

Corporate Social Responsibility Report China Unicom 2012



To Be an Innovation and Service Leader for Information Life



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Report instruction

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The Corporate Social Responsibility Report of China United Network Communications Group Co.,Ltd is an annual report.

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The headquarter and subsidiaries of China United Network Communications Group Co.,Ltd, hereinafter referred to as "China Unicom", "the Group", "the Company" and "we" respectively for convenience of expression.

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- Sustainability Reporting Guidelines (G3) by the Global Reporting Initiative (GRI);
- Program to the State-owned Enterprises Directly under the Central Government on Implementing the Harmonious Development Strategies during the Twelfth Five-Year Plan Period by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) of the People's Republic of China;
- Compilation Guide to the Report on Corporate Social Responsibility by the Shanghai Stock Exchange (SSE);
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From the Chairman



Facing the great challenge of a downward macro economy and the intensified market competition in 2012, China Unicom has still fulfilled its social responsibility and made active explorations in management improvement, network construction, product and service innovation, public interest and environmental protection, etc.

At the same time, China Unicom, as a member of the United Nations Global Compact (UNGC), has honored its commitment of abiding by and promoting the ten principles of UNGC in human rights, labor, environment and anti-corruption, and effectively integrating the social responsibility into its daily operation.

Improve corporate governance and make the company into the top.

In 2012, by availing ourselves of the activities to enhance our management level, we have improved our basic management and standardized operation in an all-round way, and attached great importance to CSR through its effective integration into our operation. As a result, the Company has maintained a leading revenue growth rate and made its business profit doubled, progressing stably towards the realization of a top-class telecommunications company in the world.

Consolidate efforts to fulfill our responsibility and build high-quality networks.

By treating smooth network connection enablement as our own duty and taking the quality enhancement of the mobile network and the universalization and speeding up of the broadband as an important lever, we have constantly improved the quality and capacity of our network. The "Every Village Project" has been strongly promoted to eliminate digital divide, our emergency response capacity has been tremendously enhanced to ensure the smooth connection between natural disasters and social activities, the online environment reshaping has been launched to better manage the information security, and the research on the next generation communications network has been conducted to make the basic network top and reliable.

Bring universal benefit of information technology to the public.

We have strengthened our customer relationship management (CRM), improved the price system for products and services, encouraged the development of healthy culture, explored new business types and innovated our means of services to let the public enjoy a new lifestyle brought up by the information industry and serve our customers to their entire satisfaction. In addition, information technology has also been applied in agriculture, rural areas and farmers' life, and the planning and construction of smart city have been promoted to pursue the information-based government, health care, education, tourism and other industries related to people's livelihood.

Put people first and foster social harmony.

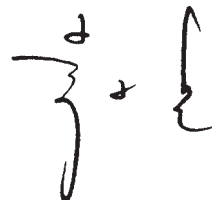
We have done a good job in "recruiting, using, training and retaining" employees to bring their motivation and creativity into full play. Bearing the principle of operation integrity and competition fairness in mind, we have made responsible procurement and promoted enterprises across the industrial chain to fulfill their social responsibility for win-win result and common prosperity and development. Moreover, charity and public undertakings of general interest are another kind of major focus of us with our employees participating in voluntary activities to build a harmonious society.

Create ecological civilization and build beautiful China.

Our environment management has been strengthened by promulgating the following two documents, the 2012 Energy Consumption Budget and the Methods for Incentives and Assessment of Energy Conservation and Emission Reduction, promoting the application of green technology, conducting environmental-friendly retrofitting, boosting the common development and sharing of base stations, and setting up green networks. As for office areas, the concept of green office, which includes the conservation of electricity, water and paper resources, has also been promoted and our environmental protection activities for public interest have helped us to build a green operational environment.

In the new year, we will join with our stakeholders in promoting the in-depth integration between informatization and industrialization, upgrading the traditional industries and developing information services for people's wellbeing to become the innovative service leaders for the lifestyle in the information age.

Chairman of the China United Network Communications Group Co.,Ltd

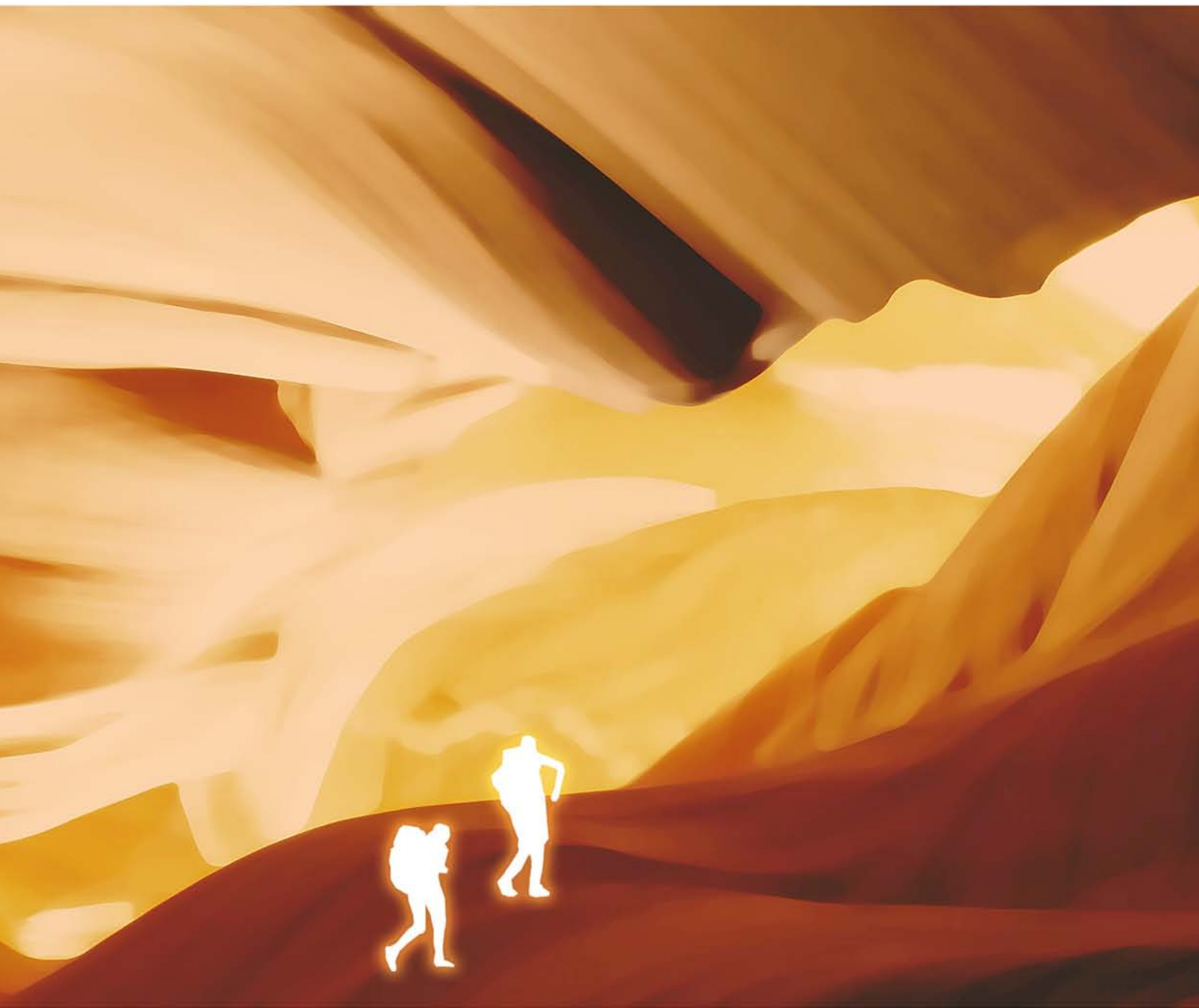


Chang Xiaobing
March, 2013



Improve Corporate Governance And Make The Company Into The Top





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Corporate profile

China United Network Communications Group Co., Ltd. ("China Unicom") was officially established on January 6, 2009 on the basis of the merger of former China Netcom and former China Unicom. It has subsidiaries in 31 provinces (autonomous regions and municipalities) across China and many countries and regions around the world. It is the only Chinese telecom operator listed on the stock exchanges in New York, Hong Kong and Shanghai. It has also been ranked among the world's Top 500 Companies for many consecutive years.

