, our tier-1 suppliers conducted CSR audits on nearly 400 tier-2 suppliers. We spot-checked 4 tier-2 suppliers on site to verify the effectiveness of the procurement CSR management system for tier-1 suppliers.

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

Applying Six Sigma Methodology to Improve Supplier Overtime

Overtime is one of the priority issues that suppliers pay attention to. The causes of overtime are very complex, such as a large number of customer orders,

poor production planning, insufficient material supply, low staff proficiency, and unreasonable procedures, involving external customers and downstream suppliers, as well as internal sales, production, procurement, and human resources departments.

To continually improve overtime pressures, Huawei cooperated with a supplier to pilot and introduce the Six Sigma methodology, analyze overtime distribution rules, identify factors affecting overtime, identify problems in business processes and production processes, and develop targeted improvement measures.



Huawei assists suppliers in improving overtime issues

These improvements included identifying bottleneck processes, introducing production automation, and enhancing employee training. It also involved improving the stability of personnel in key positions, promoting information sharing among departments, enhancing communication with customers and suppliers, and optimizing production plans which together effectively reduced overtime while improving production efficiency.

More information as well as summaries of our findings can be found on our website and in our Annual Sustainability reports, published online (see footnotes section²).

SUPPLY CHAIN RESPONSIBILITIES:

² http://www.huawei.com/en/sustainability/win-win-development/develop_supplychain#product4

Sustainability plays a vital role in our procurement strategy and is a key part of our supplier management process, from supplier qualification and selection to performance appraisals and day-to-day management. We work closely with customers and industry organisations to push suppliers to keep improving.

Huawei actively communicates and cooperates with stakeholders on sustainability, including holding CSR workshops with customers and suppliers, inviting customers to visit sites, jointly audit suppliers, carrying out supplier capability improvement projects, participating in industry exchanges, and developing industry standards, to collectively improve the overall level and transparency of supply chain sustainability.



Huawei cooperates with customers to conduct supply chain transparency research

In 2020, we partnered with Deutsche Telekom to conduct a survey via an App for supply chain employees to anonymously answer any questions the customer is concerned about, thereby reviewing the effectiveness of the CSR Audit system, for Huawei and the customer to identify improvement opportunities and for suppliers to create similar communication channels with their employees.

To cope with the COVID-19 pandemic, we also incorporated pandemic prevention as part of our corporate social responsibility requirements in procurement and helped suppliers purchase necessary supplies.

INDUSTRY PARTICIPATION, CO-OPERATION AND ENGAGEMENT:

Driving Suppliers to Improve Through JAC

Through 2020 Huawei continued to participate in the JAC (Joint Audit Cooperation) Academy pilot project and designated experts to attend its seminar. In January 2020, three suppliers who had performed well in JAC audits were presented medals at the 9th JAC CSR Forum.

Huawei's global procurement uses a complete CSR management system, including human rights, and has adopted industry CSR standards of the Responsible Business Alliance (RBA) and the Joint Audit Cooperation (JAC).

This includes a supplier CSR management system and both at corporate and at local level. Huawei does and will continue to require each of our suppliers to sign and comply fully with an associated CSR agreement in which forced labour is prohibited as a 'red line' management regulation. Should Huawei find any violation of the CSR agreement, particularly the non-compliance with the "red line" requirements, Huawei has a "zero tolerance" policy and takes swift and appropriate actions. This is a basic principle to which Huawei procurement has always adhered.

Huawei has implemented the requirements on the prohibition of forced labour in our supplier training, qualification and auditing of new suppliers, supplier CSR risk rating and re-auditing of high-risk suppliers, taking into account industry standards such as those of the RBA and JAC.

We also cooperated with JAC in 2020 to conduct supplier CSR audits with our customers, including the requirement of prohibiting forced labour. Huawei also participated in JAC Academy and used JAC audit requirements to carry out supplier audits.

Additionally, as an RBA member, we actively cooperated with RBA in communication and supplier audits to improve CSR baselines.

Deepening Cooperation with Customers and Industry Organizations

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

As a consequence, we also work closely with customers on supplier management. For example, we invite customers to visit supplier facilities, conduct joint supplier audits with customers, and carry out employee surveys and supplier capacity building projects. This collaborative approach enhances CSR management across the supply chain.

To quote Huawei's Statement on Responsible Mineral Supply Chain Due Diligence Management: "as a member of the Global e-Sustainability Initiative (GeSI), Huawei is committed to global social responsibility and implements ethical procurement to promote sustainable development of the supply chain." A link to Huawei's Statement on Conflict-Affected/Responsible Minerals can also be found in the footnotes section³.

As a key participant of the China Electronics Standardisation Association Huawei has an active role in setting the CSR standards for the electronics industry. Since 2009, Huawei has hosted numerous Global Supplier Sustainability Conferences and Regional Supplier Conferences.

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

³ <http://www.huawei.com/en/about-huawei/declarations/statement-on-conflict-minerals>



Since 2014 Huawei has worked with the Association Connecting Electronics Industries (IPC, founded as the Institute of Printed Circuits) to develop the industry standard IPC-1401 Supply Chain Social Responsibility Management System Guidance, published in 2017.

In developing this standard Huawei acted as workgroup chair to collaborate with 160 expert volunteers from 10 industry associations and 80 electronics enterprises.



Huawei leading the revision of IPC-1401A standard

The standard adopted the ISO management system structure ('Annex SL') and integrated an extensive range of CSR and human rights requirements into this guidance framework for corporate strategy and procurement processes, thereby driving each supplier's sustainable improvements with business incentives. As the chair of the IPC-1401 Technology Group, Huawei led efforts to modify the IPC-1401 standard which is published in 2021.

