

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.

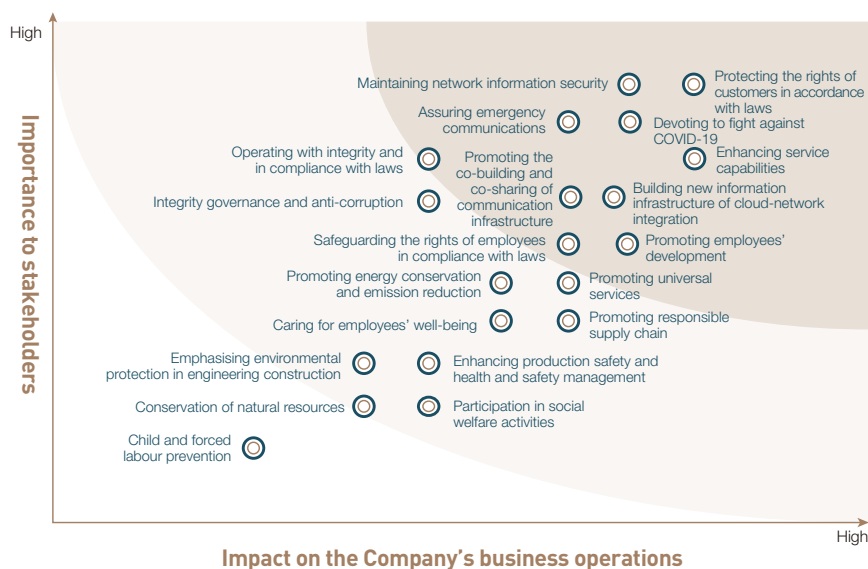
STAKEHOLDERS' EXPECTATIONS ON THE COMPANY AND OUR RESPONSE

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

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

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

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:

Environmental, social and governance areas listed in the Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange	Main environmental, social and governance issues for the Company
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

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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Table of the ESG Indicators

Issues	Name of Indicators	Units	Year 2020	Year 2019
Emissions	Scope 1: Direct greenhouse gas emissions ¹	million tons CO ₂ e	0.21	0.21
	Scope 2: Indirect greenhouse gas emissions ¹	million tons CO ₂ e	13.55	13.34
	Total greenhouse gas emissions ¹	million tons CO ₂ e	13.76	13.55
	Greenhouse gas emissions per unit operating revenue ¹	tCO ₂ e/RMB million	34.96	36.07
	Sewage emissions ²	million tons	30.57	35.38
	SO ₂ emissions ³	tons	55.75	68.01
	Non-hazardous waste produced ⁴	tons	28,717.77	–
	Non-hazardous waste produced per unit operating revenue	tons/RMB million	0.07	–
	Hazardous waste produced ⁴	tons	18,378.93	–
	Hazardous waste produced per unit operating revenue	tons/RMB million	0.05	–
	Electronic waste produced ⁴	tons	71,872.84	–
	Electronic waste produced per unit operating revenue	tons/RMB million	0.18	–
Use of Resources	Electricity consumption	100 million kwh	228.33	195.01
	Natural gas consumption	million m ³	7.69	9.23
	Coal consumption	10,000 tons	0.41	0.51
	Gasoline consumption	10,000 tons	4.17	4.39
	Diesel consumption	10,000 tons	1.72	1.38
	Purchased heat consumption amount	GJ	1,237,790.55	1,338,157.37
	Overall energy consumption ⁵	tce	2,948,806.73	2,544,048.55
	Overall energy consumption per unit of information flow	kgce/TB	4.61	4.91
	Overall energy consumption per operating revenue	kgce/RMB million	7,492.63	6,770.88
	Power consumption per carrier frequency at base stations	kwh/carrier frequency	1,254.81	1,100.65
	Water consumption	million tons	35.97	41.63
	Water consumption per unit operating revenue	tons/RMB million	91.39	110.78
	Coverage rate of energy-saving technology at telecommunications equipment room	%	74.54	70.76
	Reclaimed water consumption	tons	253,980.38	53,685.43