With the second largest fixed and mobile telephone networks and the Internet in the world, China Unicom mainly operates fixed and mobile communications service, domestic and international communications facilities, satellite IPLC service, data communications service, network access service, value-added telecom services and system integration service related to information and communications businesses. By the end of 2012, China Unicom had 400 million subscribers in total.

China Unicom has a modern communications network characterized by its nationwide coverage and global reach, and its new-generation mobile communications network WCDMA is also the largest in the whole world. Aiming at providing comprehensive and high-quality information communications services for customers, China Unicom has been promoting broadband-based fixed and mobile networks, expanding the international coverage and improving the layout of sales outlets. By the end of 2012, the number of 3G and 2G base stations reached 331,000 and 411,000 respectively, 106.46 million broadband access interfaces were put in place, and the international roaming business covered 567 operators in 247 countries and regions.

Directors & senior management



Chang Xiaobing

Chairman and
Secretary of Party
Leadership Group



Lu Yimin

President,
Vice Chairman
and Deputy Secretary
of Party Leadership
Group



Tong Jilu

Director of the Board,
Vice President and
Member of Party
Leadership Group



Li Jianguo

Member of Party
Leadership Group
and Head of Disciplinary
Inspection Team of Party
Leadership Group



Li Fushen

Director of the Board,
Vice President,
Chief Accountant and
Member of Party
Leadership Group



Li Gang

Vice President and
Member of Party
Leadership Group



Zhang Jun'an

Vice President and
Member of Party
Leadership Group



Jiang Zhengxin

Vice President and
Member of Party
Leadership Group



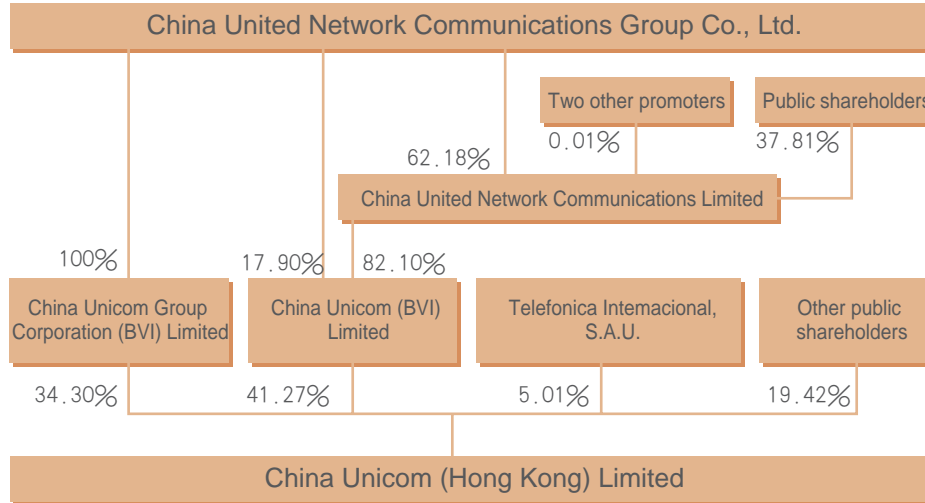
Shao Guanglu

Vice President and
Member of Party
Leadership Group

Corporate governance

Institutional improvement

China Unicom strictly abides by the laws and regulations of mainland China, Hong Kong and the United States, learns the advanced experience of corporate governance at home and abroad, and constantly improves its corporate governance structure and level while considering the conditions of the Company.



Shareholding structure



The convening, holding, voting and other procedures of the general meeting of shareholders are strictly under the provisions of related laws and regulations as well as the internal rules of the company to ensure fair treatment towards all shareholders, especially minority shareholders, and the enjoyment and enforcement of their own corresponding rights based on the shares they hold.



The Board of Directors takes the best interests of the company and the shareholders as its principle. Listed companies, through the organization of the extensive Board of Directors and the establishment of the Audit Committee and other affiliated committees to the Board, effectively regulate the internal control system related to financial statements and bring the specialties of board directors into full play to enhance the duty-performing capability of the Board.

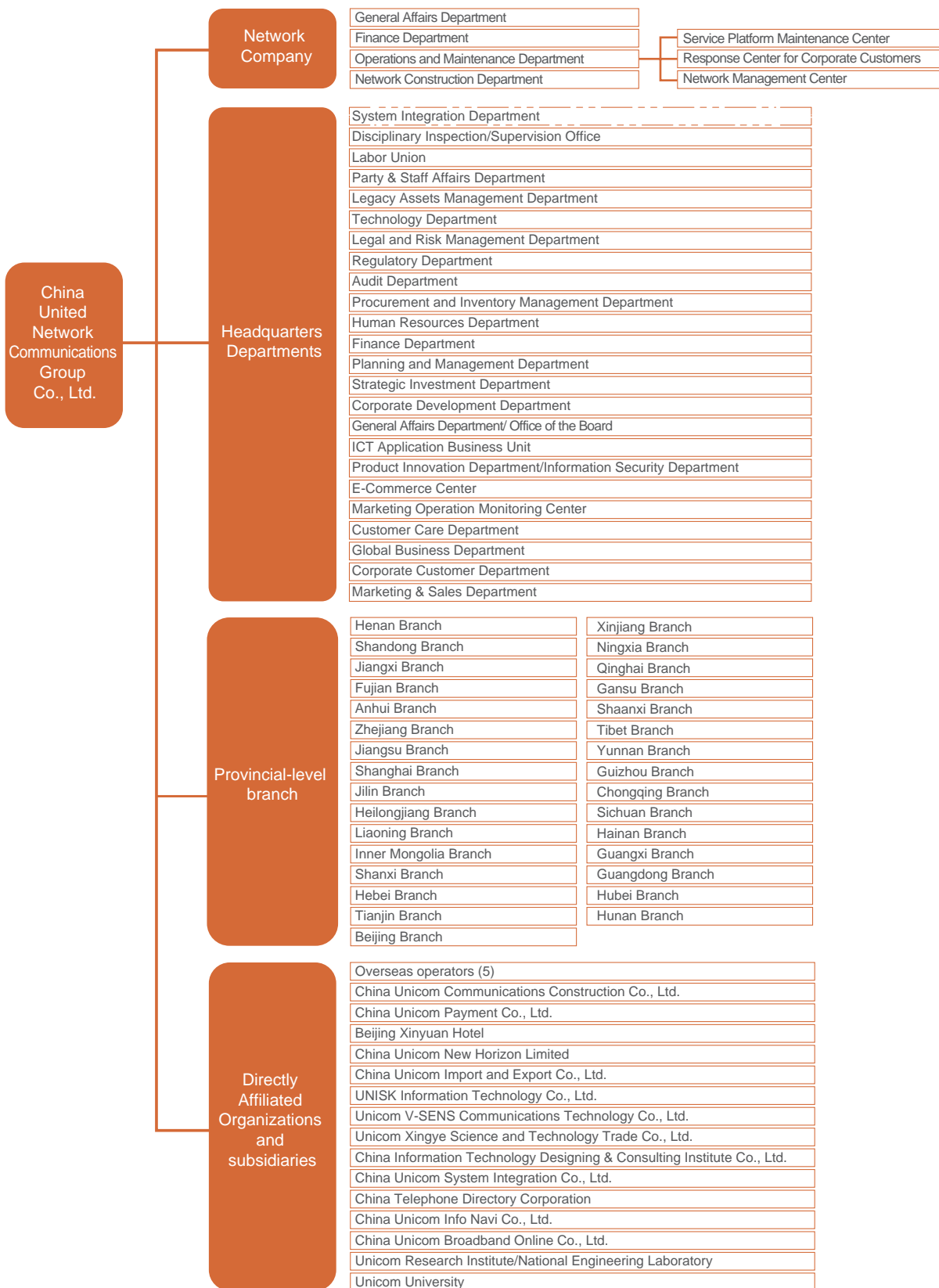


In the interest of shareholders, the Board of Directors regulates major events and finance of the company as well as the compliance and legality of its senior management.

