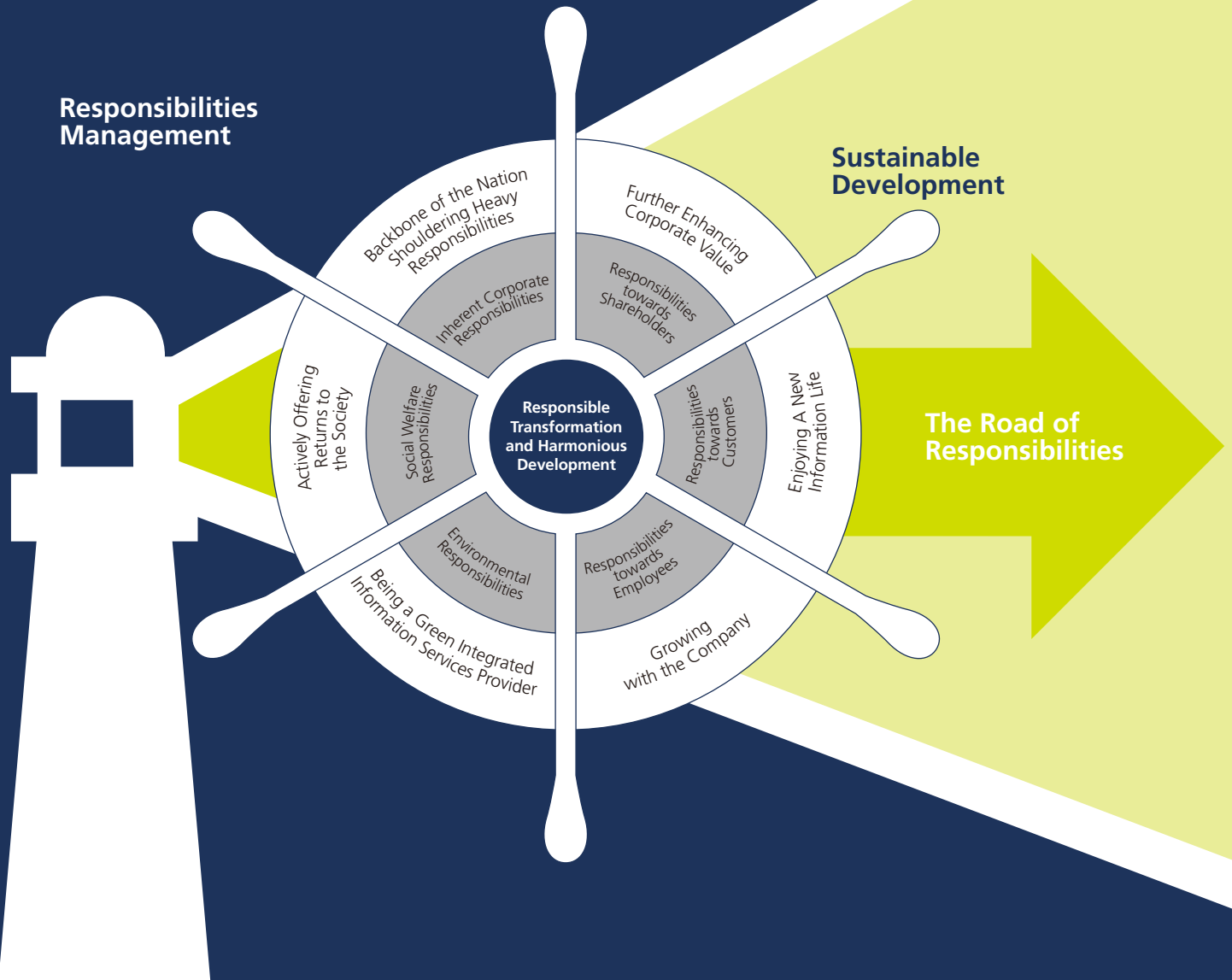


# CORPORATE SOCIAL RESPONSIBILITY REPORT

By adhering to the core philosophy of "comprehensive innovation, pursuing truth and pragmatism, respecting people and creating value together", China Telecom persevered in the fulfillment of its responsibilities for the interests of stakeholders including the country, shareholders, customers, employees, suppliers, peers within the same industry and the community, while continuously promoting corporate transformation and development and persistently enhancing corporate comprehensive value.

## Responsibilities Management

## Sustainable Development



**Inherent Corporate Responsibilities:**

As a national mainstream telecommunications operator, there is an inherent corporate responsibility towards the fundamental network, universal telecommunications services, emergency communications, information healthiness, technological innovation and value chain development. China Telecom persists in taking a leadership role in endeavouring to persistently contribute to the development of the country and the community.

