

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Corporate Social Responsibility Report

Adhering to the core values of “Comprehensive Innovation, Pursuing Truth and Pragmatism, Respecting People and Creating Value All Together”, China Telecom has since long incorporated the Environmental, Social and Governance (“ESG”) responsibilities into its corporate development strategy, routine production and business operation and management activities, actively fulfilled its responsibility toward stakeholders, and followed the path of responsible development, seeking to continuously build on its overall value.

### I. PROMOTING RESPONSIBILITY MANAGEMENT

The Company strictly complies with the provisions of the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 of the Listing Rules of the Hong Kong Stock Exchange. The Board of Directors of the Company attaches great importance to the supervision and control over ESG, and is responsible for developing ESG-related policies and strategies, including evaluating, prioritizing and managing ESG issues to guarantee that

effective ESG risk management and internal control systems are in place. The Board and the Audit Committee also regularly receive briefings from the Company on ESG issues, conduct the performance review on the Company, present advices and instructions to the management and relevant departments on ESG issues and review and approve the disclosure of ESG reports to ensure the Company’s performance in fulfilling ESG responsibility is continuously improving. We reported the work plan to the Board during the preparation stage of this report and also reported to the Board upon the finalisation of this report. This report was reviewed and approved by the Board.

The Company establishes an ESG working group which is managed by senior management, while the Corporate Strategy Department coordinates with relevant departments in the headquarters, provincial branches, professional companies and units directly under the headquarters participating in ESG reporting work. ESG working group is authorised to be responsible for implementing the Company’s ESG strategies, promoting ESG performance management and monitoring information disclosure and relevant fundamental work.



The Company established its own system of ESG Indicators, set up the information statistics system for ESG performance and refined procedures on ESG data's collection, review and application. In accordance with A Step-By-Step Guide to ESG Reporting issued by the Hong Kong Stock Exchange, the Company perfected its information disclosure and regulated the disclosure of detailed information on how the Company fulfills its responsibility in the aspect of ESG governance.

The Company promotes communication with its investors, customers, employees, government and regulatory institutions, communities and other stakeholders through various channels including announcements, reports, meetings, seminars, visits, service hotlines, questionnaires and events. The Company earnestly listens to the expectations and needs of the stakeholders, sorts out the opinions and suggestions from all parties and actively responds to the concerns raised.

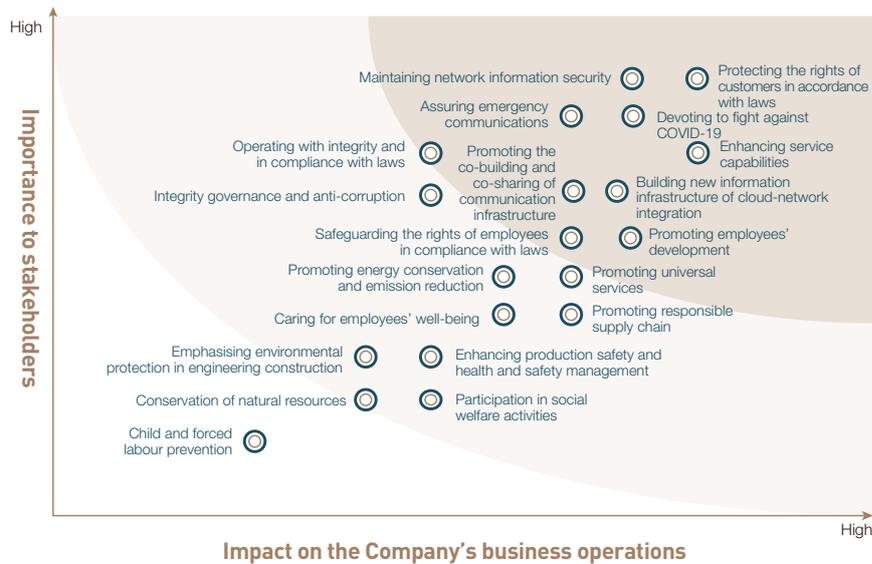
## STAKEHOLDERS' EXPECTATIONS ON THE COMPANY AND OUR RESPONSE

Stakeholders	Communication Mechanism and Method	Expectations on the Company	Our Response
Investors	<ul style="list-style-type: none"> <li>• Statements and announcements</li> <li>• Reports and visits</li> <li>• Daily communication</li> <li>• Investor conferences</li> </ul>	<ul style="list-style-type: none"> <li>• Value retention and appreciation</li> <li>• Regulating corporate governance</li> <li>• Operational risk prevention</li> <li>• Regulating information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>• Operate steadily and continue to create value for shareholders</li> <li>• Improve corporate governance level and continuously improve internal control system</li> <li>• Protect the rights of investors, especially small and medium investors, in accordance with laws</li> <li>• Strictly comply with the disclosure requirements of corporate information</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Customer service hotline</li> <li>• Account manager's visits</li> <li>• Customer surveys</li> <li>• Customer communication activities</li> </ul>	<ul style="list-style-type: none"> <li>• Suitable and good business products</li> <li>• Enhancement of service quality</li> <li>• Tariff charges reduction</li> <li>• Harmful information prevention</li> <li>• Personal privacy protection</li> </ul>	<ul style="list-style-type: none"> <li>• Promote business and products innovation</li> <li>• Promote transparent consumption</li> <li>• Set reasonable and preferential tariff charges</li> <li>• Regulate value-added service cooperation management</li> <li>• Protect customer information in accordance with laws</li> </ul>

<b>Stakeholders</b>	<b>Communication Mechanism and Method</b>	<b>Expectations on the Company</b>	<b>Our Response</b>
Employees	<ul style="list-style-type: none"> <li>Employee representative congress</li> <li>Employee-management conversations</li> <li>Employee opinion surveys</li> <li>Complaints and grievances</li> </ul>	<ul style="list-style-type: none"> <li>Legal rights protection</li> <li>Realisation of professional development</li> <li>Management participation</li> <li>Caring for employees</li> </ul>	<ul style="list-style-type: none"> <li>Regulate labour management</li> <li>Optimise income distribution and welfare protection mechanism</li> <li>Reinforce employee training and improve career development</li> <li>Count on the function of employee representative congress</li> <li>Improve work conditions</li> </ul>
Government and Regulatory Institutions	<ul style="list-style-type: none"> <li>Meetings</li> <li>Statements or reports</li> <li>Reports and visits</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with laws and regulations</li> <li>Government management requirement implementation</li> <li>Facilitation of industry development</li> <li>Promotion of employment</li> </ul>	<ul style="list-style-type: none"> <li>Govern the corporate in accordance with laws, and operate with integrity</li> <li>Pay taxes in accordance with laws, and foster employment opportunities</li> <li>Provide innovative informatisation products and services, promote high-quality economic development</li> <li>Actively provide advice and suggestions</li> </ul>
Supply Chain	<ul style="list-style-type: none"> <li>Business communication</li> <li>Business trainings</li> <li>Seminars or forums</li> </ul>	<ul style="list-style-type: none"> <li>Equal and mutually beneficial cooperation</li> <li>Co-creation of value</li> <li>Promotion of industry development</li> </ul>	<ul style="list-style-type: none"> <li>Cooperate with integrity, create mutual benefit and achieve win-win</li> <li>Actively create an industrial ecosphere and promote industry development</li> </ul>
Peers	<ul style="list-style-type: none"> <li>Forums or conferences</li> <li>Dispute coordination and resolution</li> <li>Special topic working groups</li> <li>Visits</li> </ul>	<ul style="list-style-type: none"> <li>Lawful and fair competition</li> <li>Reinforcement in communication and cooperation and promotion of healthy development of the industry</li> </ul>	<ul style="list-style-type: none"> <li>Actively communicate and exchange experience</li> <li>Promote inter-connection and inter-communication</li> <li>Actively engage in co-building and co-sharing</li> </ul>