Communication enhancement

Under fully compliance with the legal and regulatory requirements for information disclosure at the location where listed companies are regulated, China Unicom amply fulfills its information disclosure obligations in a truthful, accurate and timely manner and ensures all shareholders the equal access to information. At the same time, the legal rights and interests of stakeholders are also respected and safeguarded. The Department of Investor Relations of China Unicom provides necessary materials and services to investors, keeps contact with them and fund managers through investor consultation and reception, and arranges meetings and face-to-face communications between the management of the Company and investors from time to time to update them on the latest businesses and management progress more accurately.





✉ Organizational structure

Aiming for integrated marketing management and operation, China Unicom integrated the former Market Department and the Sales Department into the Marketing Department and set up the Marketing Monitoring Center for a completely vertical operation monitoring system. It also developed the management and operation systems which were adapted to the development of e-commerce and established the E-Commerce Department on the basis of the former E-Channel Department.

✉ Brand profile

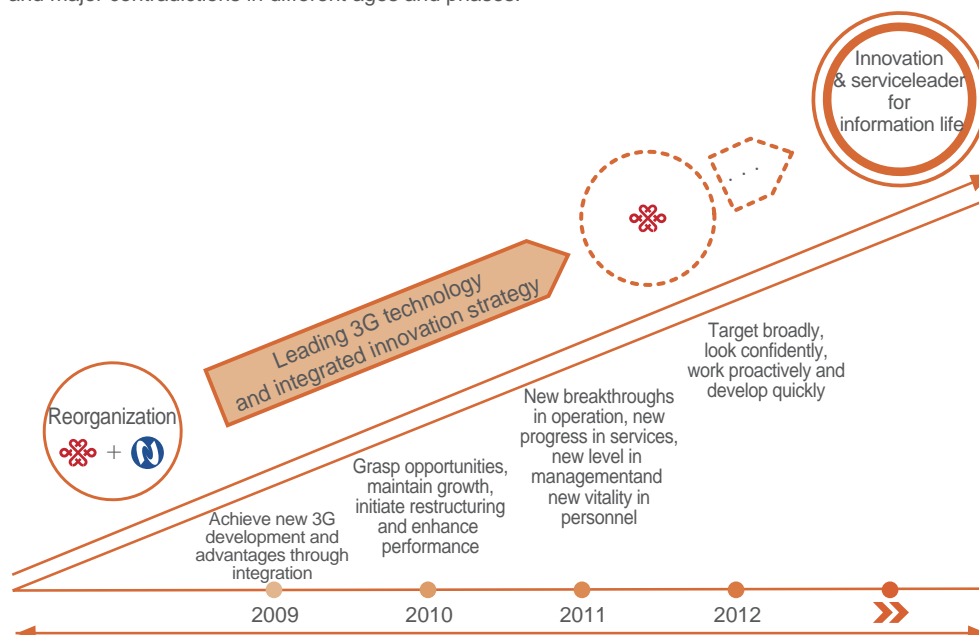


As a full-service brand of China Unicom, "WO" provides individuals, households, companies and teenagers with five major services covering all innovative information businesses: WO 3G, WO Family, WO Business, WO Pai, and WO Service. In 2012, based on its existing brands and the concept of "The Best in WO" and by focusing on its target customers and accurate media portfolio, China Unicom developed sub-brands including "WO: the World of Fiber Optic Broadband" (broadband), "WO with the World-Class Quality" (3G advantages), "WO: the First Choice of 3G" (3G businesses), "WO: the Future of Smart City" (business services), and "Universal High-Speed 3G Network" (3G traffic packet) etc. to expand and deepen the concept of WO with enhanced brand image.

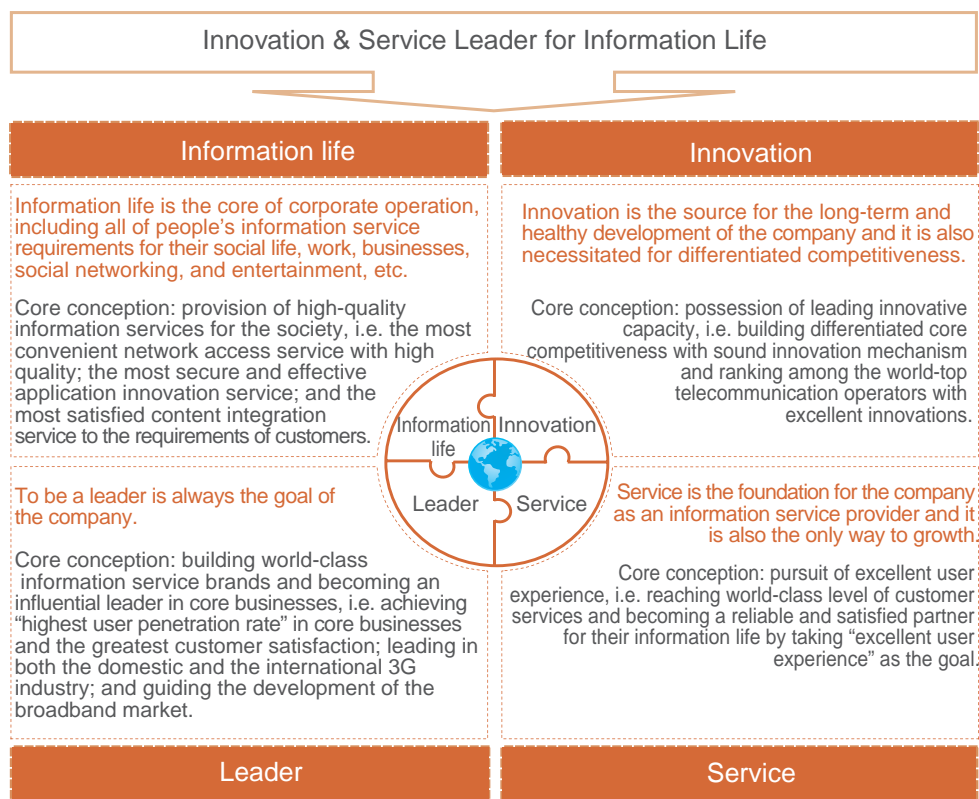
Scientific management

✉ Strategic management

After comprehensively analyzing the development of the telecommunications industry at home and abroad as well as the competitive environment of the market, China Unicom has developed its vision of forging itself into an "innovation and service leader for information life" while considering its own special features and making solid progress with definite and clear way of thinking to deal with different issues and major contradictions in different ages and phases.



Corporate vision: an innovation and service leader for information life



Vision positioning: serving information life. At present, the information and communications technology (ICT) can be found in every corner of people's life, the economy and the society. Instead of focusing on its own development and providing consumers with simple ways of communication, China Unicom has carried out the transformation into customer-oriented strategy and the comprehensive provision of information services for people's living, study and work, etc. to satisfy their various demands for "information life". This kind of positioning symbolizes the change of the development mode and the operational scope of China Unicom which will play a more important role in social progress and make contribution to people's well-being, domestic demand, development of all walks of life and our national economy.