In turn, Huawei has introduced IPC-1401 standard to our suppliers, requiring them to similarly cascade to sub-tier suppliers.

OPENNESS AND TRANSPARENCY:

In 2020, Huawei continued to make a concerted effort to enhance transparency and communicate more proactively with the world:

- The Huawei executive team has continued to engage with the global community through a number of external events and speaking opportunities.
- We have gone into great detail with the general public about our ownership and governance, subjecting our ownership structure, shareholding files, and registry of shareholding employees to public scrutiny.
- As a private company wholly owned by its employees through the Union of Huawei Investment & Holding Co., Ltd., we have implemented an Employee Shareholding scheme involving just over 121,250 employees (by 31st Dec 2020). Only Huawei employees are eligible to participate. No government agency or outside agency holds shares in Huawei.



MONITORING EFFECTIVENESS:

In order to monitor the effectiveness of our strategy to prevent modern slavery, Huawei has established an internal complaint channel, an investigation mechanism, an anti-corruption mechanism, and an accountability system.

The Agreement on Honesty and Integrity that Huawei has signed with its suppliers clearly stipulates that suppliers may report improper conduct by Huawei employees through the channels stipulated in the Agreement to assist the company in monitoring the

integrity of its employees. The internal audit department independently assesses the overall status of the company's internal controls, investigates any suspected violations of the BCGs, and reports the audit and investigation results to the AC and senior management.

Huawei has also implemented a mechanism for internal control appraisals of GPOs and regional managers, holding them accountable and pursuing disciplinary action when and where necessary. The Audit Committee (AC) and the CFO regularly review the company's internal control status, and listen to and review reports on action plans for improving internal controls and plan execution progress. Both have the authority to request the relevant Global Process Owners (GPOs) or business executives to explain their internal control issues and take corrective actions.

LOOKING TO THE FUTURE:

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



To ensure all of the assessment measures are easily identifiable, we shall repeat some of the measures referred to earlier in this statement such as

partner/supplier performance measurement and audits, how whistle-blower complaints are handled, and intend to expand upon our training interventions.

ADDITIONAL STEPS 2020:

This is Huawei Australia's first Modern Slavery statement. Looking to the future, Huawei have taken the additional actions highlighted above to ensure full compliance and strengthen its position on Modern Slavery.

Huawei has continued to expand our supply chain investigations and have extended the assessments and investigations across internal operations. Huawei has worked to increase awareness both within the business and with those whom we work, to develop an understanding of Modern Slavery and the measures employees can take to prevent it from occurring within all aspects of Huawei's organisation.

In 2020, we assigned risk ratings to more than 1,600 major suppliers, and conducted onsite audits on more than 300 suppliers and new suppliers that posed a medium or high risk.

Also during 2020, a total of 33 tier-1 suppliers have signed CSR agreements with nearly 4,000 lower-level suppliers.

In addition, we collaborated with a customer (Deutsche Telekom) to pilot and conduct a survey via an App for supply chain employees to anonymously and directly answer a range of issues of particular concern for the customer.

Huawei believes deeply in the power of technology to provide fresh solutions to the problems facing humanity and achieve sustainable goals.

INCREASED AWARENESS; INTERNAL

Huawei's internal i-Learning system is essentially the backbone of self-help training within the organisation. Regularly, employees are required to complete mandatory training courses, both technical and legal compliance-oriented, which include presentation materials or videos followed by an exam to test the individuals' understanding of the key learning points.

This year Huawei repeated training to all staff globally to ensure awareness of the employee's right to whistle-blow should they identify a need to report any concerns of malpractice. The aim is to ensure that employees understand their rights within the workplace and their responsibility in participating to ensure that Huawei remains fully legally compliant across all markets.

Huawei has recognised that there are further opportunities to include Modern Slavery as a periodic topic within the agenda of management meetings both locally and at the corporate level. Huawei is looking to take this a step further in developing an internal awareness programme for managers to ensure Modern Slavery is fully understood within the workplace and that all employees are aligned with not only Huawei's position on Modern Slavery but also what they can do to assist in the assurance it never occurs within our operations.

INCREASED AWARENESS; EXTERNAL

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

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

MANDATORY CRITERIA INDEX

This statement addresses each of the mandatory criteria set out in section 16 of the *Modern Slavery Act 2018* (Cth), as summarised in the index below.

Mandatory criterion	Statement reference
1. Identify the reporting entity	Page 1
2. Describe the structure, operations and supply chain of the reporting entity	Page 1
3. Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls	Page 2
4. Describe the actions taken by the reporting entity and any entity it owns or controls to assess and address those risks, including due diligence and remediation processes	Pages 3 - 15
5. Describe how the reporting entity assesses the effectiveness of such actions	Page 15
6. Describe the process of consultation with any entities the reporting entity owns or controls	Not applicable

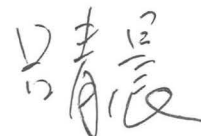
APPROVAL & SIGNATURE:

In accordance with the *Modern Slavery Act 2018* (Cth), this Statement reports on our efforts to combat human trafficking and modern-day slavery in our operations and supply chains for the financial year ended 31 December 2020. This Statement was approved by the board of directors for Huawei Technologies (Australia) Pty Ltd, and has been signed by the undersigned director for and on behalf of Huawei Technologies (Australia) Pty Ltd.

Dated: 28 June 2021

Signed:

Qingchen Lyu



Director, Huawei Technologies (Australia) Pty Ltd