



The essence of a company is reflected in its culture, core values, mission and vision.

Companies have measurable and quantifiable assets such as buildings, equipment, patents or technologies. These assets can be expressed in financial figures, but they do not express the company's soul or reasons for existence.

The essence of a company is reflected in its culture, more specifically in its core values and mission and vision. These intangible assets form the backbone of all the activities that lead to product development and deployment.

At Huawei, we take the customer's needs very seriously and this means that we put the customer first in everything we do. When a clear direction is accompanied by a strong and supporting set of values (and related behaviours) the employees are taking ownership and understand what to do and how to do it. In this sense the core values are driving Huawei forward and they are key to understanding the rise of Huawei in the last years and decades.

Integrity, the essence of Huawei

Huawei founder Ren Zhengfei puts it as follows: "The essence of Huawei's culture can be described with one word: integrity.

As our most valuable intangible asset, integrity, is the key to our survival and the source of individual and corporate growth."

At Huawei, our customers always come first. Huawei can only exist thanks to its customers.

Logically, **Customer Centricity** is the goal. We achieve this goal through **Inspiring Dedication**. Dedication can be achieved through **Perseverance**, i.e. maintaining course when the going gets tough, and not losing sight of strategic objectives, even if short-term obstacles come along. To **Grow by Reflection** then refers to employing wisdom accumulated through experience (sharing) and thinking, positively impacting on the other three core values.

As a truly international company, Huawei values openness as a key factor for continued success.

It boasts a unique culture that combines both Western and Eastern characteristics.

Huawei's culture is like an onion with many layers; all representing different cultural elements that enable Huawei's employees to make a real difference across the world. They are the essence of Huawei.

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Published January 2019

INSIGHTS

A truly global culture

In Europe, Huawei is often perceived as a typical Chinese company. True, the Huawei headquarters are located in Shenzhen, a modern metropolis just next door to Hong Kong. But it's also true that Huawei operates in 170 countries across all continents and that throughout its dynamic history, it has embraced advice and guidance from all corners of the world. Through its participative corporate culture, input from employees of all nationalities shapes Huawei on a daily basis!

Huawei's culture is like an onion with many layers; one layer is the British culture, another layer is Chinese, and still another is American. For instance, the US-based tech company IBM advised Huawei on its management system and has left a lasting imprint on Huawei's working structure. Huawei could not have become a leading global ICT service provider without international expansion.

Arguably, the roots of its global outlook were already in place when Ren Zhengfei established Huawei in 1987 – with a starting capital of just 21 000 Yuan, less than 4 000 euros at that time. Back then, China was a very different country from what it is now: after Deng Xiaoping's reforms, the economy was only gradually opening up. Those who took the risk to set up their own company were real pioneers - competition was fierce and success all but guaranteed. After Huawei managed to survive the first years, this pioneer spirit naturally led Ren and his team to look beyond China. Already then, openness was the basis of Huawei's survival and growth.

"Plunging into the sea" of international expansion, Huawei had a chance to gain a foothold in markets as yet undeveloped by American and European telecom companies. As it happened, in the early 1990s, Africa was a continent offering numerous opportunities. Perseverance, one of Huawei's core values, was key in setting up networks in markets that competitors avoided entering. Had the Huawei executives thought about all that could go wrong when engaging in hardship locations, they would not have come very far. It was the spirit of openness, not the fear of unpredictable outcomes, that drove investment decisions.

At the end of 1997, Huawei founder Ren Zhengfei sold his second-hand Peugeot and bought a BMW. One day, when driving his BMW on Shennan Avenue in Shenzhen, Ren spotted then IBM chairman Louis Gerstner. "Do you know where the handbrake on this BMW is?" Ren asked Gerstner. One year later, once IBM had successfully built up Huawei's modern business management system, Ren knew where the handbrake was. Beforehand, he was so focused on expansion that he did not have enough time to think about the handbrake.

With an open mind, Huawei has developed a unique culture that combines both Western and Eastern characteristics. This, together with its core values, is the secret to its rapid growth.

