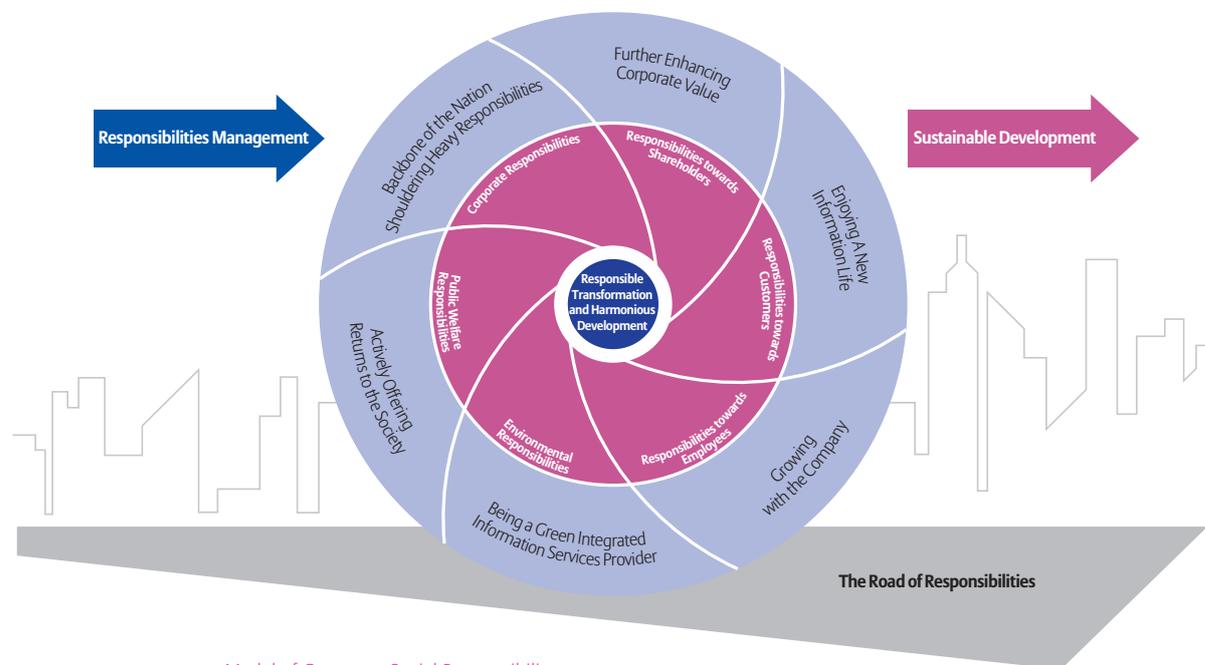


Corporate Social Responsibility Report



Model of Corporate Social Responsibility

By adhering to the core philosophy of “comprehensive innovation, pursuing truth and pragmatism, respecting people and creating value all together”, China Telecom perseveres in scientific development. While conscientiously fulfilling its responsibility to shareholders and rewarding them, the Company has associated its development with sustainable economic, social and environmental development and integrated its corporate social responsibilities into the provision of products and services. The Company has been committed to serving its customers, caring for its employees, protecting the environment and offering returns to the society, aiming to promote a harmonious society. In 2012, China Telecom was accredited with “China’s Outstanding Enterprise in Corporate Social Responsibility” by the Chinese Academy of Social Sciences.

I. Operating with integrity and in compliance with the laws

The Company operates with integrity and in compliance with relevant laws and regulations, industry regulations, business ethics and social ethics and persists in operation complying with the law. We have established an all-rounded and seamless compliance system featuring legal education, industrial regulation compliance, strengthening internal control, audit supervision, anti-corruption and comprehensive risk management. We have created a lasting, effective and standard communication mechanism in order to enhance information disclosure and increase company transparency. We have taken the initiative in receiving government regulation and social supervision. In 2012, we continued to strengthen system construction, supervision and inspection, and made timely rectification when problems were discovered.

II. Fulfilling our essential responsibilities as a telecom operator

China Telecom regards the construction of a complete and comprehensive basic networks, developing universal telecommunications services, guaranteeing emergency communications, maintaining information health, promoting indigenous innovation and facilitating industrial development as our inherent responsibilities.