Stakeholders	Communication Mechanism and Method	Expectations on the Company	Our Response
Community	<ul style="list-style-type: none"> <li>Community communication activities</li> <li>Community co-build activities</li> <li>Social welfare activities</li> </ul>	<ul style="list-style-type: none"> <li>Environment protection</li> <li>Telecommunications universal services</li> <li>Emergency communications assurance</li> <li>Assisting vulnerable groups</li> </ul>	<ul style="list-style-type: none"> <li>Implement energy conservation and emission reduction as well as environmental protection measures</li> <li>Actively fulfill universal services obligation</li> <li>Maintain smooth communication</li> <li>Promote poverty alleviation and help the disabled and people in need</li> </ul>

In accordance with the ESG subject areas contained in the ESG Reporting Guide, while taking into consideration the expectations and needs of stakeholders based on the characteristics of our business and the industry as well as the impact of our business operations on the economy, environment and society, the Company assesses ESG issues that are relevant and material to the Company’s business operations from the dual perspectives of its importance to stakeholders and its impact on the Company’s business operations, and selects and establishes a materiality matrix (see below) as the basis for the Company’s ESG report’s disclosure.



The main issues of this report are presented in the following table:

<b>Environmental, social and governance areas listed in the Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange</b>	<b>Main environmental, social and governance issues for the Company</b>
A Environmental	
A1 Emissions	Promoting energy conservation and emission reduction
A2 Use of Resources	Conservation of natural resources
A3 The Environment and Natural Resources	Emphasising environmental protection in engineering construction Promoting the co-building and co-sharing of communication infrastructure
A4 Climate Change	Promoting energy conservation and emission reduction Green purchasing Assuring emergency communications
B Social	
B1 Employment	Safeguarding the rights of employees in compliance with laws Caring for employees' well-being
B2 Health and Safety	Enhancing production safety and health and safety management Devoting to fight against COVID-19
B3 Development and Training	Promoting employees' development
B4 Labour Standards	Child and forced labour prevention
B5 Supply Chain Management	Promoting responsible supply chain
B6 Product Responsibility	Building new information infrastructure of cloud-network integration Promoting universal services Maintaining network information security Assuring emergency communications Protecting the rights of customers in accordance with laws Enhancing service capabilities
B7 Anti-corruption	Operating with integrity and in compliance with laws Integrity governance and anti-corruption
B8 Community Investment	Participation in social welfare activities

This report is a yearly report which covers the policies, measures and performance on the ESG-related issues of the Company and its subsidiaries (branches) for the period from 1 January 2020 to 31 December 2020 (reporting period).

This report actively complies with the requirements of the ESG Reporting Guide of the Hong Kong Stock Exchange in relation to the reporting principles of “materiality”, “quantitative”, “balance” and “consistency”. Based on the materiality principle, the Board of the Company determined the importance of ESG issues, and this report disclosed our communication with stakeholders, the identification process of the material issues and the materiality matrix. Based on the quantitative principle, the Company strived to quantify its ESG performance indicators as much as possible. The statistical standards, methods, assumptions and calculation tools, as well as the sources of conversion factors for quantifying the key performance indicators are all disclosed in this report. Based on the balance principle, this report strived to provide an unbiased picture of the Company’s ESG performance during the reporting period and avoided selection, omissions or presentation formats that may inappropriately influence the decision or judgment of the readers. Based on the consistency principle, the Company kept the statistical methods used for the data disclosed in this report consistent, and if there was any inconsistency, explanations were made. For details of compliance with the ESG Reporting Guide of the Hong Kong Stock Exchange, please refer to the ESG Reporting Guide Index in this report.

## II. OPERATING WITH INTEGRITY AND IN COMPLIANCE WITH LAWS

China Telecom governs the corporate in accordance with laws and regulations, persists in operating in compliance with laws and integrity through abidance by relevant laws and regulations and industry regulations. We have established an all-rounded and seamless compliance system featuring, among others, internal control, audit supervision, anti-corruption and comprehensive risk management. The Company has established a sound, long-term and effective communication mechanism in order to regulate the disclosure of corporate information, and is open to government supervision and public scrutiny.

The Company set up the Legal Department (Compliance Management Department), as a separate unit in 2020, to further improve the compliance management system with three lines of defence consisting of the business department, compliance management department and audit supervision department, and collaborated with the parent company to formulate the Compliance Management Action Program of China Telecommunications Corporation (2021-2023). The Company has issued the China Telecom Compliance Initiative for standardising the operation and management behaviors of the corporate and its employees, actively fostering the compliance culture, and promoting the realisation of “compliance in everyone, everything and every moment”.

In accordance with the *Company Law of the People’s Republic of China*, *Accounting Law of the People’s Republic of China*, *Contract Law of the People’s Republic of China*, *Cybersecurity Law of the People’s Republic of China*, *Anti-Monopoly Law of the People’s Republic of China*, *Anti-Unfair Competition Law of the People’s Republic of China*, *Securities Law of the People’s Republic of China* and *Code of Corporate Governance for Listed Companies in China* published by the China Securities Regulatory Commission and other laws and regulations and the regulatory requirements governing internal control of listed companies in capital markets such as the United States and Hong Kong, the Company established its Internal Control Manual to ensure that the Company’s operation and management is in compliance with laws and regulations, the assets are secured, and the financial reports and relevant information are accurate and complete. In 2020, the Company made constant efforts in improving its Internal Control Manual and authority list in accordance with relevant provisions of the laws and regulations and regulatory authorities, taking changes in business operations etc. into account. The Company has advanced the work of “smart finance”, “smart legal affairs” and “smart audit”, and has exploited artificial intelligence and other new technological means to improve its risk prevention capacity. No major violations occurred during the year.

In compliance with the *Trademark Law of the People's Republic of China*, *Patent Law of the People's Republic of China* and other laws and regulations, the Company implemented systems and measures including *Administrative Measures on Trademark Management of China Telecom Group* and *Measures for the Patent Management of China Telecom Group*. The Company established a sound intellectual property management system and strictly protected intellectual property rights. Focusing on the risk of intellectual property rights infringement, the Company issued risk alert in a timely manner and organised propaganda to promote the protection and requirements of use of intellectual property rights in respect of logos, pictures, fonts and audiovisual materials used in operation and management. The Company organises activities to promote the rule of law and governance, such as the "World Intellectual Property Day" and the "National Intellectual Property Rights Promotion Week", to raise the awareness on intellectual property rights among all employees. In 2020, the Company continuously stepped up patent filing and protection efforts concerning 5G, cloud-network integration, network and information security etc., and enhanced the protection of intellectual property rights of popular technologies according to the law.