**Responsibilities towards Shareholders:**

Shareholders are the investors of the enterprise. China Telecom adheres to operate steadily and pragmatically, while striving to honour its commitment to shareholders through achieving excellent operating results and continuously enhancing its corporate value.

**Responsibilities towards Customers:**

Customers are the foundation for sustainable development of the enterprise. China Telecom strives to protect the rights of customers, pursue mutual growth of corporate value and customer value, deepen its understanding of customers' needs, and continuously innovate and provide suitable and high quality products and services to customers, all of which enable our customers to fully enjoy a new lifestyle in the information age.

**Responsibilities towards Employees:**

Employees are the most valuable assets of the enterprise. China Telecom safeguards the interests of its employees in accordance with laws, fosters staff development, encourages employees to participate in management, takes care of its employees' well-being, and aligns

the development of the Company and its employees.

**Environmental Responsibilities:**

It is a mission of all mankind to develop an environmentally friendly environment. Through promoting environmentally friendly elements in management, procurement, network, office administration, products and activities, China Telecom strives to become a provider of environmental friendly integrated information service, as a means to contribute to the development of an environmentally friendly economy and society.

**Social Welfare Responsibilities:**

Commitment to charitable social activities helps to turn the society into a better place. The Company takes the initiative to reward the society by voluntarily participating in community charity affairs.

China Telecom regards sustainable development as the direction and continuously enhances its level of responsible management, while coordinating and fulfilling the responsibilities towards stakeholders, committing to the path of responsible development.

**I. Operating with integrity and in compliance with the laws**

China Telecom persists in maintaining good corporate governance and operating in compliance with the laws and integrity through abidance by relevant laws and regulations, industry regulations and business ethics. We have established

an all-rounded and seamless compliance system featuring internal control design, audit supervision, anti-corruption and comprehensive risk management. We have created a long lasting, effective and standard communication mechanism in order to regulate the disclosure of corporate information. We have taken the initiative to be governed by the government regulation and social supervision. In 2015, in accordance with the laws and regulations and the requirements of the regulatory departments, the Company integrated the changes in the area of business operations to strengthen the setting up of the Company's anti-corruption and supervision systems, to further perfect the relevant rules and systems, to continuously develop the supervision and inspection of the implementation of these rules and systems, and to make timely rectification when problems are discovered.

## II. Fulfilling our essential responsibilities as a telecommunications operator

As a key player of the construction of "Broadband China", the Company accelerated the construction of the dual-100Mbps mobile Internet and wireline broadband Internet in 2015 in order to provide speedy, safe and reliable network assurance. The Company strives to achieve the missions in maintaining network information safety and universal telecommunications services, and assuring emergency communications.

### Speed Upgrade and Tariff Reduction

The Company accelerated the construction of 4G network. The number of 4G base stations reached 510,000 in total. The network covered all developed villages and towns nationwide (all villages and towns in the eastern region) or above. At the same time, the Company constructed 4G+ (LTE-A) base stations in 45 key cities, providing its "e-Surfing 4G+" service.



The Company comprehensively promotes optical fibre upgrade for wireline broadband network, and expands its construction in relation to the coverage of optical fibre network, completing optical fibre upgrade for copper wire residential communities during the year as well as developing a number of optical fibre cities. Sichuan was the first province with full optical fibre network coverage, and the access speed of wireline broadband service was increased to 29Mbps.

The Company has drastically reduced the standard tariff of wireline broadband and handset data traffic and introduced the service of carrying forward unused handset data traffic to the next month. In 2015, the bandwidth unit price of wireline broadband has reduced by 55% and the handset data traffic tariff has decreased by 33%.

### Maintaining network information security

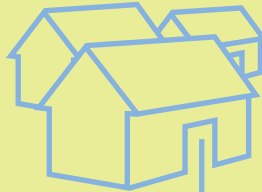
The Company conscientiously adheres to the legal and regulatory requirements of network information security and continuously strengthen every fundamental work of network information security. The Company launched the "e-Surfing security" series of products and a series of related security products such as DDos security protection product "Cloud Dam" embedding the functions of "cloud, pipe and device", office security administration, safe mobile payment "e-Surfing USB". The Company strives to control unhealthy network information and assist the relevant departments to fight against communication and information swindles.

### Promoting the "Village-to-Village" projects

The Company persistently promotes the construction of communication networks in rural areas and remote rural villages. In 2015, the Company completed the installation of broadband lines in over 5,400 administrative villages, telephone lines in over 1,000 natural villages and the construction of rural service network points by applying customised techniques. The Company strives to participate in and foster the electronic development and informatisation in rural areas, endeavouring to enhance the level of informatisation of rural villages, agriculture and farmers, and bridge the "digital divide" between the urban and rural areas.

