

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Human Resources Development Report

In 2020, our work on human resources has closely centered around the Company's requirements for high-quality development. We coordinated and promoted the optimisation of leadership structure, team building and the development of human resources mechanism, strengthened fundamental management and implemented the project of "Strengthening the Enterprise through Talents" in order to continuously improve human resources efficiency and provide sound organisational assurance and support for our talents for the corporate's sustainable and healthy development.

STRENGTHEN SENIOR MANAGEMENT AND EXECUTIVE TEAM BUILDING

Enhancing the building of the management teams at all corporate levels, we continued to promote the training of a team of outstanding young cadres and selected a group of well-recognised cadres with superb qualities, distinguished capabilities and outstanding performance. As a result, the proportion of young cadres has substantially increased, the age structure and professional structure of the management teams have been significantly improved, and the vitality of the management teams has been significantly boosted. We also strengthened the allocation of the management of the business group serving government and enterprise informatisation services, the omni-channel operation centre, the cloud-network development department, the cloud-network operation department (Big Data and AI center), cloud computing, system integration, Internet of Things, Smart Family and other units, and strongly supported the "Cloudification and Digital Transformation" strategy of the Company. The Company took part in the national ten major industries of government and enterprises joint leader selection and recruitment, further clarified rights and obligations and assessment and withdrawal mechanisms, and strived to mobilise the enthusiasm and initiative of the government and enterprise industry teams to stimulate new breakthroughs during the development in the government

and enterprise business. The Company adopted fixed-term and contractual appointments at the management level in reform project companies such as E-surfing Pay Co., Ltd and system integration company, and actively implemented the three-year action plan for reform of state-owned enterprises.

CONTINUOUSLY PROMOTE AND IMPLEMENT THE "STRENGTHENING THE ENTERPRISE THROUGH TALENTS" PROJECT

The management of the Company and its subsidiaries at all levels continued to strengthen communication and care for professional talents at all levels. The Company implemented the "Hundred, Thousand, and Ten Thousand Professional Talent Project" and continued to build a team of high-level professional talents. Specific mechanisms were implemented in the cloud computing branch of the Company, which enabled mobility of the projects and its personnel and the flexibility of compensation. A "Talent Zone" was established in the Cloud-network Security Technology Co., Ltd, which implemented a market-oriented mechanism where employee incentives can be cashed in according to the performance of the business. The Company further promoted its unified "talent cloud" platform, built a talent labelling system, developed a talent vision, and enabled talent sharing and flexible internal arrangement. We have set up cloud-network integration talent workstations, industry application talent workstations (including Internet of Thing substations), Smart Family workstations, etc., to achieve full access to the workstations cloud services. By leveraging the talent workstation, the Company initiated the company-wide talent arrangement, and fully leveraged the support from workstations mode for key projects of the Company such as cloud-network integration, government and enterprise reform and others and the outsourcing talent to Xinjiang and Ningxia.

FURTHER STRENGTHEN HUMAN RESOURCES MANAGEMENT AND DATA FOUNDATION

In 2020, the Company continued to optimise and enhance the function of centralised human resources system, which focused on the maintenance of employees directly managed by the Company, resume analysis, digitalisation of labour contracts, mobilisation of income proof, and the management of mentoring system for new employees. At the same time, the new human resources and business operation systems interface was built to provide user login authority authentication services, and basic data support for important business systems such as Bamboo Cloud System, Internal Control System, “Major Issues, Major Personnel Appointments and Dismissals, Major Project Investments and Large payments” System, MSS/Mobile Portal, etc.

In 2020, the Company continued to promote intelligent human resources projects, focused on the intelligentisation application of Smart Family engineers, supported the analysis of human resources operations,



Management communicated with outstanding employees

and emphasised on improving the efficiency of front-line teams. At the same time, for professional talents, the Company promoted the “talent cloud” platform and talent cloudification mechanism, to visualise, digitalise and systematise the selection, training, use, and motivation process of professional talents. By labelling the capabilities and quality of various talents and promoting flexible job assignments and on-job training, the Company created a “system + data + mechanism” solution, so as to achieve precise talent management and talent resources sharing across the Company.