Core conception: leading innovation while providing excellent services. Innovation remains to be the main theme for China Unicom after all kinds of changes and provides basic assurance for realizing a series of restructuring and continuous growth under new environment and situation with challenges coming from the traditional market saturation, etc.; while service serves as the foundation for China Unicom and links the Company with its clients whose needs have been integrated into the whole process from product research and development (R&D) to production organization and from channel sales to post-sale services for the purpose of enhancing the service level before, in the middle of and after sales.

Means: leading 3G technology and integration. 3G technology is the driving force to enhance the corporate identity, make market breakthroughs and accelerate development; therefore, China Unicom has proposed to implement the “leading 3G technology and integrated innovation strategy” from 2010 to 2014 by focusing on “major businesses” and “key competencies” to achieve its strategic goal of “promoting growth and efficiency”.



Compliance management

Combating corruption for public integrity

While combating corruption for public integrity and seeking corporate reform and development, China Unicom has fulfilled its functions of disciplinary inspection, supervision and monitoring, promoted the system construction of punishment and prevention, implemented the responsibility system of improving the Party conduct and building a clean and honest administration, and strengthened various works including anti-corruption education, supervision and inspection, correspondence and visitation, and organizational construction etc. to facilitate and guarantee the reform, innovation and development leapfrogging of the Company.

Promoted the system construction of punishment and prevention and implemented the responsibility system of improving the Party conduct and building a clean honest administration. The inspection and examination methods for the responsibility system implementation were formulated to evaluate such implementation and conduct self-inspection of the promotion of the punishment and prevention system construction.

Provided anti-corruption education in the whole company including managerial staff at all levels and all employees, and compiled the Selected Papers on Combating Corruption for Public Integrity of China Unicom to integrate such education into the training for the management and personnel in key positions.

Strengthened the supervision and administration of the management, improved their integrity record and tightened the management of on-job consumption to promote the clean conduct of them.

Conducted management efficiency supervision of channel expansion fees for mobile businesses, improved daily supervision for bid invitation, procurement, recruitment and competition for posts etc. and regulate decision-making process for major events.

Kept the correspondence, visitation and reporting channels unblocked, coped well with various kinds of such issues, punished the personnel who had acted against the discipline, laws and regulations, and constantly improved related processes and systems.



◇ Risk control

To the extent of the whole company, the internal control and risk management systems of China Unicom are composed of the Board of Directors, the Internal Control and Risk Management Committee, the General Affairs Department and all related function-specific management departments for the purpose of conducting in-depth risk assessment, continuously optimizing internal control standards and constantly enhancing risk management level.



Set up an integrated monitoring mechanism both vertically and horizontally for all corporate business operations and performed risk alarm, risk examination and risk tracking via operational monitoring work orders.



Made annual and semiannual risk assessment and improved the regular "examination" mechanism for risk reporting, risk alarming and the management and control of it.



Compiled and distributed the Special Issue of Laws and Risk Management and carried out internal control risk management training, risk assessment and self-test of internal control to develop a sound risk management culture.

◇ Audit supervision

With the improvement of audit supervision and audit system construction, China Unicom has conducted a series of auditing work on internal control, special projects, economic responsibility and engineering to regulate corporate operation and management, close management loopholes in a timely manner, prevent operational risks and enhance refined management level.



Carried out mid-term and annual internal control evaluation to regulate corporate operation, strengthen internal control enforcement and increase management efficiency.



Performed auditing for special projects including terminal management, social channel fees and value-added service management to improve the management efficiency of specialized lines.



Undertook specialized auditing work on engineering to promote its transformation, avert investment risks and raise related management level.



Create a multi-dimensional early warning indicator system with theme-specific models to conduct audit information system construction and improve the audit efficiency.

◇ Rule of law

China Unicom has constantly enhanced its corporate governance level through rule of law, improved its working systems of legal risk prevention, general legal consultation and legal management, specified basic management systems and procedures including legal argumentation for major decisions, legal review for rules and regulations and legal scrutiny and approval for contract, set up a group-wide unified management system for legal disputes, standardized the administration of registered trademarks, patent licensing and computer software copyright, and increased its legal risk prevention capacity.

Various activities of legal publicity and education have been organized to foster corporate compliance culture, such as the "4/26 World Intellectual Property Day", the "12/4 National Legal Publicity Day", special legal publicity activities about the socialist concept of rule of law, and the presentation about the "All-Round Promotion of Rule of Law – Legal Interpretation on the Spirit of the 18th National People's Congress (NPC)". In addition, some other forms of activities including exhibitions, knowledge competitions, online lectures, legal consultations, printed materials and special issues have also been stimulated to spread legal knowledge and raise the legal awareness for officials and employees.

Information-based management

Under related development and application, the cloud computing technology has been fully introduced into the customer service and internal management of China Unicom whose service level and operational efficiency have both been enhanced. Moreover, the Company has also set up a centralized and integrated structure with information technology as the supporting basis to improve production and operational management and decision-making level, promoted the standardized management for billing and accounting to reduce billing time and increase the payment timeliness and accuracy, and taken a user-oriented approach to improve the whole-business e-commerce supporting system and quickly respond to business demands.

Business performance

In 2012, China Unicom continuously maintained a good momentum of development with its performance greatly improved, core competitiveness rapidly increased and sustainability further enhanced.

Indicators	Unit	2010	2011	2012
Total assets	RMB 100 million	5126.8	5237.5	5750.8
Business revenue	RMB 100 million	1768.1	2162.8	2581.6
Mobile users	Ten thousand	16742.6	19966.0	23931.2
Local telephone users	Ten thousand	9663.5	9285.1	9195.7
Broadband users	Ten thousand	4722.4	5565.1	6386.9
3G base stations	Ten thousand	16	23.9	33.1
2G base stations	Ten thousand	31.8	37.5	41.1
Broadband access interfaces for fixed lines	Ten thousand	6583	8592.3	10646



Responsibility management

✉ Promotion of responsibility strategy

◇ Concept of social responsibility

Under the commitment of becoming “an innovation and service leader for information life”, China Unicom has deepened the implementation of the “leading 3G technology and integrated innovation strategy” and integrated the harmonious development requirements and social responsibility into corporate vision and strategy to boost the harmonious development among the company, the society and the environment with strategic understanding and arrangement. By taking sustainability as the core, it has also integrated the fulfillment requirements of “integrity, greenness, security, vitality and responsibility” into its whole operational processes under the guidance of “responsible core businesses, enhanced user experience and common social responsibility”, and combined its own development with the broader social responsibility to achieve the harmony and unification between corporate interests and social objectives.

◇ Management of social responsibility

China Unicom has established a Social Responsibility Steering Committee led by its executive members, classified the Corporate Development Department as the main administration of social responsibility with contacts in all related institutions, and set up the collecting system of social responsibility practices. The Company also compiles and publishes its social responsibility report based on the requirements of SASAC, the responsibility standards and regulations of the international community as well as the request from SSE.

◇ Planning of social responsibility

In the “Twelfth Five-Year” Plan, China Unicom has incorporated the fulfillment of social responsibility as one of its major tasks during this period. It is dedicated to combining its own development with the broader social responsibility, improving the corporate management mechanism with social responsibility as the core, better communicating with stakeholders, pursuing green and harmonious development of the Company, building the information-based rural areas, purifying the online environment and participating in public undertakings of general interest to promote the corporate and social harmony.

◇ Improvement of social responsibility management

China Unicom has realized that the enhancement of the social responsibility management level was an important instrument to achieve international competitiveness and reach the development goal of “being strong and excellent”. The experience from enterprises advanced in social responsibility management has also been learned and used to find, improve and make up for its own shortcomings so as to promote further integration between social responsibility management and daily operation and enhance such management level.