Issues	Name of Indicators	Units	Year 2020	Year 2019
The Environment and Natural Resources	Investment in energy saving and emission reduction	RMB million	614.09	636.11
	Times of video conferencing	times	37,569	35,672
Product Responsibility	Data international roaming countries and regions	–	248	–
	Domestic administrative village fibre broadband coverage	%	96	94
	Domestic administrative village 4G network coverage	%	95	94
	Internet backbone network interconnection bandwidth	Gbps	12,305.00	8,416.00
	International interconnection bandwidth	Gbps	9,985.26	8,766.76
	Call drop rate of mobile communication ⁶	%	0.05	0.10
	Call completing rate of mobile communication network ⁶	%	99.07	97.57
	Call completing rate for access line	%	93.05	92.45
	Packet loss rate of broadband Internet ChinaNet backbone network	%	0.06	0.03
	Degree of satisfaction of mobile Internet users ⁷	points	78.20	81.91
	Degree of satisfaction of mobile voice users ⁷	points	82.60	82.68
	Degree of satisfaction of fixed Internet users ⁷	points	78.90	79.46
	Degree of satisfaction of access line users ⁷	points	87.60	87.58
	Percentage of in-time response to international customer repair reports	%	99.64	99.16
	Degree of satisfaction of international customers	points	92.30	91.40
	Number of newly acquired patent authorisation	–	400	472
	Number of newly acquired invention patent authorisation	–	383	452
	Number of phishing and fraud websites blocked	–	9,080	13,144
Anti-corruption	Anti-corruption education programmes organised	–	31,135	25,457
	Attendance of anti-corruption education and trainings	person-times	1,041,420	799,356
Supplier	Total number of suppliers ⁸	–	277	–
	Proportion of suppliers reviewed ⁸	%	100	–

Table of the ESG Indicators

Issues	Name of Indicators	Units	Year 2020	Year 2019
Employment	Percentage of employees participating in labour union	%	100	100
	Percentage of female employees at management level	%	20.33	19.97
	Total number of employees ⁹	–	281,192	281,215
	Total number of full-time employees ⁹	–	274,425	274,172
	Total number of part-time employees ⁹	–	6,767	7,043
	Percentage of employees aged 30 and below	%	12.97	12.19
	Percentage of employees aged 30 to 49	%	66.15	68.42
	Percentage of employees aged 50 and above	%	20.88	19.39
	Percentage of male employees	%	67.96	67.89
	Percentage of female employees	%	32.04	32.11
	Percentage of employees of ethnic minorities	%	6.62	6.97
	Percentage of local employees hired in Hong Kong, Macau, Taiwan and overseas branches	%	44	44
	Total number of newly-hired employees	–	11,936	12,350
	Percentage of newly-hired male employees	%	61.09	58.96
	Percentage of newly-hired female employees	%	38.91	41.04
	Turnover rate of employees aged 30 and below	%	5.38	–
	Turnover rate of employees aged 30 to 49	%	1.13	–
	Turnover rate of employees 50 and above	%	1.06	–
	Turnover rate of female employees	%	1.86	–
	Turnover rate of male employees	%	1.58	–
	Turnover rate of employees hired in mainland China	%	1.67	–
	Turnover rate of employees hired in Hong Kong, Macau, Taiwan and overseas branches	%	0.50	–