INFORMATION OF EMPLOYEES

As at the end of 2020, the Group had 281,192 employees. The number of employees working under each classification and their respective proportions were as follows:

	Number of Employees	Percentage
Management, Finance and Administration	47,743	17.0%
Sales and Marketing	135,135	48.1%
Operations and Maintenance	86,347	30.7%
Research and Development	11,967	4.2%
Total	281,192	100.0%

RELATIONSHIP BETWEEN THE COMPANY AND EMPLOYEES

Corporate Democratic Management

During the COVID-19 Epidemic, we collected opinions and suggestions for more than 100,000 person-times through the “Voice of Employees Column”, which reflected the employees’ thoughts and highlighted difficulties, which served as important references for the Company to adjust its focus and response measures according to the specific circumstances. Labour unions at all levels reached out to 11 specific groups of employees, including those that were confirmed or suspected cases of COVID-19 and those put under medical observation, and visited and learned about the conditions of employees for 22,500 person-times. A survey of new employees was conducted through the Internet, sampling employees for 7,897 person-times from 19 provincial units (professional companies). The provincial labour unions understood the thoughts of employees based on annual key tasks and reported to the provincial company management and higher-level units.

122 employee representatives submitted 157 proposals to the Company, which were all gradually handled and implemented by 24 units, reflecting a feedback rate of 100%. The satisfaction rate of employee representatives on the work of handling proposals reached 98%. The Company organised and convened the fourth meeting of the first session of the Employee Representative Congress, during which the Company listened to and reviewed the reports on the work of the Employee Representative Congress, the report on the work of corporate strategy reform and the performance of Employee Directors, the report on the business expenditure of the Company’s persons-in-charge in 2020 and the management and operation of the Company’s official vehicles, and the report on the interpretation of the Company’s human resources-related policies. The 29 model workers who received the commendation jointly issued the proposal of “Striving to be a dedicator and fighting on a new journey”



Customer service through video call to reduce social contact during the Epidemic

to all employees. Labour unions at all levels standardised and implemented systems such as the rules of procedure of Employee Representative Congress meeting and the proposal collecting and handling systems. All provincial companies have convened Employee Representative Congress to enable the orderly participation of employee representatives in corporate governance.

Competitions and Honours

In accordance with the deployment of “Cloudification and Digital Transformation” strategy and the requirements of Epidemic prevention and control, 15 competitions were organised, including 6 skill competitions, 6 labour competitions and 3 innovation competitions. The competitions were closely integrated with the actual operations, and promoted actual production and business transformation, which effectively cultivated innovative talents in “Cloudification and Digital Transformation”, promoted the rapid replication and implementation of successful projects, and achieved remarkable results.

In 2020, the Company received a total of 282 external honours in comprehensive and specific categories at national, provincial and ministerial levels, including 88 national honours and 194 provincial and ministerial honours. 27 employees received the honour of “2020 National Model Worker”. The number reached historical high, which fully reflected the high recognition of China Telecom by government at all levels and the society as a whole, and also demonstrated the cohesion and combat power of the Company at all levels, fully proving that the employees are the most dependable force for the high-quality development of the Company. We organised a symposium to study and implement the spirit of the important speech of Mr. Xi Jinping, the General Secretary, at the commendation conference of national model workers and advanced workers, and Mr. Ke Ruiwen, our Chairman and Chief Executive Officer, attended the meeting and gave a speech, which stated clear requirements for studying and promoting national model workers. The Company organised activities to learn from the national model workers at the entire company by publicising the model workers’ deeds and stories through multiple channels such as the People’s Post and Telecommunications News, Learning Power, SASAC website, CCTV, Douyin and Weibo, which showcased the contemporary style of China Telecom employees to the whole society and widely spread the good image of China Telecom as a responsible state-owned enterprise.

Innovation Workshops

The Company has established more than 1,300 innovation workshops of various types, including 5 national-level innovation studios for model workers and craftsmen talents and 4 industry-level innovation studios. More than 150 of them were named by provincial and municipal labour unions. The Company has been awarded more than 700 national and provincial awards and applied for nearly 1,000 invention patents and utility model patents. In 2020, 29 model innovation studios at the company-level were selected and promoted, and 35 innovation studios above the company-level were awarded.