Completed the installation broadband lines in

**5400+**  
**administrative villages**



Ethnic minorities enjoy the new information lifestyle

### Assuring emergency communications

China Telecom is dedicated to ensuring the provision of smooth and safe communication. In 2015, the Company quickly responded to the rescue activities in a number of severe natural disasters such as earthquake, flood, typhoon, and restored communication services in the affected areas within the shortest period of time. Throughout the year, a total of over 70,000 headcounts of relief workers, over 10,000 rescue vehicles, over 8,000 diesel generators and over 3,000 emergency communications equipment were deployed for this purpose. The Company successfully accomplished the communication assurance tasks for important conference events and important sport competition events.



Fully devoted to restore telecommunications services in affected areas

### III. Fulfilling our responsibilities towards our customers

China Telecom actively implemented the laws and regulations regarding the protection of the interests of customers, persisting to provide products and services in compliance with laws and regulations. The Company also puts in place strict compliance checks for advertising campaigns, strictly protect customer information and continuously standardising the tariff management. In 2015, while aggressively promoting 4G and optical fibre broadband products, the Company deployed and implemented the "Internet+" action plan and cooperated with customers and business partners to innovatively promote the applications of "Internet+" and assisted the transformation and upgrade of customers in various sectors and industries. The Company strives to enhance the service capability and improve the quality of hot spots through resolving key service issues in a timely manner based on customers' feedback. According to the survey conducted by the Ministry of Industry and Information Technology, China Telecom continued to outperform amongst its peers in the customer satisfaction ratings of mobile Internet and wireline Internet in 2015.


### Enhancing services capability for fundamental business

For 4G business, the Company implemented "5 excellent services" focusing on the areas including network experience, product services, channel services, terminal services and customer care. The Company launched the 4G campaign of "Service Experience, Enhanced Capability" to proactively identify problems and implement rectifications through targeted service experience.

Focusing on the broadband services, the Company launched end-to-end bandwidth upgrade, organised users to conduct speed testing and service supervision and promoted "install first and pay later" broadband services in 12 pilot provinces across the country. Through promoting broadband self-troubleshooting functions, the Company provided convenience to customers and reduced broadband repair service time.

### Implementation of the morals and rectification requirements and remedy of services hotspots issues

The Company promotes the innovation of fundamental service credit management through improving IT system capability and realises its commitment to serve customers. The Company



further standardised the customer reminder service and created reminder service in new media channels enabling customers to enjoy customised reminder service. The Company further standardised the detailed presentation of bills in accordance with the “handset data traffic carrying forward” policy. Rectification measures such as “second confirmation” and “unknown deductions” were launched. Up to December, both the rate of bypassed complaints and the rate of unknown deductions complaints of China Telecom outperformed the control targets set by the Ministry of Industry and Information Technology.

#### **IV. Fulfilling our responsibility towards our employees**

China Telecom safeguards the interests of our employees in accordance with the laws, continues to establish stable and harmonious labour relations, cares and cherishes our employees, actively leverages various types of talents and supports labour unions in carrying out their functions.

##### **Strengthening production safety management**

In 2015, the Company revised the “China Telecom Production Safety Management Manual” and revised the “China Telecom Female Employees Labour Protection Manual”. The Company strengthened production safety supervision and inspection, and implemented rectification for all types of safety hazards.

##### **Promoting employees’ growth**

In 2015, in combination with corporate transformation and business development, we enhanced the targeted training programmes for employees. Focusing on cultivating frontline “unit CEOs”, implementation of “unit CEOs” elite

training camps and core employee training camps, we organised the launch of the “100 Best unit CEOs on the podium” campaign, “unit CEOs” online training activities to enhance the capability of frontline “unit CEOs”.

##### **Promoting the work of caring and cherishing our employees**

The Company perfected the closed-loop management mechanism for employees’ complaints and carried out the “2015 speak out your wish” survey activity. The Company strives to understand the employees’ needs and timely respond to the employees’ requests in order to help the employees to solve their practical difficulties and problems at its best endeavour. The Company also timely relieved employees in difficulty or affected by natural disasters. Routine care and visits were offered for frontline employees in difficulty and those with outstanding performance. The construction of “Four-Small” – namely, small canteens, small bathrooms, small washrooms and small activity rooms for 1,900 frontline units – were completed. Up to 2015, the practical difficulties and problems of frontline employees in dining, activities and rest in nearly 20,000 frontline units were resolved.

#### **V. Fulfilling our responsibility towards the environment**

China Telecom complies with the relevant laws and regulations in environmental protection and the Company encourages all levels of employees to be conscious in resources saving, such as the saving of one kilowatt of electricity, one drop of water, one litre of oil, one piece of paper, and one pen. Besides, the Company incorporated and applied the requirements of energy saving, emission reduction and environmental protection in various operating activities such as procurement, construction, operation, office administration through rules

and regulations, work deployment, appraisals and evaluation. The Company persistently researched and developed environmental friendly information-based products to assist the customers to pursue energy saving and emission reduction and to achieve environment development goals.