The Company strictly executed the laws and regulations on integrity governance and anti-corruption and strengthened the development of systems, mechanisms and culture and other aspects in order to strictly prohibit the occurrence of any forms of corruption such as bribery, extortion, fraud and money laundering. The Company established and optimised five major mechanisms including anti-corruption education and prevention, system monitoring, discipline and accountability, fault tolerance and correction, and inspection and check. We conducted integrity and discipline education, formulated code of conduct such as integrity manual, and opened a public WeChat account called "China Telecom with Integrity". We set up a whistleblowing postal mailbox, emails and hotline to address any report of whistleblowing allegations and relevant complaints against

its employees as well as relevant criticism, opinions and recommendations on integrity construction and anti-corruption work. The Company strictly implemented the *Work Rules for Discipline and Supervision Organs Investigation and Handling of Reports and Accusations*, handled related accusations and charges in accordance with the rules, disciplines and regulations and strictly put the confidentiality requirements into effect, so as to effectively safeguard the rights of accusers.

### III. DEVOTING TO FIGHT AGAINST COVID-19

Since the beginning of 2020, the outbreak of the novel coronavirus (COVID-19) epidemic (the "Epidemic") significantly impacted not only the society, production and daily lives, but also the business development, customer service, and network construction and operation of the Company. The management of the Company strengthened overall planning and leadership. Based on local conditions, entities at all levels implemented the policies and measures for the Epidemic prevention and control at each stage in accordance with the relevant laws and regulations, proactively fulfilled corporate social responsibilities.

The Company is devoted to provide support for Hubei Province and Wuhan as well as other areas which were severely affected by the Epidemic. The Company immediately initiated Epidemic prevention and control response mechanism, mobilised the manpower, allocated Epidemic prevention supplies and focused on assisting emergency support work for severely-affected regions in Hubei and Wuhan. The Company's Hubei branch strived to provide telecommunications assurance for local governments and the medical and healthcare industry, ensured the overall stable operation of the medical and healthcare dedicated network and cloud platforms across the province, and ensured the smooth operation of 12345 and 120 hotlines in order to strive to provide telecommunication guarantee for critical tasks such as hospital telemedicine. We quickly launched



Ensured smooth running of network to support Epidemic prevention and control

5G communication for Wuhan Huoshenshan Hospital and Leishenshan Hospital, and promptly completed the entire-process delivery of the two hospitals' core systems for cloud access. We rapidly completed the network coverage of newly-built hospitals in areas such as Huanggang and Xiaogan. In addition, the Company's Hubei branch strived to enhance network coverage through various means to cater for the network access needs of vast majority of returning students in rural areas, offered sound support for "suspending classes without suspending learning". We swiftly completed the bandwidth expansion of IPTV, cloud platforms and Internet Data Centre in a timely manner and offered free services such as cloud conference, cloud office and cloud storage of course materials for education authorities, universities, teachers and students.

The Company strived to safeguard the health and safety and wellbeing of our employees. We set up a working team for employee care and concern and provided guidance for entities at all levels to strengthen care and concern for employees. We provided care for the front-line staff involved in the "fight against the Epidemic and ensure

communication" and 11 specific categories of employees. We set up ledgers for employees and family members diagnosed with COVID-19, employees with suspected virus infection, employees whose family members are among the front-line anti-Epidemic medical workers, and employees stranded in Hubei, and assigned the special personnel to be responsible for the work of contacting, care and sympathy. We established the ledgers for the care of the expatriate employees and their family members in China and the employees' children studying abroad, and conveyed our sympathy to the family members in China of the expatriates over the phone. Enterprises at all levels provided Epidemic prevention materials to domestic and overseas branches in an orderly manner, raised sympathy allowance through multiple channels for consolation related to the Epidemic, and actively solved emergencies and difficulties for employees and their families in need. The Company set up a psychological care hotline to help employees relieve their psychological anxiety. Overseas branches developed Epidemic prevention and control strategies based on the reality of the local situation and the specific projects, and calmly responded to the Epidemic to ensure the personal safety and health of their employees.

The Company made great efforts to help the society to resume work and production. Combining the needs of Epidemic prevention and control and the society’s new demand for informatisation services, we fully leveraged advantages of cloud-network integration, provided a variety of informatisation applications and services including e-Surfing Cloud, Cloud Conference, Cloud Streaming, Cloud Classroom, Cloud Dam, e-Surfing Push-to-Talk, e-Surfing Webcam and e-Surfing Speaker, e-Surfing Monitoring Platform for Epidemic Prevention and long distance telemedicine counselling system, and promoted 5G informatisation applications such as 5G+VR, 5G+ thermal imaging temperature measurement/intelligent disinfection vehicle, so as to help Epidemic prevention and control and the resumption of work, production business and school. The informatisation applications such as e-Surfing Monitoring Platform for Epidemic Prevention and long distance telemedicine counselling system provided by China Telecom have played a significant role in helping fight against the Epidemic, and have been highly praised by the society, and the 5G “cloud supervision” has won widespread praise. In response to the call of the government, the Company was actively stabilising and expanding employment. The Company overfulfilled its

campus recruitment for the year, signing contracts with more than 7,000 fresh graduates, and won the praise of “Top 100 Best Employers in 2020” by Zhaopin and “2020 Chinese College Students’ Favorite Employers” by 51Job.

The Company strived to provide excellent customer services. In response to the Epidemic, the Company promptly launched more than 20 service initiatives such as non-termination of services, public service and welfare messages, quick activation for key assurance functions and caller display name cards in a timely manner. We also strengthened service management and enhanced online service capabilities through electronic channels. The customer service centre “Hotline 10000” implemented a work-from-home policy and we steadily promoted the resumption of operation of physical stores on the basis of implementing Epidemic prevention and control measures at differential regional and hierarchical levels, so as to ensure customer services would not be interrupted and customer perception is assured. We also strengthened network information security to protect users’ personal information.



Provided effective communications assurance during the Epidemic for hospitals and other key locations

The Company commended the anti-Epidemic frontrunners and touching deeds of fighting the Epidemic. In the fight against the Epidemic, cadres and employees were on the front-lines making due contributions to ensuring the smooth operation of the national economy, social stability and Epidemic prevention and control, leading to the emergence of a large number of advanced groups who have overcome difficulties, made innovations and remarkable achievements, as well as advanced individuals who have the courage to take on responsibility, fear no difficulties and sacrifice. China Telecom received one national group commendation and two national individual commendations at Awards Ceremony for COVID-19 Fighters. The Company commended 24 groups and 34 individuals for their outstanding performance in Epidemic prevention and control.