Promoting the “Broadband China • Fibre Cities” project

As a key player for constructing China’s broadband network, after launching its “Broadband China • Fibre Cities” project in 2011, China Telecom further accelerated the construction of broadband infrastructure by promoting the FTTH construction in urban areas and applying customised techniques in broadband network construction in rural areas to speed up the installation of broadband lines in administrative villages.

To accelerate the broadband penetration, China Telecom established 25 FTTH training bases across China. As at the end of 2012, the Company has provided trainings to constructors and maintenance personnel with over 50,000 attendees in total. The Company launched a campaign of “Lightening Fibre Residential Areas” to promote the installation of optical fibres, and 112,000 residential areas participated in such campaign. The Company also implemented the broadband penetration and upgraded the network bandwidth in schools and non-profit organisations in

poverty areas of Hubei, Guangxi and Gansu. All of planned projects for 2012 were implemented and completed. By using the “Broadband Self-service System”, which was established and promoted across China, customers can measure the broadband access speed and website response time by themselves, so as to allow customers clearly know their spending on these. The Company took an active part in formulating technique standards for the installation of FTTH for local telecommunications network, and assisted local governments in accelerating the formulation of relevant policies and regulations to promote the development of information technology.

As at the end of 2012, the coverage of China Telecom FTTH reached 55 million households. The number of FTTH subscribers reached 15 million. The number of wireline broadband users was over 90 million. Over 290,000 administrative villages in 21 provinces in Southern China installed broadband lines. 73% of China Telecom wireline broadband users subscribed for bandwidth products with 4Mbps or above.

Progressing the “Village-to-Village” projects

China Telecom continued the implementation of the “Village-to-Village” projects to speed up the construction of service outlets in rural areas and raise the standard of informatisation for township governments, agricultural enterprises and individual farmers and bridge the digital divide between cities and the countryside. In 2012, the installation of broadband lines in over 10,000 administrative villages and 2,100 natural villages was completed.

Securing emergency communications

China Telecom is dedicated to securing smooth national communications. A unified emergency system was established at three levels: the headquarters, provincial branches and prefecture-level cities branches. The Company continued to optimise the flood control, disaster relief as well as disaster inspection and warning. The Company improved the contingency plan of flood control and disaster relief through carrying out communication drills to ensure prompt response and communication security under emergency circumstances. In 2012, there were a number of disasters, such as heavy rainfall, typhoons and floods, frequently happening in various regions, especially Beijing and its surrounding provinces, three provinces in Northeast China, Guangdong, Fujian, Hunan, Sichuan and Yunnan. Provincial, prefecture-level cities and county-level branches quickly

responded and took initiatives to restore communication services in the affected areas to guarantee smooth communications, completing all tasks in respect of disaster relief and communication guarantee with remarkable results. In 2012, the Company accomplished a total of over 3,100 emergency tasks involving more than 35,000 attendees and over 12,000 units of equipment.

III. Fulfilling our responsibilities towards our customers

Adhering to the operation philosophy of “pursuing the mutual growth of corporate value and customer value” and the service philosophy of “Customer First, Service Foremost” with customer perception as a starting point, China Telecom continuously perfected the methods of service and enhanced its service quality to provide all our customers, whether individuals,



The Company's emergency response vehicles rushing to the typhoon disaster area to ensure smooth communications

households, corporations, government or social undertakings, with a high-quality and convenient information service and enable the customers to fully enjoy a new informatisation lifestyle.

Implementing the campaign to “serve the public and achieve excellence in performance” and “protect customer rights”

In 2012, China Telecom further promoted the campaign to “serve the public and achieve excellence in performance” which had made remarkable achievement in 2011. The Company improved our services at outlets and online service centers and our installation and maintenance capability to further fulfil our commitment of 5 “No. 1” to provide “single billing – clear consumption records; one-click access – convenient communication; one-stop service – first point of contact being the responsible person; single-point queries – self-determined subscription/termination; single reminder – friendliness and care”. In response to feedbacks from the customers, the Company solved frequent issues regarding value-added services, card validity and the international roaming service, resulting in a higher rate of customer satisfaction.