Strengthened personal protection for frontline employees during the Epidemic

CARING FOR EMPLOYEES

Since the outbreak of the COVID-19 Epidemic, the Company’s labour unions insisted on putting the employees’ life safety and health first, and allocated RMB4 million of special sympathy allowance to the 16 provinces that were more seriously influenced by the Epidemic. The Company’s labour unions at all levels arranged more than RMB67 million of special sympathy allowance for Epidemic prevention and control, which effectively enhanced every employee’s sense of security and provided a solid ground for winning the battle against the COVID-19 Epidemic.

The Company’s labour unions organised support work for 11 types of specific employee groups including front-line employees who fought the Epidemic and secured communications, and those that were confirmed or suspected cases of COVID-19 and those put under medical observation, led the effort to establish a classification ledger, to assign specific contacting persons, and to provide timely consolation and care. The provincial companies and labour unions at each level carried out caring activities for more than 2,000 model workers above C1 level, more than 3,200 exchange workers and poverty alleviation cadres and their families, nearly 200,000 retired staff, more than 17,000 pregnant or breastfeeding female

employees, etc., and helped provide protective supplies such as masks to show consolation and care. The Company established a ledger of 5,167 employees whose family members participated in the medical supporting teams in Hubei province or fought in the front-line of local Epidemic prevention and medical care works, and conveyed corporate care by issuing sympathy allowance or products and arranging field visits by Company leaders.

The labour unions of the Company took the lead in improving the care ledger of more than 1,200 expatriate employees and their domestic family members, and contacted each expatriate employee to assist with their practical difficulties. The Company has established a mechanism for handling “important matters” of expatriate employees, and as a result, the relevant departments cooperated and quickly implemented solutions to resolve 66 difficult cases for domestic family members of expatriate employees, provided care for 178 employees who had been dispatched to areas with serious Epidemic situation or have been abroad for more than one year. The Company has improved the care ledger for employees’ children that were studying abroad, supplied information related to the overseas Epidemic prevention and control, promoted the development of “China Telecom Health Consultation Program for Overseas Employees”, and provided remote medical services for overseas employees and their children for 217 person-times.

According to the survey statistics, the employees’ satisfaction rate for the Company’s Epidemic prevention and control reached 9.7 points, and the satisfaction rate for the Company’s employees’ care work reached 94%.

The Company followed up and guided 110 grass-root units located in areas with an altitude of more than 3,500 meters in five provinces, including Tibet, to build oxygen supply facilities, which greatly improved the working and living conditions of employees in high-altitude areas and was praised by grass-root employees. The

Company organised provincial labour unions to do more than 5 practical things for employees in the province, continuously optimised ‘Four Smalls’ operations, improved service capabilities, and expanded the range of services in areas of catering, working environment, activity conditions and quality of life, etc.

STRENGTHENING HUMAN CAPITAL

Supporting National Key Training Programme

In 2020, China Telecom actively undertook the national professional and technical talent knowledge upgrading project. In October 2020, China Telecom held the Ministry of Human Resources and Social Security knowledge upgrading project workshop – “Smart Family Advanced Workshop”. More than 60 experts and technicians from government agencies, research institutes, etc., attended the workshop.

Efficient Operations of Online College

In the context of normalised Epidemic prevention and control, the Company comprehensively coordinated the enhancement of online learning and internet training, and accelerated the improvement of the online training service system. Mainly relying on China Telecom Online College, the Company expanded the scale of online training, and provided in-depth personalised and tailored training in combination with the ecology, so as to help enterprises to resume work and production. Facing fast-growing digital learning demand during the Epidemic, China Telecom Online College completed the construction of an operation supporting system at the earliest time possible, and quickly launched various solutions such as live broadcast and online thematic training courses for leading cadres, sci-tech innovation talents, highly skilled talents and young employees, focusing on key business segments such as 5G, cloud-network integration and Smart Family. Relying on various online learning tools, the Company also carried out various thematic learning programs such as “Leaders and Cadres Learning Month”, “Cloud-Network Operation

Lecture”, “Operation Warm Spring” and “Spotlight Platform”, which ensured “suspension of work but no suspension of learning” during the Epidemic and helped the business development during the work resumption period.