Invaluable experiences come from operating internationally in 170 countries. Everywhere Huawei operates, it abides by the local laws. Huawei also observes the conventions of the United Nations.

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Published January 2019

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The early years

One of the first areas of the Chinese economy to open up to foreign competition, under Deng Xiaoping's economic reforms, was the telecom infrastructure sector. Huawei was established by a man by the name of Ren Zhengfei. Yes, Ren was a Major in the PLA and in 1983, along with a million others, he lost his job. During his time with the PLA, Ren was in fact a civil engineer building bridges and factories. In 1987, he was a 44-year-old businessman who had suffered a number of failures, but wanted to try again in the telecommunications field. With funds invested by five colleagues to provide working capital of about EUR 4 000, he started Huawei. At the time, he had little support and many things were stacked against him. In China, he was called someone who dared to eat crab – that means someone who tries something new despite its menacing appearance.

When Huawei first started, the Swedish multinational Ericsson had already been in China for three years. In fact, there were nine international communications equipment manufacturers doing business in China at the time. Also, during this period, over 400 Chinese telecom manufacturers sprang up. Competition was based around the big cities of Shanghai, Beijing and Guangzhou. Huawei didn't stand a chance. So, establishing their headquarters in the new city of Shenzhen, the sales force went west to the remote and regional areas of China.

At the time, money was tight. The rules around private companies meant that bank loans were virtually impossible to secure. Out of necessity, the Huawei staff share ownership structure was developed to raise the capital necessary for growth. It has been the backbone of the company's success. Shares were offered to retain staff. Today, 80 000 employees own Huawei, with our largest single shareholding belonging to our founder Ren Zhengfei, who has 1.4 per cent of the company.

Mr Ren has always admired US business models. He noted they focused heavily on R&D, and he looked at their business structures during a visit to the US. He then hired expert companies to help him

grow his business – IBM, PWC, KPMG, Hay Group, etc. And they are still with him today, guiding the business and driving his vision.

In the year 2000, Huawei went global. It was a slow start, with only one per cent of our revenue coming from outside of China. However, what it did do was to change the course of our company's history – and, more importantly, upend the entire telecom sector. Just as we did in China, we went to the markets that the global giants of the time ignored. Africa, the Middle East, South-East Asia. We were fortunate in that we timed it perfectly. We totally missed the 2G era, so we started to focus on 3G R&D. Because the dot-com bubble had burst, our competitors spent less on R&D, giving us an opportunity to catch up. We did, and our technology gap turned into a level playing field. Huawei knew that the only way we could succeed was to have better technology, so the company mandated that a minimum of 10 per cent of our revenue needed to be spent on R&D. By the time 4G arrived, Huawei had become a global leader, to the point where we are now the world's No. 1 telecom infrastructure builder, welcomed as much in Europe as we are in China.

Our privately-owned business operates in 170 countries and our global revenue is approaching 86 billion euros a year. We now provide more than one-third of the world's population with their daily communications needs. With such reach, it is no surprise Huawei receives plenty of attention from global regulators and security agencies. As our Global Head of Cyber Security, John Suffolk, often says: we are the most poked, prodded and audited company on the planet.

We understand that we are a pioneer, breaking new ground for a Chinese company. We are truly global in operation - today we do more business outside of China than we do in China. We are a clear leader in our field, and we are privately owned. These are attributes not normally associated with a Chinese company. There is no doubt more companies like Huawei are coming. We can't pretend the rise of Smart China isn't happening.

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INSIGHTS**Myth 1: We get cheap loans or lines of credit from Chinese banks.**

Wrong, in fact 80% of every dollar of our financing comes from non-Chinese global banks.

Myth 2: We have a communist party cell that runs Huawei.