The Company made due efforts to ensure effective routine Epidemic prevention and control. Thus far, the COVID-19 Epidemic is still spreading around the world, with cases and local outbreaks in China from time to time. In response to the Epidemic, the Company conscientiously implements the requirements of governments at all levels, coordinates Epidemic prevention and control in the domestic and overseas, and resolutely “prevent the coronavirus from re-entering the country to cause a new Epidemic”. The Company has coordinated the prevention and control of the Epidemic as well as the economic and social development to support the development of various sectors and industries with high-quality integrated information services.

#### **IV. PROVIDING HIGH QUALITY NETWORK ASSURANCE**

China Telecom promoted the new infrastructure construction including 5G, data center and Internet of Things, promoted universal services, maintained network information security and assured emergency communications in order to provide high quality network assurance for customers and economic and social development.

#### **Building new type of information infrastructure of cloud-network integration**

In order to fully implement the new development philosophy, China Telecom carried out co-building and co-sharing of 5G network nationwide with China Unicom, accelerated the construction of 5G network capabilities with the number of 5G base stations in use exceeding 380,000, achieved continuous outdoor coverage of 343 cities in China and completed the world’s largest 5G co-building and sharing network. Adhering to SA as the lead, the Company promoted the maturity of the SA industry chain, took the lead in formulating and releasing the “5G SA Implementation Guidelines” all over the world, promoted the integrated development of 5G technology, and pioneered in building the world’s largest 5G SA network and commenced the commercial launch. With the continuous promotion of fibre network construction, the Company has practically and primarily achieved optical network coverage in 21 provinces (autonomous regions and municipalities directly under the central government) in southern China, and deployed gigabit networks in 280 cities nationwide. In accelerating the pace of IDC construction, the Company added 55,000 cabinets and 35,000 cloud resource pool servers. The Company has completed the connection of all e-Surfing cloud resource pools with CN2-DCI and government-enterprise OTN networks, and established the shortest optical cable and transmission system between neighboring provinces and cities in the Beijing-Tianjin-Hebei region and Yangtze River Delta region. The average delay of ChinaNet decreased by 2.2ms compared with that at the end of 2019. Among them, the delay between neighboring provinces and cities in the Beijing-Tianjin-Hebei region, Yangtze River Delta region and other regions dropped to less than 3ms, so as to provide ubiquitous, high-speed and low-delay basic network guarantee for all kinds of customers access to the cloud and inter-cloud business. The Company initiated the construction of Mobile Edge Computing (MEC) and promoted the “Cloud Edge” collaboration.

### Promoting universal services

The Company continuously promotes the construction of communication networks in rural areas. The Company has set up local services points for rural villages adapting to local conditions and proactively promoted informatisation applications and e-commerce development in rural areas to promote the prosperity of rural villages. The Company vigorously carries out network poverty alleviation by accelerating the promotion of universal service projects in remote and impoverished villages and improving the broadband access coverage in those areas. During the year, the fifth batch of universal services and the construction of around 7,000 4G base stations were completed; The Company has fulfilled the industrial goal of providing broadband access to more than 90% of the registered poverty-stricken villages in the “Three Regions and Three Prefectures” (the “Three Regions” refer to the Tibet Autonomous Region, four prefectures in southern Xinjiang Uyghur Autonomous Region and Tibetan-inhabited regions in Qinghai, Sichuan, Yunnan and Gansu provinces, while the “Three Prefectures” refer to Linxia Autonomous Prefecture in Gansu Province, Liangshan Autonomous Prefecture in Sichuan Province and Nujiang Autonomous Prefecture in Yunnan Province) as set by the Ministry of Industry and Information Technology ahead of schedule.

### Maintaining network information security

The Company complies with the *Cybersecurity Law of the People's Republic of China* and other laws and regulatory requirements, conscientiously implements the requirements of the Ministry of Industry and Information Technology, Ministry of Public Security and other authorities on network and information security. We

actively cooperate with government authorities to combat cybercrimes and decontaminate the cyberspace.

During the year, the Company laid a solid security foundation for cloud-network integration, built on security guarantee capabilities, expanded security products and services, systematically sorted out more than 60 key security products and launched a batch of new products such as trusted call, security guarder, privacy sentry and 5G encrypted call. We promoted the security converged cloud, aligned e-Surfing Cloud and Group IT Cloud with the national standards for network security protection, and realised the security capability coverage of Content Delivery Network (CDN) edge nodes. We advanced the synchronous development of 5G and security, accelerated the cultivation of security capabilities, and acquired the ability to export security capabilities on demand. The Company improved the network information security management and security capabilities, established Chief Network Security Officer in the headquarters and subordinate units, and initially established an expert technical team aimed to maintain the network information security. The Company strengthened the real-time management of the Internet exposure, actively carried out special actions against pornography and illegal publications, and continued to step up the establishment of the two-level dispatch and disposal system at the headquarters and provincial branches, in order to promptly respond and deal with illegal and undesirable information. The Company strengthened the protection of personal data, and carried on the special governance and regular inspection of the illegal collection and use of users' personal data by APP.



5G emergency communications assurance

### Assuring emergency communications

In accordance with the *Code of Practice for Emergency Communication Support Response of China Telecom* and the *Plan Template of Organising Communication Support for Major Disasters of Provincial Companies of China Telecom*, the Company developed emergency plans for handling natural disasters, organised emergency drills and pre-deployed emergency equipment, anti-disaster materials and emergency repair teams based on climate conditions and the severity of the disaster, so as to ensure that emergency support can be provided swiftly, timely and efficiently in case of disasters. Enterprises at all levels established leading groups for dealing with disastrous weather and major events, and, by graded responsibilities, identified the responsible persons and contacts for assuring communications for flood control and drought-relief efforts. Equipment and supplies were properly prepared, and regularly inspected and maintained. Taking the support demand within the entire network, solid efforts were made in technical support, material maintenance and inspection, resource consolidation, circuit testing and other supports to ensure that the portable emergency communication devices such as satellite phones in all provinces could be available at any time.

The Company is truly committed to the mission of providing safe and smooth communications assurance and is devoted to fight against a number of severe natural disasters such as earthquakes, typhoons, floods and landslides and to safeguard important events. During the year, we made every effort to ensure emergency communications in Hubei, Wuhan and other areas most affected by the Epidemic, and completed flood and typhoon-relief and other disaster relief in the provinces such as Hubei, Jiangxi, Anhui, Yunnan, Chongqing, Sichuan and Zhejiang. We also successfully provided telecommunications assurance for important events including the 3rd China International Import Expo, the 128th China Import and Export Fair (Online Canton Fair), World Internet Conference and 5G+ Industrial Internet Conference. During the year, more than 146,000 person-times, 55,000 vehicle-times and 29,000 set-times of communication equipment were deployed for emergency communications.

## V. PROVIDING HEARTFELT SERVICES TO CUSTOMERS

China Telecom has a profound understanding of the customers' needs. While being dedicated to providing customers with various communication and information application businesses, the Company focuses on protecting customer rights in accordance with the law, continuously strengthens service awareness, enhances the construction of service capability and comprehensively fosters a brand image of "Trustworthy China Telecom".