✉ Enhancement of capacity with responsibility

China Unicom has proactively promoted the effective integration between social responsibility and corporate development by focusing on the most strategic and relevant topics whose performances have yielded good result. At the 2012 Global Compact China Best Practices Award organized by the Global Compact Network China, the Establishment of Employee Mental Health Guarantee Mechanism for the Harmonious and Healthy Corporate Development has been entered into the candidate list. The company has also taken part in the CSR contextual training held by SASAC, the “CSR Management with Resources and Environmental Limitations” by China Enterprise Confederation and other related trainings to deepen its CSR understanding and consolidate the CSR management foundation. In addition, it has joined the compilation and discussion of the Guidelines to the Corporate Social Responsibility Report of China (CASS-CSR 3.0) to promote Chinese enterprises to implement it. Social responsibility indicators have been sorted out to set up an evaluation system with 103 indicators in 15 aspects and 5 items at 3 levels.

Intensification of responsibility communication

Stakeholders	Ways of communication	Expectations for China Unicom	Response from China Unicom
Investors	<ul style="list-style-type: none"> ★ Information disclosure ★ Material provision ★ Face-to-face communication 	<ul style="list-style-type: none"> ◆ Asset value maintained and increased ◆ Standardized corporate governance ◆ Operational risk prevention 	<ul style="list-style-type: none"> ● Disclose operational performance based on information disclosure requirements and ensure equal access to information for all shareholders. ● Constantly standardize the governance structure and improve related decision-making procedures and systems. ● Establish internal control and risk management systems and assess risks vertically.
Customers	<ul style="list-style-type: none"> ★ Workshops ★ Customer activities ★ Satisfaction surveys ★ Club 	<ul style="list-style-type: none"> ◆ High-quality networks ◆ High-quality information services at affordable prices ◆ Convenient services ◆ Healthy online environment 	<ul style="list-style-type: none"> ● Expand mobile and broadband network construction and conduct constant network optimization. ● Simplify packages, standardize transparent fees and launch information-based applications more rapidly. ● Carry out operation and hotline service enhancement project and fulfill the mobile and broadband service commitment. ● Take comprehensive treatment of SMS spam.
Employees	<ul style="list-style-type: none"> ★ Surveys ★ Discussions with the management ★ Workers Congress ★ Training 	<ul style="list-style-type: none"> ◆ Participation in management ◆ Steady increase of wage ◆ Career planning ◆ Care for employees' needs 	<ul style="list-style-type: none"> ● Promote democratic management with employees participated. ● Wage distribution in favor of frontline employees. ● Expand the career path for professional employees. ● Improve working conditions, carry out recreational activities and provide assistance for employees in difficulty.
Government and regulatory authorities	<ul style="list-style-type: none"> ★ Meetings ★ Work report ★ Exchanges and visits 	<ul style="list-style-type: none"> ◆ Abide by laws and regulations ◆ Promote information-based social development 	<ul style="list-style-type: none"> ● Conduct corporate governance under the rule of law and strengthen internal audit supervision. ● Strongly promote the social informatization.
Cooperative partners	<ul style="list-style-type: none"> ★ Discussions and exchanges ★ Professional training ★ Satisfaction surveys 	<ul style="list-style-type: none"> ◆ Equality, cooperation and win-win result ◆ Broad cooperative areas ◆ Stimulation for the industrial chain development 	<ul style="list-style-type: none"> ● Stick to the concept of "openness, innovation, cooperation and win-win result". ● Constantly expand cooperative areas and create more synergistic value. ● Unblock the relationship between the upstream and the downstream and jointly create value with cooperative partners.
Counterparts	<ul style="list-style-type: none"> ★ Forums and meetings ★ Visits and communications 	<ul style="list-style-type: none"> ◆ Sharing of advanced experience ◆ Fair competition ◆ Cooperation 	<ul style="list-style-type: none"> ● Exchange experience of many professions at various levels. ● Achieve good interconnection. ● Realize joint construction and sharing.
Communities	<ul style="list-style-type: none"> ★ Community communications ★ Media communications ★ Public undertakings of general interest 	<ul style="list-style-type: none"> ◆ Green operation ◆ Knowledge about company information ◆ Digital gap elimination ◆ Emergency communication enablement ◆ Development assistance for underdeveloped regions 	<ul style="list-style-type: none"> ● Conduct energy conservation and emission reduction and ensure green construction and operation. ● Invite the media to interview in the company and publish their reports on the Internet, micro-blog and monthly publications. ● Continuously promote the "Every Village Project" to expand the communication network coverage in rural areas. ● Ensure the unblocked communication in natural disasters and major events. ● Actively participate in charity and public undertakings of general interest.

The management of China Unicom has actively conducted communications and exchanges on corporate social responsibility (CSR), such as the face-to-face discussions between executive members and headquarter employees, the thematic training of CSR enhancement by SASAC and exchanges of good CSR practices. By focusing on key responsibilities and good practices of related parties, the executive members of the company have shared the responsibility experience of China Unicom with them to jointly build a harmonious China Unicom.



Consolidate Efforts To Fulfill Our Responsibility And Build High-quality Networks





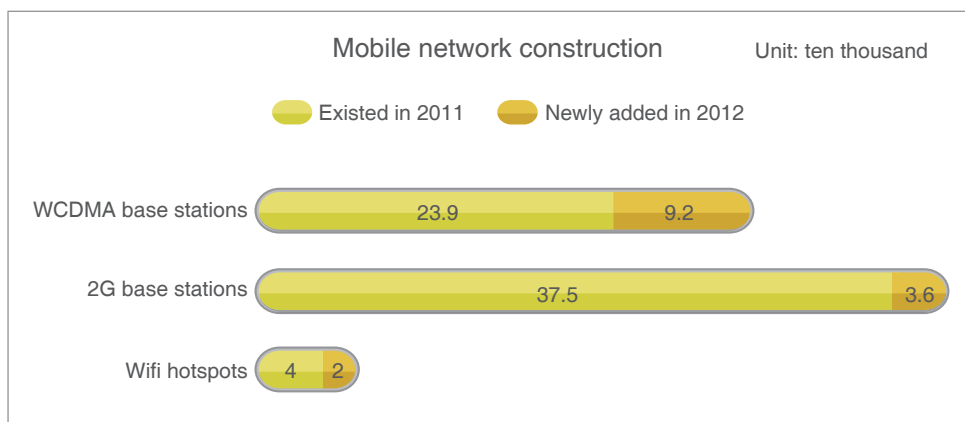
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Basic network construction

By taking the quality enhancement of the mobile network and the universalization and speeding up of the broadband as an important lever, China Unicom has constantly improved the quality and service capacity of our network. The "Every Village Project" has also been continuously promoted to eliminate digital divide and achieve seamless coverage.

Mobile network optimization

In 2012, China Unicom made continuous efforts to strengthen the 3G network construction by focusing on those uncovered urban and rural areas and optimizing special projects in various fields including main roads, in-depth coverage and the antenna feed system. The number of 3G base stations reached 331,000, 92,000 of which were newly-built WCDMA base stations; the 3G coverage in rural areas increased from 33% in 2011 to 75% with that in the eastern part at 100%; about 88% express railways had access to 3G network and as for the airport express ways and other express ones, the 3G coverage were 96% and 73% respectively. The number of 2G base stations reached 411,000, 36,000 of which were newly built, and the 2G network coverage was greatly enhanced. At the same time, 20,000 public WiFi hotspots were established in airports, stations and hotels etc. with the total number reached 60,000, further improving the wireless data service level.



While expanding 3G coverage both in depth and in extent, China Unicom has formulated and gradually implemented the network quality enhancement plan to better support mobile data businesses by various technical means. The 3G network has been completely upgraded to support HSPA technology to meet customers' need for high-speed network; the 2G network has adopted the EDGE technology to provide data services for 2G and 3G users; and the piloting program of 900MHz WCDMA network has also been promoted in Gansu and Hebei provinces, which has already scored great achievements.



Notes:

HSPA stands for High-Speed Packet Access which includes two parts: HSDPA and HSUPA.