Yes, there is a communist party branch in Huawei, as there is one in Walmart, Nokia, Samsung and presumably the BHPs, Rio Tintos and any other large company operating in China; it's the law. In fact, three out of four foreign joint ventures in China have a branch. But that branch has no say in our operations. It meets in non-working hours and looks after staff social issues and activities. It has nothing to do with the management of company and is run by a retired employee of the company.

Myth 3: Under Chinese National Intelligence Law, Huawei has to cooperate and collaborate in intelligence work.

The law actually contains safeguards that discharge individuals and organisations from providing support that would contradict their legitimate rights and interests. And that law has no legitimacy outside China. We obey the laws of every country in which we operate. To do otherwise would be corporate suicide.

Myth 4: The UK Government regrets having Huawei in the UK.

George Osborne, then UK Chancellor, best summed it up when he said: "There are some western Governments that blocked Huawei from making investments; not Britain, quite the opposite." And, more recently, the UK Government National Cyber Security Centre's "on the record" support for Huawei led to the headline "UK cyber security agency sticks with China's Huawei..." in the Daily Telegraph.

Myth 5: Huawei is asking to do something here, which China won't allow foreign companies to do in China.

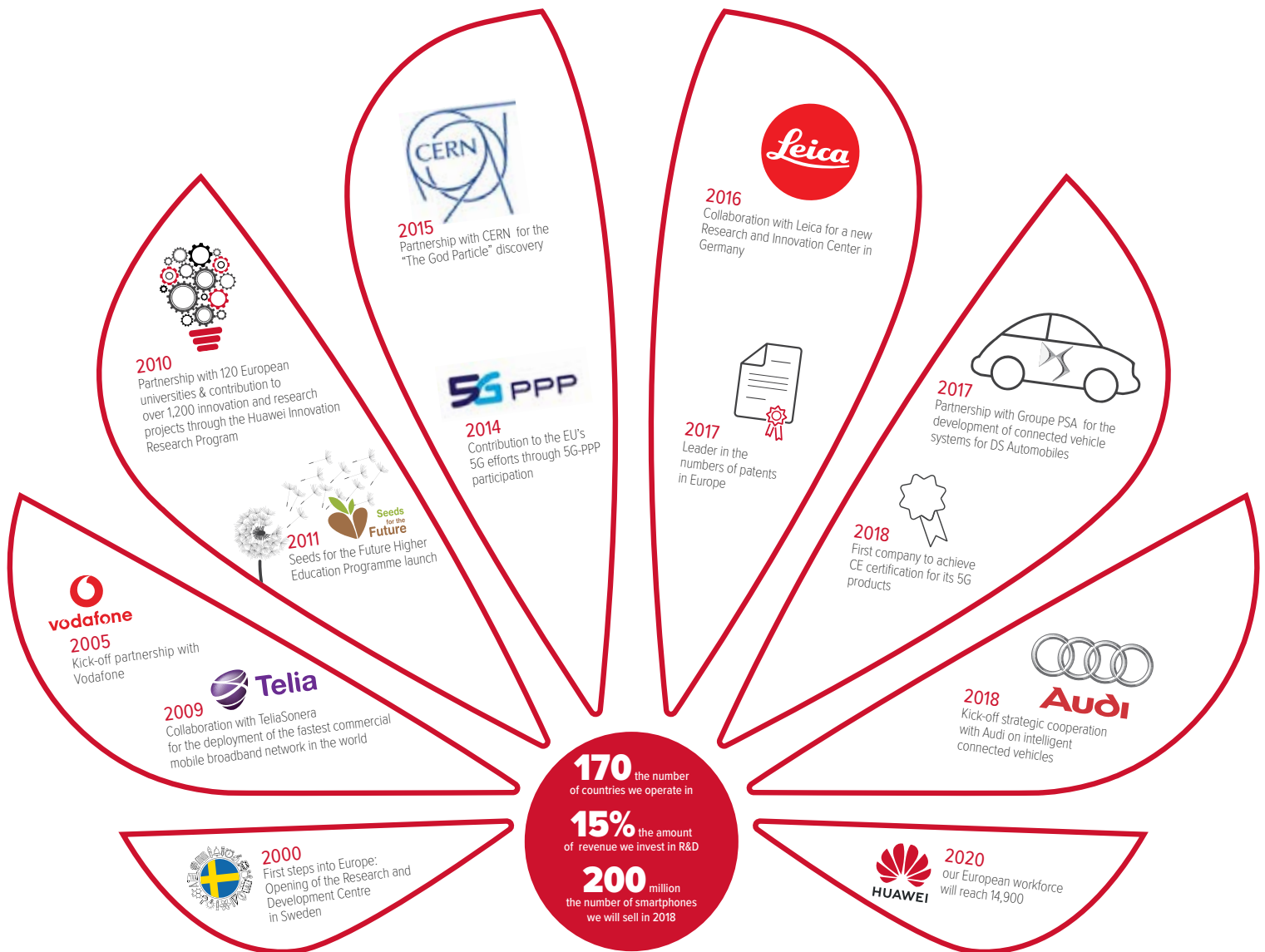
False. Nokia and Ericsson are both undertaking 5G work in China. In fact, in April this year, Nokia won a big contract with China Mobile for 13 city metro & 2 provincial backbone networks which will form part of China Mobile's 5G build.