China Telecom carried out self-examination, random inspection and rectification according to the requirements of the “campaign to correct violation of consumer rights in the telecommunications industry” proposed by six ministries in the PRC, including the Ministry of Industry and Information Technology. To regulate tariff rates and enhance the security inspection of customer information, the Company formulated a tariff rate manual, adopted a strict tariff rate reporting and approval

system and terminated the provision of 5,166 service packages. The Company also formulated the Administrative Measures on Customer Information Security, pursuant to which employees at each level shall sign a letter of responsibility. The Company rectified the problem of spam messages, commenced “three enforcements”, including forced suspension, forced subscription and compulsory bundled services, and regulated and standardised “three forms” which were forms of service pre-acceptance, service registration and customer bills. There has been remarkable achievements in special campaigns, and the monthly average number of complaints decreased by 823, which won the Company praises from the six ministries in the PRC.

In the 2012 customer satisfaction assessment organised by the Ministry of Industry and Information Technology, 3G and wireline internet services provided by China Telecom ranked first in the industry.

Facilitating the establishment of “Smart Cities”

China aims to build informatised “Smart Cities” in the process of urbanisation. Informatisation is the essence of building “Smart Cities”. China Telecom provided comprehensive supports to governments at all levels for the establishment of “Smart Cities”. On the one hand, a comprehensive and reliable information infrastructure and an information security system were constructed, laying a comprehensive foundation for various informatisation applications in cities. On the other hand, the Company actively developed and promoted the informatisation applications in the industry to promote intelligent lifestyle in fields of community, economy and daily life so that citizens can benefit from the informatisation.



China Telecom is responsible for telecommunications assurance of satellite launch centre

In 2012, China Telecom participated in “Smart Cities” programmes in more than 160 cities in 28 provinces, autonomous regions or municipalities. The Company promoted the informatisation applications in various areas in daily life through our information channel, integrated platform, content application and portal site.

At the level of information channel, China Telecom further improved the network infrastructure to develop the competitiveness of its network. The cognitive devices for the Internet of Things provided by China Telecom are very effective in data collection. The telecommunications network, which integrated wireline, wireless and satellite network, provided fast, intelligent and liable information transmission.

At the level of integrated platform, the Company established a service platform for general use and data communication of various intelligent communication applications. The open platform integrated internal and external resources and

supported rapid development, implementation and replication of various applications.

At the level of content application, the Company focused on the development of intelligent applications in government services, livelihood and commercial activities and has developed and launched 36 intelligent applications for 15 industries, including government services, social management, healthcare, culture and education, transportation and logistics, business and finance. The platform enabled the intelligent application of information technology to meet the increasing demands for the application of information technology in various fields.

At the level of portal site, an integrated service platform was established at the city level as a gateway for applications and services. The integrated portal site of “Smart Cities” was provided for the use of “Smart Cities” applications by governments, enterprises and the public.

Addressing the problem of spam messages

Malicious information on the Internet jeopardised the legal rights of customers and hampered the harmony of the society. Under the leadership of the relevant authorities in the industry and the guidance of the relevant social organisations, China Telecom has strengthened its control on spam messages since March 2012. The headquarters, provincial and prefecture-city level branches of the Company local their management systems and standardised and strengthened the censorship of spam messages by the use of advanced technology. The Company also further improved its regulations and working procedures and organised regular examination and purging of malicious information on the Internet. The results of our efforts on the elimination of spam message were remarkable. The number of complaints on spam messages in December 2012 dropped by 42% when compared with that in March 2012.

IV. Fulfilling our responsibility towards our employees

We consider our employees to be our most valuable resource. China Telecom adheres to the principle of respecting people and cherishing every employee. We value the various types of professional and technical staff and seek to align the development of the Company with its staff. In accordance with relevant state laws and regulations, we safeguard the interests of our employees and focus on the establishment of harmonious labour relations. We support labour unions in carrying out their functions and encourage our employees to participate in management and protect their right to be masters of their own affairs.

In 2012, we continued to carry out production safety publicity, education and training to implement our production safety accountability system and safety management system so as to create a favourable safety environment. In response to industrial reform and enterprise transformation, we conducted various staff trainings to update their knowledge and improve their skills. The Company persisted in determining employees' remuneration based on their value and contribution and tilted in favour of frontline employees, which resulted in the steady increase of their income. The Company will provide necessary and prompt care to employees from areas affected by disasters and poverty. The Company expanded the coverage and enhanced the quality of the "Four Smalls", namely small canteens, small bathrooms, small washrooms and small activity rooms at the workplace. It also strengthened the establishment of corporate culture to improve the working and living conditions of the frontline staff.