#### Promoting energy saving and emission reduction

In 2015, the Company continued the construction of a network platform that is more energy-efficient, faster and with higher capacity, and promoted the integration of our service platform with "cloud resource pools". The Company accelerated to foster the upgrade and withdrawal of traditional switch facilities and other obsolete and high consumption equipments for IT, transmission, air-conditioning and electricity. We continued to promote the energy-saving technological transformation of existing network fundamental facilities and the application of new energy-saving technology, further extending the coverage rate of the energy-saving technological transformation of fundamental ancillary facilities and actively promoting the optimisation and reduction of redundancy of the fundamental ancillary facilities. The Company further promoted the sub-divided energy-saving processing units and integrated the energy consumption monitoring system to achieve energy saving and emission reduction precision management. Water resource management was strengthened and the water recycling in operation was promoted.

#### Promoting Reverse Logistics

The Company continued to promote the recycling, refurbishment, replacement and resale of obsolete products like copper cables, rechargeable batteries, wireline terminals and network withdrawal equipments. The obsolete rechargeable batteries contain large amounts of heavy metal and

electrolyte solution such as acid and alkali, the discharge of which will create water pollution, damage crops and cause soil erosion. China Telecom on one hand advocates to minimise the use of rechargeable batteries and on the other hand persists in recycling obsolete rechargeable batteries by setting up the comprehensive recycling and handling systems to prevent environmental pollution and reuse the useful components therein.

#### Promoting joint construction and sharing of telecommunications infrastructure

During the year, the Company jointly constructed and shared telecommunications infrastructure with other telecommunications operators to avoid duplicate construction, protect the natural environment and landscape, reduce land use, consumption of energy and raw materials. The Company devoted efforts in promoting the joint construction and sharing of base stations, and completed the injection of tower assets into China Tower Corporation Limited.

## VI. Supply chain management

China Telecom actively communicates with the suppliers, persists in open cooperation to achieve a win-win situation, adheres to valued procurement, sunshine procurement, ecological procurement, and encourages suppliers to fulfill their social responsibilities.

In 2015, in the area of valued procurement, the Company pragmatically implemented the management methods of procurement resources quality inspection, strengthened quality control, and persistently extended the scope of quality inspection and suppliers' evaluation. The scope of follow-up assessment was extended. Through reinforcing the inspection and applying follow-up results in bidding assessment, the suppliers are encouraged to continuously improve the quality

level. For sunshine procurement, the Company strictly complied with the relevant laws and regulations in procurement, bidding and tendering to further improve the Company's bidding and tendering management system. We revised and published the "Procurement Bidding and Tendering Management Manuals", "Management Measures in relation to Procurement Selection" and "Bidding Agent On-site Service Measures" and further expanded the scale of bidding, strictly controlled the scope of directed procurement, adhered to the principles of "bidding the project that we ought to bid" and "bidding as many projects as we can". We conducted comprehensive self-checks and selective key checks of the bidding project as required by laws to enhance the standardised level of procurement. For ecological procurement, we actively promoted the use of ecological procurement assessment indexes in the procurement process and prioritised resources saving and environmentally friendly products. Throughout the year, the energy consumption for targeted professional units was reduced by 7.1%.

## VII. Contributing to community well-being

China Telecom actively supported the development of science and technology, education, culture, sports and hygiene and paid attention to the 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.

The Company continued to assist our parent company in providing poverty alleviation and assistance in Tibet and Xinjiang. In 2015, in addition to a variety of assistance programmes in Bianba County in the Tibet Autonomous Region, Yanyuan County and Muli County in Sichuan Province and Shufu County in Xinjiang Uygur

Autonomous Region, the Company assisted in providing poverty alleviation and assistance in Tianlin County of Guangxi Zhuang Autonomous Region, helped to establish fundamental facilities, informatisation, education and training, agriculture, hygiene and technology in the five counties. During the year, the Company assisted the Gansu provincial government to build the first poverty big data management platform in China, which conducted a dynamic management of the poor villages, poor households and poor population of Gansu Province, ensuring the full implementation of household policies related to poverty alleviation which was highly commended by society.

In 2016, China Telecom will put forward five development concepts including "promoting innovation, harmonisation, green, openness and sharing". The Company will implement national "Cyberpower" strategy, "Big Data" strategy and "Internet+" action plan to vigorously promote corporate reform and innovation, while striving to provide more suitable and quality businesses and services to customers and economic society. We will assist the transformation and upgrade of various sectors and industries to create new values for stakeholders, and contribute to the development of a well-off society.