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Huawei cares about Europe

Huawei currently has **over 11 000 employees in Europe**, which makes us a truly European business.

Innovating in partnership

Europe is a key region for the company's research and development activities. We employ **1900 R&D staff in Europe**. Huawei has invested 75 million euros in cooperating with over **150 universities** and research institutes, is an active player in the **EU's Horizon 2020 programme** and has signed over

210 technology partnership agreements. We have strategic alliances with many European companies.

Europe is an important centre for research and innovation in new technologies such as 5G (the next generation of mobile communications), Artificial Intelligence, robotics, Smart Cities, and advanced materials (e.g. graphene).

Huawei spends billions of euros per year procuring equipment and supplies in Europe and invests hundreds of millions in operations and research in over 30 countries in the region.

Committed to the European model of a social market economy

Huawei's goal is to boost the competitiveness of the European economy from within, stimulating investment and creating jobs. Free trade, fair competition and strong intellectual property protection are drivers of this process, and our aim is to help Europe further the development of its Digital Single Market.

We support the underdeveloped regions in Europe and invest in e-skills for the next generation of innovation leaders. Huawei will have trained over 2 000 European students by 2020 through our Seeds for the Future scholarship programme, which includes visits to China.

Our €75m European Developer Plan aims to create an open developer ecosystem that allows tens of thousands of developers to innovate using Huawei's platforms and operating systems through a network of Open Labs.

We are also well-positioned to help make the voice of the European ICT research community heard in China.

Working together for a secure digital future

Cyber security is a global issue. No single government or company can tackle this challenge alone.

ICT products are the result of a global supply chain. A single piece of equipment typically includes components sourced from all over the world. To deal with threats effectively, we need global standards and internationally agreed processes and best practices.

A holistic and comprehensive approach is needed in which everyone takes their fair share of responsibility. Collaboration with European partners to create a safer online environment is at the heart of our strategy. Our approach to cyber security is that everything needs to be 'built-in' rather than 'bolted on', and so we build security into every single aspect of our company, from strategy, governance and standards, to processes, manufacturing, third-party management, delivery, human resources and audit, as well as demanding the strictest compliance from our global supply chain.

The safety and integrity of our products and solutions have been proven in 170 countries, serving almost 3 billion people. Huawei seeks to join forces with partners to put in place common international cyber security standards and achieve a safer online environment for all.

Europe is a strategic market for Huawei, just as Huawei is a strategic partner for Europe. Huawei is seeking long-term development in and for Europe – a trusted partner of European customers with a global reach.

As a company with a long-term vision of acting both globally and locally, Huawei has identified Europe as a core strategic market. For us, Europe is not only a place to invest in and to do business, but also a global competence centre. Thanks to our global platform, we are making Europe's strong research capabilities available to the world.

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