Issues	Name of Indicators	Units	Year 2020	Year 2019
Safety and Health	Death rate in accidents per 1,000 employees	‰	0.0036	0
	Injury rate in accidents per 1,000 employees	‰	0.00	0
	Loss of working days due to work-related injury	–	0.00	0
	Number of participants in safety emergency drills	person-times	261,087	272,542
	Number of participants in health and safety trainings	person-times	385,305	362,174
	Participation rate of employee health checkup	%	89.82	100
Training and Development	Training expenses per employee	RMB/person	2,242.15	3,076.81
	Number of internal trainers	–	13,054	8,844
	Number of training participants	10,000 person-times	46.53	55.76
	Number of senior management trained	person-times	487	564
	Number of middle-level management trained	person-times	58,999	82,842
	Number of general employees trained	person-times	405,835	474,193
	Number of male employees trained	person-times	297,180	361,199
	Number of female employees trained	person-times	168,141	196,400
	Number of employees passed skill certification exams	person-times	26,680	26,668
	Number of employees enrolled in online college	10,000 persons	22.12	13.24
	Average training time per employee	hours/person	29.49	29.12
	Average training time per senior management	hours/person	58.30	52.15
	Average training time per middle-level management	hours/person	43.40	44.63
	Average training time per general employee	hours/person	27.75	27.28
	Average training time per male employee	hours/person	28.97	29.03
	Average training time per female employee	hours/person	30.59	29.31
	Average training time in online college per employee	hours/person	50.18	18.42
	Proportion of senior management participating in training	%	80.21	–
	Proportion of middle-level management participating in training	%	58.44	–
	Proportion of general employees participating in training	%	51.44	–
	Proportion of male employees participating in training	%	51.35	–
	Proportion of female employees participating in training	%	54.77	–

Table of the ESG Indicators

Issues	Name of Indicators	Units	Year 2020	Year 2019
Community	Number of registered employee volunteers	10,000 persons	7.43	6.62
	Total service time of volunteers	10,000 hours	74.14	61.86
	Number of participants in volunteering activities	10,000 person-times	14.00	11.80
	Number of volunteering activities	sessions	10,195	9,854
	Volunteer service activities input amount	RMB million	18.83	15.18
	Number of participated pole line co-built	kilometres	5,217	7,357
	Number of provided pole line co-shared	kilometres	11,946	23,062
	Number of participated pipeline co-built	kilometres	8,901	6,665
	Number of provided pipeline co-shared	kilometres	1,399	1,309
	Number of participated indoor distribution system co-built	–	24,865	7,356
	Personnel involved in emergency communication support	person-times	146,397	69,817
	Number of emergency communication equipment dispatched	set-times	29,342	17,979
	Number of emergency communication vehicles dispatched	vehicle-times	55,428	22,014
	Number of emergency public service messages sent	million pieces	2,489.73	79.09

Notes:

- Greenhouse gas is measured based on the Greenhouse Gas Protocol – Enterprise Accounting and Reporting Standards of World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD), the 2006 IPCC Guidelines for National Greenhouse Gas Inventories of Intergovernmental Panel on Climate Change (IPCC) and the Fourth Assessment Report 2007 of Intergovernmental Panel on Climate Change (IPCC), etc.
 Scope I: direct greenhouse gas emission includes the greenhouse gas emission from use of natural gas, coal, gasoline and diesel;
 Scope II: indirect greenhouse gas emission includes the greenhouse gas emission from purchased electricity and heating power, where the electricity emission factors shall refer to the base line emission factors of regional power grids in China released by National Development and Reform Commission, Department of Climate Change.
 Total greenhouse gas emission shall be the sum of Scope I (direct greenhouse gas emission) and Scope II (indirect greenhouse gas emission).
- The quantity of sewage emission is measured based on water consumption, and the wastewater discharge coefficient shall be based on GB50318-2017 Code of Urban Wastewater Engineering Planning of the National Standards of the PRC and relevant documents of National Bureau of Statistics of the PRC.
- SO₂ emissions are calculated with the method of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.
- Non-hazardous waste includes domestic waste and paper consumption. The quantity of domestic waste produced is measured based on the per capita household waste output coefficient as specified in the guidance released by the State Council of the PRC. Hazardous waste includes waste storage batteries. Electronic wastes include waste telecommunications equipment, waste cables, waste terminals and other wastes.
- Overall energy consumption is calculated with the energy statistics calculation method applied by National Bureau of Statistics of the PRC.
- VoLTE data was used for call drop rate of mobile communication and call completing rate of mobile communication network after the full commercial launch of VoLTE (based on 4G network calls) business in 2019.
- The “degree of satisfaction of mobile Internet users”, “degree of satisfaction of mobile voice users”, “degree of satisfaction of fixed Internet users” and “degree of satisfaction of access line users” are the intensive evaluation data of China Telecom by using the Telecom Customer Satisfaction Index (TCSI) model of the Ministry of Industry and Information Technology.
- Suppliers refer to the group level centralised procurement suppliers of China Telecom.
- The total number of employees includes the total number of contract workers, labour dispatch and re-employed employees, of which, contract workers are counted as full-time employees, and labour dispatch and re-employed employees are counted as part-time employees.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Independent Assurance Report