### Protecting the rights of customers in accordance with laws

The Company strictly conforms to the laws and regulations regarding consumer rights and interests such as *Law of the People's Republic of China on Protection of Consumer Rights and Interests* and *Advertising Law of the People's Republic of China*, dedicates to provide products and services in compliance with laws and regulations, performs compliance checks on advertisement campaigns and continuously standardises business tariff management. The Company listens to subscribers' opinions via channels like "Hotline 10000", online and physical stores, etc., and continuously carries out events such as "Customer Rights Day", "General Manager's Service Day" and "Listen to Hotline 10000".

The Company strictly complies with the *Cybersecurity Law of the People's Republic of China* and other laws and regulatory requirements, implements the relevant regulatory requirements of the government, continuously

perfects the users' personal information protection management system, and strengthens the protection of users' personal information. In 2020, the Company thoroughly implemented the *Administrative Measures of China Telecom on Security Management of Personal Information of Users* and the *Administrative Measures of China Telecom on Information Security Management of Users* and other systems and supervised enterprises at all levels to implement the division of responsibility on protection of users' personal information. We regulated behaviours of collecting, storing, transmitting, using and destroying user information and strictly controlled the authorisation for sales staff to access and process customers account information in order to "collect information for a proper purpose, store and use the information properly, record the use of information, and investigate the abuse of power". We thoroughly implemented the systems including the *Rules for the Collection and Use of Personal Information for APP of China Telecom* and the *Administrative Measures for the Compliance Management on the Collection and Use of Personal Information of APP for our Customers* to tighten up compliance management concerning the collection and use of personal information by APP and continuously improve the compliance level of APP. Taking a solid and holistic governance approach, the Company kept a close eye on the bottom line problems infringing users' rights, such as telecommunication fraud, crank calls and junk short messages. Compared to the industry average, the Company had a relatively low number of crank calls and junk short messages reported by the Ministry of Industry and Information Technology.

In response to customers' feedback on services, the Company made serious analysis and research and actively promoted problem solving. In each quarter of 2020, a detailed study was conducted on service-related complaints that affected user perception, and in-depth analysis was carried out on typical service cases, rectification was conducted based on thematic studies on key and difficult problems reported by customers, such as remote service, cloud-network support and outbound marketing. The Company carried on tracking and analysing the subscribers' complaints in the process of mobile number portability service and made timely standardisation and rectification in hoping for keeping the amount and rate of complaints of mobile number portability service at a low level in the industry.

#### **Enhancing services capabilities**

Insisting on the customer-oriented principle, the Company continued to enhance service quality. In 2020, the evaluation system of "whether service is good or not, subscribers have the final say" was established. The Company applied indicators such as subscribers satisfaction, product net promoter score and contact service satisfaction rate, and regarded customer reputation as a service evaluation criterion to promote the improvement of service quality. The Company established a sound customer perception experience and evaluation mechanism to recognise problems in network, products and services from the perspective of subscribers. Focusing on key products such as 5G and Smart Family, and aiming at major issues such as broadband installation and maintenance, online channel services, the Company performed 19 intensive experiences at the headquarters and more than 300 experiences at provincial branches, aimed at in-depth analysis of service shortcomings and clarified optimisation and improvement measures by brainstorming. In terms of broadband network, the Company has closely tracked and analysed the problems

reflected in customer satisfaction surveys, customer complaints, malfunction and complaints throughout the year, and implemented policies and promoted the rectification of broadband network in different provinces, such as home network, metropolitan and backbone network, content access and international network and other links of broadband network. As regards mobile network, the Company has carried out improvement and upgrading actions for the benchmarking experience of critical scenes in key areas and communities with poor communication quality to enhance user perception and experience, and the complaint rate of 5G subscribers has decreased significantly compared with the same period last year. As regards cloud-network key perception, the Company has promoted standard optimisation, perception evaluation and targeted improvement of service capabilities, and increased the delivery satisfaction rate of government and enterprise customers to over 93%.

Adhering to the principle of "wherever the subscriber is, the service is", the Company continued to promote the digital transformation of services and improve the smart service capabilities. During the year, the Company deployed and promoted the "home customer service" mode, taking the lead in launching remote counter video service by innovative means, to ensure that customers could process services easily and without leaving home. The Company's intelligent voice navigation has achieved full coverage in 31 provinces, accounting for 54% of intelligent services. The Company established the operation system of new media customer service matrix, with 167 million followers of new media accounts such as WeChat, Weibo and Douyin, and 200 million self-service volume per month, and was awarded the "2020 Most Influential Second-tier New Media Account of State-owned Enterprises" by the State-owned Assets Supervision and Administration Commission of the State Council.

## VI. CARING FOR EMPLOYEES

China Telecom safeguards the interests of its employees in accordance with laws, attaches great importance to building harmonious labour relations, supports labour unions in carrying out their functions, encourages employees to participate in the management and actively helps employees to improve their capabilities, so that the Company and the employees can grow together.

### **Safeguarding the rights of employees in compliance with laws**

The Company strictly complies with and implements the relevant laws and regulations regarding labour and protection of the employees' rights and interests including the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China* and the *Trade Union Law of the People's Republic of China*, and protects the rights and interests of employees with respect to labour rights, democracy rights and spiritual culture rights in accordance with the laws. The Company strictly implements the *Notice on Standardisation of Labour Management in Strict Compliance with the Labour Contract Law of the People's Republic of China*, improves labour management, and conducts workforce employment in accordance with laws and regulations. The Company also ensures that all contract employees have their labour contracts signed and their remunerations and social security insurances paid in full and in a timely manner. The Company continually implements the *Notice on Issues concerning Labour Dispatch Management*, improves the business operation models and job role classification,

clearly determines the employment form of each role, standardises the designated agreements signed with agency workers, checks and supervises these dispatch units and dispatch workers to sign employment contracts, and pays remuneration and social security insurances in a timely manner in order to protect the rights and interests of contract or agency workers. The Company adheres to principles of gender equality and equal pay for equal work, protects the privacy of employees in accordance with laws and implements the paid annual leave system. The Company prohibits child labour and forced labour in accordance with laws. In 2020, no child labour or forced labour was found. The Company supports the labour unions in carrying out their functions in accordance with laws, encourages employee participation in management and continuously establishes stable and harmonious relationship with the employees.

### **Promoting employees' development**

The Company strengthens the development of management talent team. The Company actively takes measures to choose good cadres, allocate strong teams and gather talents, adheres to performance orientation and grassroots orientation, lays emphasis on identifying and selecting cadres in urgent, difficult, dangerous and important tasks, and vigorously select and train excellent young cadres. The Company continues to improve the management team structure at all levels to enhance the vitality of the cadre talent team, organises specialised training courses for cadres, increases exchanges and job rotation among cadres, assists cadres in improving their competence, strengthens oversight and management of cadres and promotes anti-corruption practices.