V. Fulfilling our responsibility towards the environment

China Telecom has established the concept of "Low-Carbon Telecommunications and Environmentally Friendly Development" and is committed to being an "Environmentally Friendly Information Service Provider" by further promoting energy saving and emission reduction in the areas of procurement, construction and operations. In 2012, we focused on adopting green systems and technologies selectively for energy saving and further improved the energy efficiency of our supporting systems. We completed the construction of over 1,800 intelligent ventilation units, more than 2,400 sets of e-green power switches, approximately 900 accurate air supply devices and approximately 600 intelligent heat transfer devices. The growth of energy consumption was controlled effectively.

In addition to the promotion of environmentally friendly operation, the Company further developed and promoted the environmentally friendly information products to help our customers' energy saving and emission reduction as well as environmentally friendly development.

Moreover, to avoid redundant construction and improve the efficiency of telecommunications infrastructures, the Company cooperated with its parent company and various telecommunications operators to jointly construct and share internet infrastructures. It also helped to protect the natural environment and landscape, and reduced the use of land, energy and raw materials.

Prevention of electromagnetic radiation pollution

In order to prevent electromagnetic radiation pollution and protect environment and public health, China Telecom implemented strict management on the source of electromagnetic radiation pollution and conducted environment assessments on equipment to be used in the base stations. Indicators of equipment shall meet the requirements of Regulations for Electromagnetic Radiation Protection (GB8702-88) and Hygienic Standard for Environmental Electromagnetic Waves (GB9175-88). The Company conducted theoretical calculation of electromagnetic radiation indicator during the feasibility study and design of projects. After the completion of base station construction, the Company monitored the electromagnetic radiation level in the surrounding areas to ensure the compliance with the relevant national standards. The Company also conducted in-depth study on the proposal of base station construction in and around residential districts. By establishing single access points, distribution system in districts and microcellular systems, the Company improved the distribution of base stations in residential districts with its electromagnetic



China Telecom donated rice to a charitable "Food Bank" Feeding Hong Kong

radiation indices below national standards.

VI. Contributing to Community Well-being

China Telecom was consciously involved in social welfare undertakings. Through various forms of public service activities, we supported the development of science and technology, education, culture, sports and health undertakings, cared for vulnerable groups in society and helped those in distress and poverty. We advocated and encouraged our employees to foster the volunteering spirit and participate in various forms of voluntary service activities. In 2012, we continued to assist the parent company in promoting poverty alleviation and assistance in Tibet. We participated in a variety of assistance programmes in Bianba County, Tibet, such as infrastructure construction, informatisation construction, promotion, education and trainings. In Yanyuan County and Muli County, Liangshan Yi Autonomous Prefecture, Sichuan, we participated in 21 poverty alleviation projects

in relation to the construction of information technology, agriculture, education, health and science and technology demonstration.

In 2012, China Telecom demonstrated its commitment to corporate social responsibility, and held a free coffee campaign “Enjoy Coffee & Share Love” on Thanksgiving Day. Under this campaign, 2,000 cups of coffee were offered for free in Hong Kong, and China Telecom promised that for every cup of coffee redeemed through the campaign would be matched by the donation of a pack of rice weighing 2 kilograms to a charitable “Food Bank”, Feeding Hong Kong. This has delivered China Telecom’s message of care to the people in need in the society. At the same time, the Company wishes to thank the shareholders for their support, on which the Company has again won numerous accolades. The 2,000 packs of rice donated by China Telecom

will be distributed in stages to a network of charity partners to support those in need, including shelters for the homeless, children’s homes, senior day centres and migrant worker support centres.

In 2013, China Telecom will continue to shoulder its own responsibilities and responsibilities towards its shareholders, customers, employees, environment and public welfare in a coordinated manner. We will continue to foster our strengths as a large-scale telecommunications enterprise and integrated information services provider to achieve continuous and stable development so as to make due contributions to various customers’ lives and undertakings, industrialisation, informatisation, urbanisation and agricultural modernisation, and the construction of a resource-efficient and environment-friendly society.



The Company was accredited with “China’s Outstanding Enterprise in Corporate Social Responsibility”



Yes We Can

THRIVE