In 2020, China Telecom Online College had cumulatively covered 52.59 million person-times in various types of training, with 44,000 students logging in daily on average. 18,567 new courses were added, 1,916 thematic online classes were organised, 1,341 live broadcasts were conducted, 1,998 exams and certifications of various kinds were organised covering 2.2 million person-times through the intelligent learning platform for pushing learning resources.

Building up the Internal Training Team

In 2020, the Company continuously enhanced the building of the internal training team. There were 13,000 internal trainers at all levels of the Company, and the accumulated teaching time of all levels of internal trainers reached 212,000 hours. During the year, the Company recruited 678 company-level internal trainers and 775 company-level trial internal trainers. The Company held an online training camp for internal trainers. A total of 1,335 company-level internal trainers participated in community learning, spending a total of 19,500 learning hours.

Cultivating Professional Talents

We conducted large-scale talent trainings at each level and grade. In 2020, the Company completed the second phase of the “Spark Programme” for the cultivation of 74 high-end leaders and the “Prairie Fire Programme” of cyber security training course for 50 people. The Company organised a total of 40 online training sessions for backbone professionals at company-level and over 720,000 person-times attended the training courses. During the year, 1,916 online training courses were held, with 29.67 million person-times attending. 1,341 live broadcasts were held, with 2.38 million person-times attending. 31,000 face-to-face training courses were held,

with 1.11 million person-times attending. Two phases of the “Dragon Programme” were held to train and exchange the international talents.

Building Employees’ Capacity

The first initiative of the Company is to carry out the training of cloud-network integration talents at municipal levels. The Company promoted talent training through online learning, offline training, certification, practical projects, professional coaching, hands-on training, labour competitions, etc. The training coverage ratio for municipal level cloud-network integration account managers and solution managers reached 60%, and the training coverage ratio for municipal level product maintenance managers and customer engineers reached 50%.

The second initiative of the Company is to continuously empower and promote the development of Smart Family capabilities. Focusing on product standardisation and service visualisation, the Company constantly improved the professional capabilities of the front-line sales and installation and maintenance team. The Company prepared a Smart Family marketing manual, consisting of a total of 150,000 words, and carried out 17 series of live learnings and 2 supporting online classes, with a total of 145,000 participants and the learners amounting to 880,000 person-times; the Company selected and hired the first batch of more than 90 company-level Smart Family professional internal trainers on a trial basis, and organised the first “Genius Cup” Smart Family scenario sales competition; the Company carried out more than 60 sessions of Smart Family engineer skill level certifications, covering 58,000 people in total; it optimised the design of the Smart Family Lecture zone, with a total of 48 courses updated and more than 2 million person-times took part in the learning in 2020.

The third initiative of the Company is to launch multi-level “Unit CEO” online learning through online empowerment. In 2020 the “Unit CEOs” program used Online College Unit CEOs business school as the platform, perfected the “Unit CEOs” online course system in different layers,

updated more than 20 courses for the corresponding positions of “Unit CEOs” online learning, and mostly used the online learning channel to teach the standard general courses. Using the Wings School as the channel, the Company regularly carried out experience sharing live broadcasts for the key business issues, with a total of 45 live broadcasts and 256,000 person-times attending. The company also held online training camps for Unit CEOs internal trainers, which cultivated 316 internal trainers and effectively supported the implementation of Unit CEOs core courses in all provincial and municipal companies.

Cultivating and Attracting Outstanding Young Talents

We continuously enhanced the mechanism for recruitment, management, cultivation and evaluation of our trainees. We organised spring internships, summer internships, day-to-day internships and other activities to expand the channels to attract outstanding young talents for campus recruitment. We also continued to carry out the Company’s top college graduate cultivation programme and organised online special classes for outstanding graduates, which were attended by 7,445 people. The Company innovatively launched a live interactive sharing platform for outstanding college graduates, the “Spotlight Platform”, which was opened to all groups of outstanding trainee students and would invite industry experts and representatives of outstanding graduates to conduct interactive live lectures.