The Company strengthens the development of professional talent team, and actively introduces well-established specialists in cloud-network integration, 5G MEC, network information security, Internet finance, etc. through the formulation of special policies. The Company formulates the *Guiding Opinions on the Construction of Government and Enterprise Industry Expert Team* to meet the needs of the reform and development of government and enterprise industry business groups. The Company accelerates the construction of expert talent team for industrial informatisation application, Big Data, AI and cloud-network operation, and cultivates professional and high-level talent through the constant implementation of programs such as “Spark Program” and “Prairie Fire Program”. In line with the development needs of overseas business, the Company cultivates international talents to support Philippine Mobile Communication Operation and other relevant projects.

The Company strengthens the construction of front-line skilled talents team. Taking into account the needs of the grassroots, the Company launches a series of practical training programs, such as “comprehensively strengthen the training of cloud-network integration talents at the prefectural and municipal levels”, and vigorously conducts training of skilled talents to empower front-line employees. The Company revises the administrative measures of skill certification and organises 41 kinds of skill certification and 2 professional examinations, covering more than 100,000 person-times, and carries out tests for Smart Family engineers, service specialists and 5G specialists, covering more than 470,000 person-times.

The Company strengthens employees' training. In 2020, the Company continued to strengthen the development of internal trainers, more than 678 internal trainers at the group level and more than 775 internal trainers on probation at the group level were recruited and more than 210,000 hours of lectures were delivered by more than 13,000 internal trainers at all levels. The Company actively responded to the Epidemic, carried out online learning and training based on the Online College, and implemented well-targeted training courses to improve the ability of employees at all levels and positions according to the training needs, so as to accurately empower frontline employees. More than 220,000 people studied in the Online College and the average learning time per employee exceeded 50 hours.

The Company actively facilitates employees to develop skills and increase their values. The Company makes consistent efforts to build innovation workshop and vigorously encourages employees in job innovation. Within the year, 29 group level demonstration innovation workshops were established and 35 innovation workshops at and above the group level were rewarded. By the end of the year, the Company had established a total of more than 1,300 innovation workshops of various types, including 5 national-level Outstanding Innovation Workshops for the Model Workers and Craftsman, 4 industry-level innovation workshops, and more than 150 innovation workshops named by provincial and prefectural labour unions. The Company won more than 700 national and provincial achievement awards, and applied for nearly 1,000 invention patents and utility model patents. Based on the corporate strategies and business development, the Company organised and launched 15 competition activities to promote production and transformation through competition, sourced innovative talents, and promoted the rapid replication and implementation of successful projects.

The Company vigorously promotes and encourages the spirit of model workers. In 2020, the Company won 282 national, ministerial and provincial-level honors of a general and specialised nature, including 88 national-level honors and 194 ministerial and provincial-level honors. 27 employees won the honorary title of “National Model Worker” in 2020, setting a record high and fully attesting to the high recognition of China Telecom employees by government at all levels and the society as a whole. The Company publicises the deeds of model workers and tells the stories of model workers in an all-round way through multiple channels, showing the elegant demeanour of China Telecom’s employees to the entire society, and motivating the majority of employees to vigorously promote the spirit of model workers.

#### **Enhancing production safety and health and safety management**

The Company conscientiously and strictly implements the *Work Safety Law of the People’s Republic of China*, coordinates the prevention and control of the Epidemic and production and work safety during the resumption of production, fully fulfills the core responsibilities for corporate safety production, develops sound accountability systems, implements safety responsibilities at all levels, strictly implements safety production assessment and punishment system and continually solidifies the foundation of safety production management. The Company continually carries out supervision and check on the safety production of the units and professional categories, and prevents safety risks by class and level, so as to timely eliminate hazards. The Company widely promotes training and publicity of production safety regulations and safety knowledge and persistently increases the employees’ awareness on safety

and emergency prevention techniques. The Company strengthened the safety management of engineering projects, strictly implemented licences obtaining system for special operation employees, perfected the accidents emergency drill and strengthened emergency drills. In 2020, there was no occurrence of severe work-related casualties and accidents.

The Company attaches great importance to occupational health and safety management of its employees and formulated the *Interim Provisions on “Simultaneous Execution of Three Aspects” of Occupational Safety, Hygiene Facilities and Main Construction Projects* and the *Interim Provisions on Personal Protective Equipment for Employees*, organising supervision and inspections on the work sites of our employees regularly, supervising the design and installation units to design and install in accordance with the standards including for indoor lighting, noise, temperature and humidity and continuously improving the workplace environment and work conditions, thus effectively eliminating the occurrences of occupational illness. The Company conducts on-site inspections from time to time, urges units to allocate necessary protective equipment for workers in accordance with the relevant requirements and standards and supervises workers to wear and use the protective equipment properly. The Company attaches great importance to the physical and mental health of employees. Every year, the Company provides free medical examinations for all employees. The Company continuously conducts counselling activities concerning mental health of the employees and assistance work, and proactively helps the employees reduce their stress and pressures.

### Caring for employees' well-being

The Company perfects the closed-loop management mechanism from gathering, analysing, processing and giving feedback to understand employees' needs and establishes communication channels such as seminars, surveys, visiting employees' family, frontline visits, face-to-face communication, reception visits, handling incoming mail or email, striving to enhance communication and to thoroughly understand the thoughts, working and living conditions of employees as well as the hot topics and problems that the employees most care about. Enterprises at all levels actively helped the employees solve practical problems or difficulties through regularising visits, responding to hot issues, helping employees in need and other measures. We provided convenient services to employees and strengthened our care for outstanding model workers, young employees and outsourced employees. During the year, the Company tracked and guided all 110 grassroots units at an elevation of 3,500 meters or above in five provinces including Tibet to construct oxygen supply facilities, improving the working and living conditions of employees in high altitude areas. The Company continually optimised the operation of "Four-Small", namely small canteens, small bathrooms, small washrooms and small activity rooms, in order to improve service ability and enrich service contents in the catering quality, working environment, activity conditions, quality of life and other aspects. The Company continually built infant rooms according to the special needs of female employees, organised cultural and sports activities in which the employees were interested, assisting employees in achieving work-life balance and increasing their well-being.

## VII. PRACTICING GREEN DEVELOPMENT

China Telecom complies with the *Environmental Protection Law of the People's Republic of China*, the *Energy Conservation Law of the People's Republic of China* and other laws and regulations related to environmental protection, practises the concept of green development and proactively devotes itself to the establishment of ecological civilisation. The Company endeavours to build a green network, pushes forward green operation, sets up environmental indicators, analyses and releases collected performance data on a regular basis, proactively communicates with the society of its environmental protection actions and effectiveness and willingly opens itself to public scrutiny. The Company carried out publicity activities of energy conservation and emission reduction in various forms to enhance the awareness and consciousness of energy conservation and emission reduction of its employees and the public. There was no violation of environmental protection laws and regulations as well as no incident having a material impact on the environment caused by the Company during the year.