Deloitte.

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Independent Assurance Report

To the Board of Directors of China Telecom Corporation Limited (the "Board of Directors"):

We have been engaged by the Board of Directors of China Telecom Corporation Limited ("China Telecom") to perform a limited assurance engagement on its *Environmental, Social and Governance* performance indicators (see "table of the ESG indicators") in the *Corporate Social Responsibility Report* and *Human Resource Report* ("The Report") in *Environmental, Social and Governance Report* ("ESG report") of 2020 annual report for the period from 1 January 2020 to 31 December 2020.

Responsibilities of the Board of Directors

The Board of Directors is responsible for preparing *The Report* in accordance with *Environmental, Social and Governance Reporting Guide* ("ESG Reporting Guide") issued by Hong Kong Stock Exchange, and its presentation (including reporting guidelines, limitations, reporting data and relevant identification procedures).

The Board of Directors is also responsible for determining China Telecom's objectives in respect of with Environmental, Social and Governance ("ESG") performance and reporting, including identifying stakeholders and relevant material issues, establishing and maintaining appropriate ESG performance management system and internal control system for obtaining performance information in the report, and maintaining sufficient records.

Our Responsibilities

In accordance with the agreed terms with China Telecom, we are responsible for performing a limited level of assurance engagement on the ESG indicators (see "table of the ESG indicators") in the Report, and expressing an opinion on the ESG indicators. Our work is only for the Board of Directors, and for no other purposes. We do not assume responsibility or accept liability to any other person or third parties for our work or the contents in this Report.

Our Independence and Quality Control

We conducted our engagement in accordance with the independence and other ethical requirements in the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants. We maintains a comprehensive system of quality control applying *International Standard on Quality Control 1*.

Basis of Our Work

We conducted our work in accordance with *International Standard on Assurance Engagements 3000: Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the International Federation of Accountants. We planned and performed our engagement to obtain all the information and evidence which we considered necessary to form conclusions.

Procedures, Scopes and Limitations of Our Work

Our work performed includes interviewing personnel responsible for the Report, analysing information, and other steps to collect evidences. Specifically our procedures include:

- Interviewing management and staff responsible for the ESG indicators, to understand the process for determining the applicable controls.
- Establishing acknowledgement of the ESG indicators regarding the Report with China Telecom to perform this limited assurance engagement.
- Analysing sampled data, and performance claims, reviewing its consistency with our work results, and assessing the effectiveness of the control on the report preparation procedure.
- Implementing assurance procedures at the head office and the selected 2 branches in Shandong and Hunan province based on the results of risk analysis;
- Assessing the consistency of the key financial data in the Report with the data in the audited financial statements.

Limited assurance conducts process to confirm the credibility of information, and its scope is smaller than that of reasonable assurance. Our work performed is not for the purpose of expressing an opinion on the effectiveness of China Telecom's internal control.

We performed our limited assurance engagement at headquarter and 2 branches of China Telecom in Shandong and Hunan province. We did not carry out such engagement at any other branches and subsidiaries of China Telecom, nor interview with external stakeholders. Moreover, historical data and financial information are not within the scope of our work.