Recruitment

The Company recruits fresh university graduates and mature talents from the society. We organised a unified platform, unified advertising and publicity and unified information sessions in key universities for recruiting fresh graduates. In 2020, the Company recruited more than 7,000 new graduates. We normally provide an induction training of one to two months to fresh graduates after they join the Company in order to help them understand our corporate strategy, culture and business. In 2020, the Company continued to deepen the promotion and

application of “New Employee Tutoring Mechanism”, which won the ATD Excellence in Practice Award, throughout the Company, organised online special courses on career mentorship for new employees, launched and optimised the function of career mentorship for new employees in the MSS human resources system, and promoted the goal of equipping new employees with corresponding professional mentors and counselling throughout the process upon their onboarding. For the recruitment of mature talents from the society, units at all levels organised induction training in accordance with their business development needs.

To provide opportunities for employees’ career development, the Company developed a comprehensive dual promotion channel. Promotion is based on the principles of fairness, justice, openness and transparency. The Company fully respects employees’ rights of choice, knowledge and scrutiny.

In the recruitment and promotion processes, the Company treats all candidates and employees equally regardless of factors such as gender, age and race.

The Company strictly abides by the national regulations relating to employees’ working hours and implemented the *Regulations on Paid Annual Leave for Employees* promulgated by the State Council and formulated the relevant policies in relation to employees’ vacations and rest periods.

The Company strictly abides by the laws and regulations such as the *Labour Law of the People’s Republic of China* and the *Labour Contract Law of the People’s Republic of China* to regulate its employment and dismissal practices. The Company adheres to offering equality of remuneration and work for male and female employees and implements special regulations to protect female employees’ rights and interests. There were no discriminatory policies or regulations, nor had there been any circumstance

whereby child labour or forced labour was employed. Taking into account the actual circumstances of the Company, the Company strictly abides by relevant labour laws and regulations in China, constantly improves the relevant employee management systems, and formulates relevant administrative measures which include detailed provisions stipulated in accordance with the termination of employment contract.

REMUNERATION AND PERFORMANCE MANAGEMENT

Remuneration

The Company optimised and improved the labour cost allocation mechanism. The Company continued to adhere to value-driven principles, promoted improvement of scale and efficiency, increased the incentive for efficiency contribution in labour cost allocation, and encouraged revenue increase and efficiency improvement as well as cost reduction and efficiency improvement. Based on the functional positioning and value contribution of each unit, the Company adopted various strategies, formulated policies based on actual circumstances and constantly optimised the total labour cost decision making mechanism, so as to ensure that incentives are in place and constraints are effective.

The Company promoted market-oriented incentives in key areas. The Company promoted the innovation of incentive mechanism by combining the mechanisms and systems reform of the competence centre and the R&D system, and constantly promoted the distribution mechanism of “market evaluates contribution and contribution determines reward”. The Company supported the principle of “matching responsibilities, rights and rewards”, and “reciprocity of incentives and constraints” in key projects and key areas, adopted market-oriented benchmarking method for key personnel, provided market-competitive salary, linked personal income closely

with project results and personal contributions, so as to ensure that key personnel with outstanding ability and performance would be better compensated, and truly developed a compensation system where salaries can be increased or decreased.

The Company actively promoted medium and long-term incentives. The Company further expanded the pilot scope of sci-tech company equity and dividend incentive program, promoted employee shareholding in mixed ownership enterprises, directly linked the income of key personnel with the development of company and personal performance, established an incentive and restraint mechanism for interest and risk sharing, which enabled the talents to share the benefits of the Company’s growth.

Performance management

The Company has established a comprehensive performance management system and implemented performance appraisal for all employees. Adhering to the performance-oriented principle, the results of performance appraisal were closely correlated to employees’ remuneration. Branches at all levels have established employees’ performance evaluation teams which are led by the respective general managers of the relevant branches, and have formulated appraisal methods for deputies, functional departments, subordinate units and employees. The Company improves its employee evaluation and incentive mechanism and the related scrutiny and supervision system to ensure fair and reliable performance evaluation results. At the same time, we further optimise and improve the performance evaluation system and implement performance evaluation by categories of business units, deputies, mid-level cadres and employees at all levels, enhancing the specificity of the performance evaluation.