In response to the national requirements of "reaching a peak on carbon dioxide emissions and carbon neutrality", the Company implements the dual control strategy of energy consumption and puts total energy consumption and energy intensity under strict control. In the future, the Company will accelerate the pace of adjusting the energy use structure, increase the use proportion of clean energy, control the comprehensive energy consumption and the comprehensive energy consumption per unit information flow, in order to ensure the continuous decline of the comprehensive energy consumption per unit information flow, and strive to achieve the carbon emission peak by 2030 and carbon neutrality by 2060.

### Promoting energy conservation and emission reduction

The Company implemented measures such as the *Administrative Measures of China Telecom on Energy Conservation and Emission Reduction*. Through means like rules and regulations, work plans, work deployment, communication and trainings, assessment and evaluation, energy saving promotion etc., the Company applies energy conservation and emission reduction requirements to link through various operational activities such as network planning, procurement, construction, operation and office administration. The Company strengthened its efforts in monitoring measurements on energy consumption, organised training and exchanges on energy conservation and emission reduction, constantly raised the professional level of grassroots personnel, and continued to promote innovation in energy conservation and emission reduction management. The Company insisted on preferring the use of energy-efficient and environmental-friendly technology and equipment, actively carried out research and application of new technologies for energy conservation and emission reduction and applied energy-saving technologies in the facilities of machine rooms, base stations and data centers, extended the coverage of the energy-saving technological application and promoted the upgrade, transformation and withdrawal of old and high energy-consuming equipment. The Company endeavours to reduce energy consumptions of all kinds as well as greenhouse gas emission.

In 2020, against the backdrop of vigorous development of “new infrastructure” and the rapid construction of 5G networks and with “dual control” on total energy consumption and energy consumption intensity as the basic requirement, the company worked out a rolling plan for energy conservation and emission reduction for the next three years to support the coordinated development of various energy conservation and emission reduction tasks. The Company refined the evaluation, reward and punishment system, strictly controlled the growth of total energy consumption and the PUE (power usage effectiveness) value of large- and super-large data centers. While ensuring the orderly development of energy conservation and emission reduction using its self-owned special funds, the Company actively introduced social capital and technology to realise the technical transformation through the continuous use of the energy management contracting mode. The Company vigorously promoted the energy-saving experience and best practices for intelligent shutdown technology of large 4G base stations, and improved the energy consumption efficiency of 4G wireless base stations, in order to actively explore energy-saving measures for 5G base stations. The Company made constant efforts in withdrawing inefficient equipment and machine room from the network, promoting the configuration optimisation of basic supporting facilities of machine room, eliminating redundancy and reducing allocations, so as to minimise power consumption and improve power efficiency. In 2020, the unit energy consumption per information flow was 4.61 kgce/TB, representing a decrease of 6.1% over last year.

### Conservation of natural resources

The Company promotes water conservation, strives to reduce water consumption per unit operating revenue, actively promotes and advocates water conservation by posting reminders regarding water conservation near water facilities and appliances. The Company continually strengthens the management on water usage, carries out sewage disposal and treatment, promotes the reuse of water, actively uses reclaimed water as an alternative source of water in place of tap water while meeting the requirements on use of water, promotes and popularise the use of water-saving appliances and performs regular checks and repairs on each part of the water supply system to prevent occurrences of water leakage and water wastage. In 2020, the total water consumption decreased by 5.66 million tons over last year, representing a decrease of 13.6% compared to last year while the water consumption per unit operating revenue decreased by 17.5% over last year.

The Company encourages paper saving by actively promoting reduction of paper use in operation and office facilities sites. The Company promotes measurements on its paper use. The amount of paper used in 2020 was approximately 5,000 tons. The Company, from the perspectives of technology and regulations, actively encourages paper saving and reduces paper use. We continually promoted electronic accounting files management, VAT electronic invoice, e-reimbursement and filing of e-invoice and paperless operation, and promoted automatic process of tax declaration in order to reduce the use of paper.

The Company enhances the recycling, disposal and utilisation of waste and used materials in order to conserve resources as much as possible and reduce environmental pollution. The Company strictly follows the *Law on the Prevention and Control of Environment Pollution Caused by Solid Wastes of the People's Republic of China* and other laws and regulations regarding waste disposal and utilisation and carries out waste disposal in accordance with regulatory requirements. The Company implemented the *Administrative Measures of China Telecom on Reverse Logistics* and the *Administrative Measures of China Telecom on Waste and Idle Recycling and Disposal*, specified the guidelines, division of responsibilities and management of the recycling and disposal of waste materials and the qualifications of recyclers, standardised the forms and procedures of disposal, and refined the approval authority and process of disposal decisions to effectively prevent disposal risks. The Company formulated the incentive policy for cleaning up idle materials which specified the incentive standards, and encouraged all levels of enterprises to actively dispose, recycle and utilise the waste and used materials based on actual circumstances and relevant regulatory requirements. In 2020, the Company continually enhanced the professional management of waste, promoted the recycling, utilisation and harmless disposal of such waste and old materials such as batteries, copper cable and devices. Since traditional lead-acid batteries contain large amounts of heavy metal, waste acid, waste alkali and other electrolyte solutions, the batteries will pollute the environment if handled inappropriately. The Company, on the one hand, conducted overall on-site inspection of environmental protection practices of the battery suppliers, and

continually purchased green and energy-saving products such as lithium iron phosphate batteries; and on the other hand, the Company established a management system for battery recycling and disposal to prevent pollution to the environment. The Company arranged waste copper cables to third parties for recycling and disposal. The Company implemented wireline terminals closed-loop management and strengthened the recycling and reuse of equipment through measures such as refurbishment and cross provincial re-allocation, etc. Waste and used materials without recoverable value were properly disposed of in strict accordance with national regulations after taking full account of the environmental impact. In 2020, the Company recycled and disposed of various types of waste and used materials over 90,000 tons.

#### **Emphasising environmental protection in engineering construction**

The Company has taken proactive environmental protection measures regarding issues in telecommunications engineering construction responding to concerns of the government and the public, such as farmland protection, equipment pollution, construction impact and electromagnetic radiation to ensure compliance with the government's regulatory requirements and to actively communicate with the public.

In the area of farmland protection, the existing residence and barren land will be preferred in site selection for base stations, in order to minimise the occupation of additional farmland as much as possible.

In the area of equipment pollution, non-polluting equipment with no noise and no electromagnetic radiation and free of pollutants is preferred.

In the area of construction impact, areas such as mineral reserves, forest, grasslands, wildlife habitats, natural and cultural relics, natural reserves and scenery areas are intentionally avoided when conducting routing roll-out deployment for fibre cables, so as to avoid changing the surrounding environment as much as possible.

In the area of electromagnetic radiation, the Company monitors and assesses the electromagnetic radiation around the base station, enhances communication with the community, opens itself to public scrutiny, strictly controls the quality of network equipment by imposing controls from the source and actively takes advanced technical means to refine the layout of base station, ensuring the emission standard is stricter than the national emission standards.