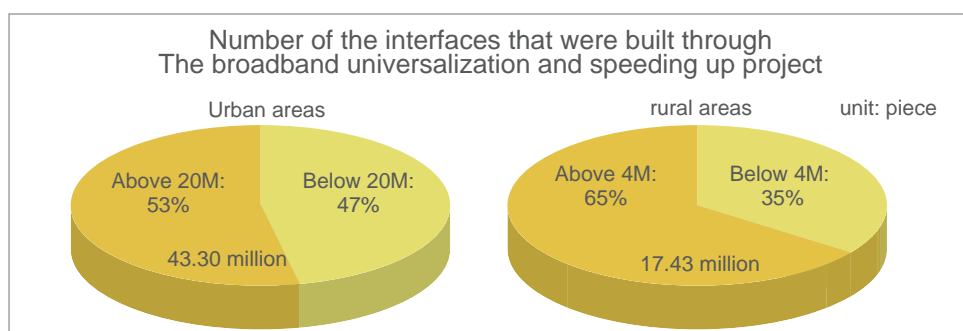
HSDPA (High Speed Downlink Packet Access)

HSUPA (High Speed Uplink Packet Access)

EDGE stands for Enhanced Data Rate for GSM Evolution which is a transitional technology from GSM to WCDMA.

Broadband network upgrading

In 2012, China Unicom greatly promoted the network construction of fiber-optic broadband and constantly increased the broadband coverage and the access speed in urban and rural areas. The newly-built business buildings adopted the FTTO technology, residential buildings adopted the FTTH or FTTB technology, and those residences with fiber-optic access was capable of providing 20M access bandwidth. In urban areas, the retrofitting program of “replacing copper cables with optical fibers” was gradually completed and the universal access capacity was 10M to 20M with some areas and users at 100M. In the same year, there were 20.54 million broadband access interfaces being newly added and the total number reached 106.46 million, among which 23.04 million were FTTH interfaces with an 11.03 million increase. We also accelerated the rural broadband network construction in ten provinces of the northern part of China, promoted the retrofitting of fiber-optic broadband access in administrative villages and the broadband access capacity in rural areas was greatly enhanced. At the end of 2012, there were 237,900 administrative villages in those ten provinces having access to broadband services, accounting for 94% of the total.

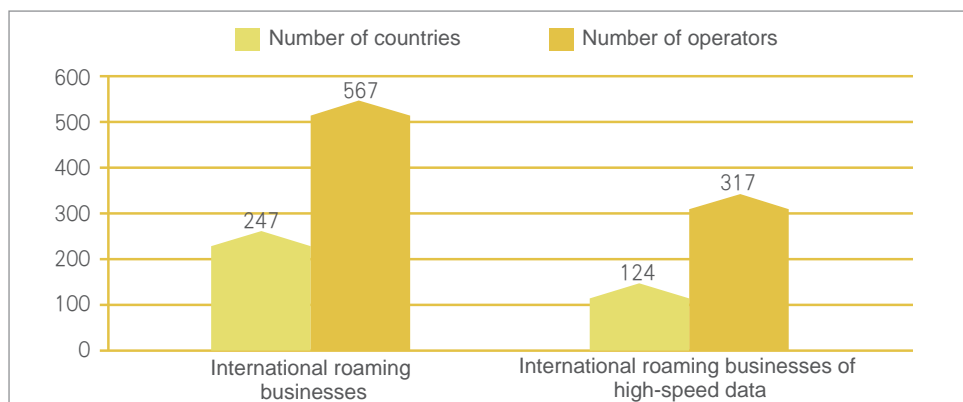


Notes:

FTTO stands for Fiber To The Office.
FTTH stands for Fiber To Home.
FTTB stands for Fiber to The Building.

Global network improvement

China Unicom has conducted close cooperation with major telecommunication operators and service providers in the world to jointly promote the in-depth development of both the mobile and the fixed network. By the end of 2012, our international roaming businesses covered 567 operators in 247 countries and regions, and that of the high-speed 3G data covered 317 operators in 124 countries and regions. The total bandwidth of international submarine cables reached 2,536Gbps, directly linked to major countries and regions along the coast of the Pacific Ocean, the Atlantic Ocean and the Indian Ocean. The total capacity of our international terrestrial cables reached 3,268G and there were 82 overseas Points of Presence (POP) in 69 cities of 53 countries and regions.



Digital divide elimination

In 2012, while implementing the “construction of a new socialist countryside”, China Unicom continued the “Every Village Project” to promote rural communication development and reduce digital divide. The company invested RMB 1.22 billion in the whole year and completed 4,552 every-village tasks in 11 provinces and cities including Heilongjiang, Jilin, Inner Mongolia, Sichuan, Chongqing, Shanxi, Hebei, Hubei, Hunan, Xinjiang and Qinghai, among which 305 were telephone related tasks for natural villages and 4,247 were broadband ones for administrative villages, laying a solid foundation for the informatization of those poor areas.



Emergency communication enablement

Sudden natural disasters

In 2012, some parts of our country have experienced major natural disasters, such as flood, debris flow and typhoon, causing 29 provincial-level branches of China Unicom suffered great loss of RMB 840 million. Facing such severe situation, our employees have ensured the communication safety and security with their great social responsibility and quick response. During the flooding period of 2012, China Unicom made a total investment of RMB 275.54 million for disaster relief, deployed 164,457 personnel and 59,008 vehicles, and provided 7,712 emergency equipment and 47,947 oil engines.



Repair workers of China Unicom Guangxi Branch were working in rain to clear branches and garbage under the pole to avoid damage.



Senior members and employees of China Unicom Lianyungang Branch were working at the front line of the flood relief and repairing the disaster-stricken base stations for goods safety.



In September 2012, the Yiliang County in Zhaotong City of Yunnan Province was hit by a 5.7-degree earthquake as well as debris flow and landslide. While ensuring communication, China Unicom Yunnan Branch also set up temporary business sites and service stations in resettling areas to provide people in affected regions with free services including calls and phone charging. At the same time, it also offered financial support to those areas for disaster front-line relief.

Major social events

Communication enablement for the docking mission between “Shenzhou-9” spacecraft and “Tiangong-1” lab module.

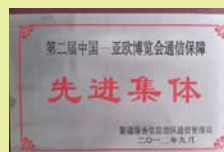
China Unicom has successfully accomplished the communication enablement task for launching the Shenzhou-9 manned spacecraft, including more than 20 launch-related lines for Xi'an Satellite Monitoring Center, one department of the People's Liberation Army, and the Ministry of Transport, among which more than ten lines were in Beijing, as well as more than 100 media lines, 4 of which were for China Central Television (CCTV). As a result, all business-related lines have been operated safely with no failure.

Communication enablement for the “18th NPC” of the Communist Party of China

In order to successfully accomplish the communication enablement task for the “18th NPC”, China Unicom strengthened the network optimization to enhance communication service capacity, conducted inspection of 58 local networks and 573 maintenance sites as well as self-inspection of 3,015 network units in 12 professions for both the fixed and the mobile networks, and tightened the 24-hour duty-shift system for 7 days a week with key posts double-guarded by two people. During the NPC period, there were 228,000 maintenance workers, 57,000 emergency vehicles and 51,000 oil engines being deployed in total to ensure the unblocked communication in an all-round way.



China Unicom Beijing Branch installed 435 fixed-line telephones and 13 specialized lines for NPC working groups, delegations and news agencies, provided 6,768 key protection lines and 11,558 3G card numbers for Xinhua News Agency, the Ministry of Public Security, CCTV, Bank of China and other 48 clients, ensured the fixed, mobile, long-distance and local communication security for the customer service of 704 major groups in the fields of finance, electricity, civil aviation, railway, transportation and securities etc., key roads and areas, as well as for 7.09 million public users, and invested RMB 15.6 million in communication enablement.



China Unicom Xinjiang Branch was making great efforts to provide high-speed seamless communication services for the China-Eurasia Expo.