Our Conclusions

Based on our work performed, nothing has come to our attention that would lead us to believe that there is any material misstatement related to the ESG indicators in the 2020 Report.

This is translation of the Chinese language version of the Independent Assurance Report. If there is any conflict between the Chinese and English version, the Chinese version will prevail.

Deloitte Touche Tomatsu Certified Public Accountants LLP

5 March 2021



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Appendix – ESG Reporting Guide Index

No.	Description of Indicators	Page
A1 Emissions	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p> <p><i>Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations.</i></p> <p><i>Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.</i></p> <p><i>Hazardous wastes are those defined by national regulations.</i></p>	105-108
A1 Emissions	A1.1 The types of emissions and respective emissions data.	120
A1 Emissions	A1.2 Greenhouse gas emissions in total (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	120
A1 Emissions	A1.3 Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	120
A1 Emissions	A1.4 Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	120
A1 Emissions	A1.5 Description of measures to mitigate emissions and results achieved.	105-108
A1 Emissions	A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	105-108
A2 Use of Resources	<p>General Disclosure</p> <p>Policies on the efficient use of resources, including energy, water and other raw materials</p> <p><i>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</i></p>	105-107
A2 Use of Resources	A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	120

No.	Description of Indicators	Page
A2 Use of Resources	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	120
A2 Use of Resources	A2.3 Description of energy use efficiency initiatives and results achieved.	106
A2 Use of Resources	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	107-108
A2 Use of Resources	A2.5 Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	Not Applicable ¹
A3 The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.	108
A3 The Environment and Natural Resources	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	108
B1 Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	102, 105, 118-119
B1 Employment	B1.1 Total workforce by gender, employment type, age group and geographical region.	113, 122
B1 Employment	B1.2 Employee turnover rate by gender, age group and geographical region.	122

No.	Description of Indicators	Page
B2 Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	104
B2 Health and Safety	B2.1 Number and rate of work-related fatalities.	123
B2 Health and Safety	B2.2 Lost days due to work injury.	123
B2 Health and Safety	B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	104
B3 Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. <i>Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</i>	102-104, 112-113, 116-119
B3 Development and Training	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	123
B3 Development and Training	B3.2 The average training hours completed per employee by gender and employee category.	123
B4 Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	102
B4 Labour Standards	B4.1 Description of measures to review employment practices to avoid child and forced labour.	102
B4 Labour Standards	B4.2 Description of steps taken to eliminate such practices when discovered.	102
B5 Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chains.	109-110
B5 Supply Chain Management	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	109-110

No.	Description of Indicators	Page
B6 Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	97-101
B6 Product Responsibility	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable ²
B6 Product Responsibility	B6.2 Number of products and service-related complaints received and how they are dealt with.	100-101
B6 Product Responsibility	B6.3 Description of practices relating to observing and protecting intellectual property rights.	93-94
B6 Product Responsibility	B6.4 Description of quality assurance process and recall procedures.	Not applicable ²
B6 Product Responsibility	B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	100-101
B7 Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	93-94
B7 Anti-corruption	B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	93-94
B8 Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	110-111
B8 Community Investment	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	110-111
B8 Community Investment	B8.2 Resources contributed (e.g. money or time) to the focus area.	124

Notes:

1. The indicator of "packaging materials used for the finished products" is not relevant to the business practice of the Company. Through the identification of material issues, the Company mainly reported the recycling and reusing of the resources such as storage batteries, cables, terminals that are mainly used in operations and services. For more details, please refer to "VII. Practicing green development" of Corporate Social Responsibility Report.
2. The indicator of "recalling products" is not relevant to the practice of the Company. Through the identification of material issues, the Company mainly reported on maintaining network information security, assuring emergency communications and protecting the rights of customers in accordance with laws. For more details, please refer to "IV. Providing high quality network assurance" and "V. Providing heartfelt services to customers" of Corporate Social Responsibility Report.