#### **Promoting co-building and co-sharing of communication infrastructure**

The Company earnestly implemented the implementation measures of promotion of co-building and co-sharing of telecommunications infrastructure promulgated by the Ministry of Industry and Information Technology and the State-owned Assets Supervision and Administration Commission of the State Council. We closely worked with other telecommunications operators and China Tower Corporation Limited and actively promoted the co-building and co-sharing of communication infrastructures such as base stations, channels and pole lines, to effectively reduce repeated construction in order to protect the natural environment and landscape, and to reduce the land use, energy, and raw materials consumption. In 2020, while deepening the co-building and co-sharing of 5G networks with China Unicom, we fully leveraged the complementary advantages of both sides' network resources, actively carried out the construction and sharing of 4G network, and opened about 170,000 base stations. In 2020, the Company provided more than 11,900 kilometres of co-shared pole line and more than 1,300 kilometres of co-shared pipeline.

## VIII. PROMOTING RESPONSIBLE SUPPLY CHAIN

The Company strictly follows the *Bidding Law of the People's Republic of China* and procurement-related laws and regulations, implemented regulations such as the *Administrative Measures of China Telecom on Procurement*, consistently adhered to supply chain management concepts focusing on value-added, transparent and green procurement, committed to a trusted relationship with suppliers to achieve win-win situations and actively communicated with and encouraged its suppliers to fulfill social responsibilities together.

In 2020, the Company strictly complied with requirements of regulations such as the *Administrative Measures of China Telecom on the Procurement Bidding and Tendering*, the *Administrative Measures of China Telecom on Tendering Agency* and *Administrative Measures of China Telecom on Tender Evaluation Expert and the Pool of Tender Evaluation Experts*, and the *Regulations on the Participation of Suppliers in Procurement Activities of China Telecom*, and constantly promotes open bidding and transparent procurement. The Company ensured bidding process for 100% of the projects which it ought to have used bidding process for as required by law. The Company implemented the requirements such as the *Administrative Measures of China Telecom on Quality of the Purchased Materials* and the *Administrative Measures of China Telecom on Inspection for the Quality of the Purchased Materials* in order to improve the mechanism for selecting and reviewing suppliers including pre-purchase inspections by reviewing suppliers' qualifications, conducting site visits and product evaluation reviews, and post-purchase inspections by testing the quality of the products upon arrival, quality checks, post-purchase review of suppliers and day-to-day evaluation. The Company continuously enhanced the application of procurement data from quality inspection

and evaluation of suppliers in procurement evaluation so as to encourage the suppliers to improve their services and performance. The Company carried out the information sharing mechanism of illegal and discredited suppliers with major domestic basic telecommunications operators, and implemented the newly formulated *Interim Provisions on Supplier Misconduct of China Telecom* and *Interim Provisions on Grading Management of Procurement Suppliers of China Telecom*. For outstanding suppliers, the Company adopted incentive measures such as publishing lists, increasing the upfront payment proportion and prioritising payment. For unqualified suppliers, the Company took disciplinary measures such as urging improvement and restricting procurement. The Company took disciplinary measures such as degradation, adjustment of procurement amount, restrictions on procurement, and ban on procurement against suppliers with bad behaviors. Through the listing of management methods, the objectification of identification standards and the openness of processing rules, the Company has gradually built a supplier management system integrating positive incentive and negative punishment in order for enhancing suppliers' performance awareness of services, and promoting suppliers' good faith in cooperation.

The Company actively encourages the supply chain to jointly respond to climate change, constantly promotes the application of green procurement indicators in the procurement process and preferentially purchases resource saving and environmentally friendly products. We included environmental impact factors into the procurement evaluation and adopted environmental assessment standards such as ISO14000 Environmental Management System Certification, Environmental Impact Assessment Report issued by the government and the "Green Factory" list of the Ministry of Industry and Information Technology, so as to identify and control the products that may pose environmental risks during the production process and encourage suppliers to enhance their awareness and capability of environmental

protection. Regarding the investigation of suppliers, whether the production wastes are treated in a green way and are discharged as per standards, environmental assessment report, environmental monitoring report and other information are incorporated in the scope of investigation; As for supplier evaluation, corporate social responsibility (including energy conservation and emission reduction) is included in the evaluation index system; In the management of suppliers' misconduct, the suppliers' baneful influence caused by environmental problems are included into "serious misconduct" for management, and disciplinary measures such as degradation, reducing and canceling procurement amount, restriction and ban on procurement are imposed as the case may be.

## IX. PARTICIPATION IN SOCIAL WELFARE ACTIVITIES

The Company enthusiastically participates in social welfare activities. We implement the *Welfare Donations Law of the People's Republic of China* and other laws and regulations and the *Administrative Measures on Donation of China Telecom Group* under the principles of "voluntariness, clear responsibility, action within capabilities, honesty and trustworthiness", support the development of technology, education, culture, sports and healthcare through various ways, and actively help the vulnerable, disabled and disadvantaged. The Company encourages its employees to carry forward the spirit of volunteerism, and actively participates in volunteering activities of different kinds.

The Company makes great efforts to fulfill the annual targets for poverty alleviation in 2020. Out of China Telecom's 6 targeted counties for poverty alleviation and offer of support and assistance, five of them are located in deeply impoverished areas in the "Three Regions and Three Prefectures", which increased the difficulties in poverty alleviation due to the severe difficulty in natural conditions in these areas. China is in the final push to



Management proactively took part in poverty alleviation work and conducted research in remote areas

achieve the target of poverty eradication in all respects in 2020. China Telecom adhered to the two-step approach of "poverty alleviation and fighting against Epidemic", continuously increased investment in talents, funds, projects and other aspects and made solid progress in poverty alleviation tasks. Collaborating with the parent company, the Company further promoted the network poverty alleviation, and improved the broadband access level of the severely impoverished areas and villages in the "Three Regions and Three Prefectures"; The Company implemented preferential packages and terminal policies for targeted poverty alleviation, opened all kinds of informatisation cloud platforms free of charge, assisted in resumption of business and production activities and reopening of schools, and achieved a cumulative reduction of communication costs of more than RMB1 billion; The Company innovatively created a sustainable poverty alleviation model of "industry + employment + consumption", introduced free assistance funds to support related projects, and advocated subscribers and cadres to carry out poverty alleviation through consumption of more than RMB180 million. During the year, 4 targeted counties for poverty alleviation and 2 targeted counties for offering of support and assistance of China Telecom, and more than 1,400 targeted assisted villages of companies at all levels were all lifted out of poverty and won the

Organisational Innovation Award of the 2020 National Poverty Alleviation Award.

## X. OUTLOOK

In 2021, the Company will thoroughly embrace new development philosophies focusing on innovation, coordination, green, openness and co-sharing. The Company will continually increase communication with stakeholders, deeply implement the “Cloudification and Digital Transformation” strategy, and build new information infrastructure with great efforts. The Company will strengthen sci-tech innovation, promote the Company’s technology advances, business upgrading and operational innovation, strive to provide integrated intelligent information services for all kinds of customers in all occupations, and make new contributions to the promotion of high-quality economic and social development.



Helped subscribers in rural area to leverage on China Telecom’s service to sell products through live streaming