“Digitalized Farmers Game” supported by China Unicom Henan Branch with high standards



Deputy mayor Ren Xuefeng of Tianjing Municipal Government was meeting with the maintenance staff of China Unicom Tianjin Branch for their successful work at the 2012 Tianjin Summer Davos Forum in key protection sites.



Communication security assurance

China Unicom has attached great importance to the communication security, conducted security defense, improved online environment and enhanced communication quality among different networks to ensure the safety and stability of communication networks for customers. We carried out compliance and risk assessment and other self-inspections of 3,015 network units in 12 professions for fixed, mobile and transmission networks. We also organized 12 special activities to deal with Trojan horses and zombies and handled 15 phishing websites in coordination with overseas Internet companies.



To prevent damages to customers' property through phone fraud, technicians in China Unicom Tianjin Branch analyzed the phone fraud features and established an identification system to immediately identify and respond by people. Since the launch of such mechanism, the number of fraud phone calls decreased dramatically from 150,000 to 50,000 on a daily basis.



On-site test and adjustment



Opening ceremony for the anti-fraud system

Scientific and technological innovation promotion

China Unicom has constantly improved its independent innovation capacity and assumed 18 national key scientific and technological programs including the "special projects related to core electronic devices, high-end general chips and fundamental software" of the Ministry of Industry and Information Technology (MIIT), the "special project of new-generation mobile broadband communication network", the "863 project – national high-tech research and development project" of the Ministry of Science and Technology, and the "China Next Generation Internet Project (CNGI)" of the National Development and Reform Commission, etc. In addition, we have also conducted research on new technologies, such as new-generation mobile broadband communication, next-generation Internet, cloud computing, and the Internet of Things (IoT), which has not only enhanced our technological competitiveness, but also provided guidance for the industrial development of related key technologies. Our independent innovation capacity and research and development (R&D) power have also been greatly improved through the experience accumulation of production, learning and research and the cultivation of a bunch of technical talents.



The introduction of "WO Phone" and the first Chinese operating system for smart terminals with independent intellectual property right are significant breakthroughs achieved by our country in such system R&D and control.

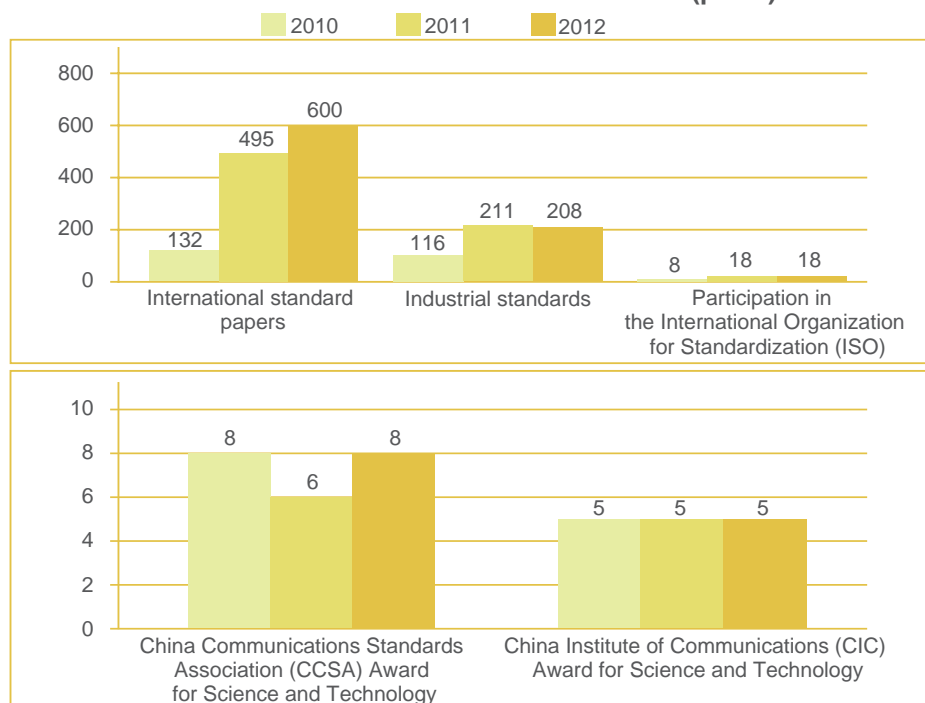


The findings of the research on the "development and demonstrative application of mobile broadband access system in complicated environment and with flexible functions" can be used for scientific observation, city planning, traffic detection and other fields, which are especially important for the national defense construction.

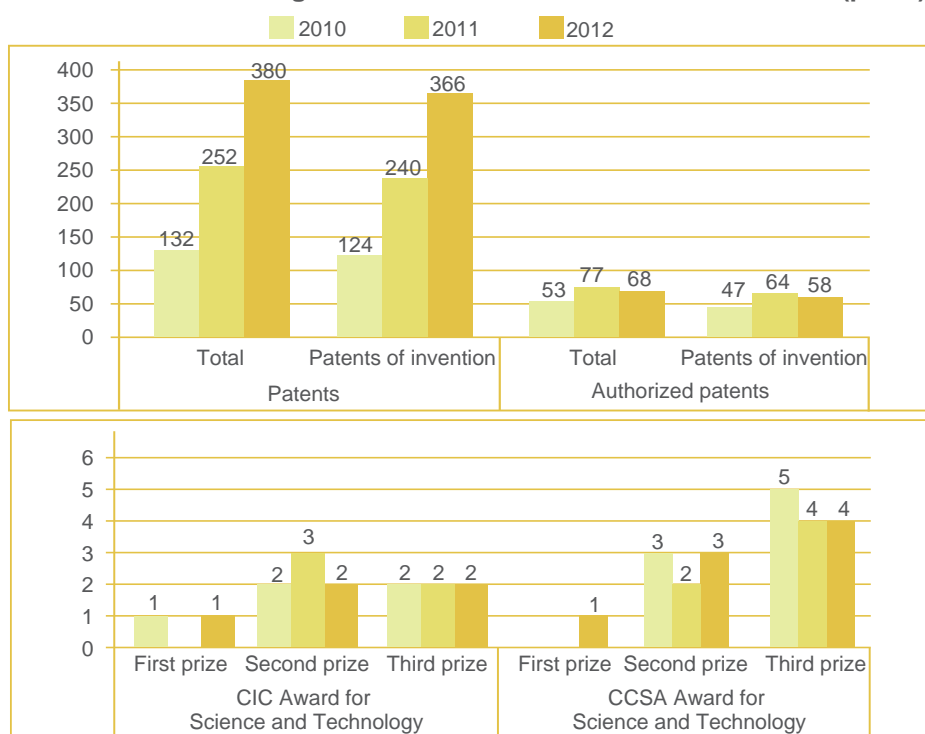


We have conducted research on network organization, technological assessment and new technology test for the evolution of mobile network to 4G technology.

Standardization result from 2010 to 2012 (piece)



Patents and technological innovation awards from 2010 to 2012 (piece)



Bring Universal Benefit Of Information Technology To The Public





1.IT application in people's life	P26
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Guided by customers' needs and aiming at better user experience, China Unicom has made great efforts to provide our customers with diversified, convenient, practical and customized information products and applications as well as timely and considerate services.

IT application in people's life

◇ Development of 3G innovative products

In 2012, by focusing on 3G businesses, consolidating product system integration and developing major products including mobile music, mobile reading and application store etc., China Unicom launched many innovative products such as UM, WO+Pass and WO Cloud and optimized the product layout. The WO Store had 16.2 million registered users and 74,000 online applications, and there were 60.448 million subscribers to WO Read.

China Unicom Tianjin Branch launched the 3G Players Club and the Mobile Class for experiential marketing and organized activities on various themes such as "business trips", "education", "photography" and "music" to provide 3G users with professional knowledge, enhance their interest for 3G applications and achieve the closest contact with them.



3G Players Club of China
Unicom Tianjin Branch



◇ Universalization of the RMB 1000 smart phones

We have set up a product system with terminals at all price levels, introduced in various popular types and promoted the universalization of the smart phones to lower the consumption threshold. Those dual-core RMB 1000 ones with 4.0 and 4.5 inches screen size have continued to lead the development of the same kind. There were totally 164 customized types of terminals in the whole year and 724 were W-type ones; therefore, the development of W-type terminals precedes others.

◇ Enrichment of the 116114-based information services

With the support of the 116114 calling center, we have made nationwide promotion of information services for appointment-centered medication, online informative education, broadband- and 3G-enabled agriculture and financial functions such as mobile payment to bring convenience and benefit for consumers.

◇ Broadband speeding-up marketing to optical fibers

Efforts have been made to gradually achieve the universal accessibility of high-speed broadband services in cities, universities and rural areas etc., enhance access speed and reduce broadband fees through preferable measures, and promote integrated products such as "WO Family" by adding applications, correlated products and other service products to increase price value. Moreover, we have also provided high-quality broadband applications with high code stream, focused our attention to entertainment, security defense, services and other popular needs, and promoted IPTV, high-definition videos, video monitoring, extended services and other key applications which require larger bandwidth to satisfy people's broadband service demand for low fee, high speed and multiple applications.

IT application in agriculture, rural areas and farmers' life

Sticking to the principle of “government-corporate interconnection, long-term vision, common development and win-win result”, China Unicom has worked with agricultural authorities at all levels to implement the projects of fiber to village and information to home, and promoted cooperation in fields of 3G technology application, 12316 hot line, agricultural IoT and cloud computing etc. in rural areas.



China Unicom has cooperated with the Information Center of the Ministry of Agriculture to jointly work on the construction of the national calling center of the “12316” general information service platform for agriculture, rural areas and farmers to provide one-to-one or group consultative services about agricultural policies and regulations, farming technologies and the supply and demand of agricultural products as well as the reporting and complaint services about product quality and safety, agricultural emergencies and production fraud by means of voice services of the unified number 12316, SMS by mobile phones, long-distance video diagnosis, broadcasting and TV production and online websites, enable agricultural departments to be aware of the issues and difficulties that were commonly interested by farmers, and make such service platform more direct, efficient and convenient.



Bureau of Pasture and Veterinary and milking stations conducted by China Unicom Hebei Branch.



Joint construction of the comprehensive platform for new media operation of information-based agriculture by China Unicom Jiangsu Branch and the Department of Agriculture and Forestry of Jiangsu Province.



The client manager was explaining the Agricultural Card project launched by China Unicom Heilongjiang Branch to his clients.



China Unicom Shanghai Branch was carrying out the maintenance project for the mobile commanding platform of marine fishery enforcement.



Remote control project for agricultural machinery launched by China Unicom Henan Branch.



Remote control project for agricultural machinery launched by China Unicom Hubei Branch.



3G terminal project for information-based agriculture jointly launched by China Unicom Liaoning Branch and the Information Center of the Agricultural Economics Committee.



Grass-root promotion project for agricultural 3G technology jointly launched by China Unicom Beijing Branch and the Agricultural Information Institute of Chinese Academy of Agricultural Sciences (CAAS).

China Unicom is dedicated to provide convenient services for farmer and our own business outlets cover a large area in both urban and rural China with the number of the rural ones increased from 11,000 in 2010 to 13,000 in 2012, accounting for 70% of the total.

IT application in urban areas

The concept of smart city, including smart management, information-based economy and convenient life, is an in-depth integration of informatization, industrialization and urban construction and China Unicom has always attached great importance and been devoted to the development of it. For example, we have signed cooperative agreements on smart city with more than 120 cities in 26 provinces in the year of 2012 to jointly promote the smart-city planning, construction, operation, service provision and innovative development.

◇ Smart city strategy

In September 2012, China Unicom officially unveiled its smart city development strategy about setting up a “common, integrated and open” development mode and becoming a good “smart city” service provider by taking urban fiber-optic, WCDMA and WLAN networks as the foundation, nine data bases as the reliance and the cloud-computing-based unified smart city platform as the carrier. We have also cooperated with the government to establish a win-win business mode and a sustained operational mode and achieve intelligent management for people’s wellbeing and the future of the city through industrial resources integration and intelligent application convergence.



◇ Unified cloud platforms for smart city

In 2012, China Unicom finished planning the construction of cloud nodes in 56 provincial capitals and cities specifically designated in the state plan and of unified cloud platforms for smart city. According to this program, the cloud platforms will perform the functions of incubating, loading, operating and storing various smart applications in all walks of life nationwide.

◇ Local smart-city construction

By “going locally for the construction of information-based smart city services”, China Unicom has successively demonstrated its latest results of smart city in Shenyang, Harbin, Wuhan, Guangzhou, Chengdu and Xining etc. to promote the in-depth development of smart city.

China Unicom Fujian Branch and Fujian Women's Federation have jointly developed an information service platform for aged care at home which, by taking modern communication, intelligent calling, the Internet and e-commerce as technological support and “emergency rescuing, nursing, household services, mental care and value-added services” as the content, can provide assistance to the seniors by the simple button pressing, just like a “rest home without fence”.



The system of "mobile digital guide" developed by China Unicom Guangxi Branch can help users have direct understanding of all tourist information through the multimedia function and GPS navigation of smart phones instead of the tradition tourist guide and provide them with brand-new interactive experiences to make tourism easier and more convenient.



The "smart healthcare" business launched by China Unicom Shaanxi Branch can provide various information-based products for the healthcare industry, such as calling center systems, appointment systems, SMS platforms and digital health care services on mobile phones. In May 2012, the "3G appointment healthcare" system was started to operate under the cooperation between China Unicom Shaanxi Branch and Xijing Hospital of the Fourth Military Medical University.



China Unicom Chuzhou Branch in Anhui Province and the Tianchang Municipal School Bus Preparatory Office have jointly established a safe school bus system to achieve real-time collection and uploading of vehicle location and in-car video through the built-in GPS/Beidou Navigation System and 3G video monitoring equipment so that the educational authorities, traffic police and the safety supervision department can take effective regulation and parents can search and receive real-time safety information of their children and the vehicle, ensuring them a safe journey. In 2012, there were 249 school buses completed the system installation in Tianchang, Fengyang, Dingyuan and Mingguang.



China Unicom Shanxi Branch has promoted the information-based management for community service by bring 3G advantages into full play. With the development of the mobile reporting platform for community grid inspector, the public information reporting platform on mobile phones and the search platform for general information, social grid inspectors can log in through their mobile phones to immediately reflect problems found in grass-root services, receive orders from the commanding center at any time, conduct on-site inspection and give feedback. The public can also express their opinions via 3G phones. This project has been positively appraised by government agencies at all levels and those grass-root grid inspectors, and it is also very popular among the public.



IT application in industries

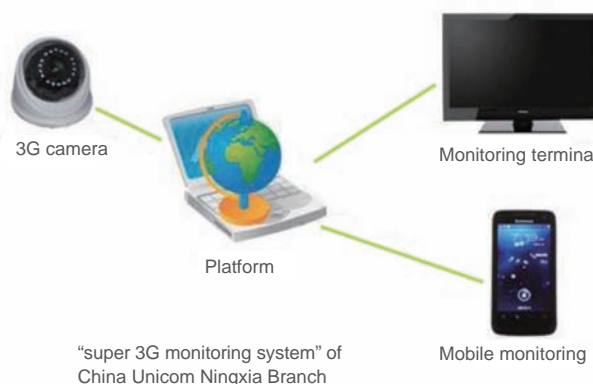
By particularly focusing on and taking full advantages of the opportunities brought by IT application in industries, China Unicom has formed an information-based industrial application system based on “8 industries and 3 major fields” and produced dozens of such applications for mobile police affairs, digital urban management, electric industry and commerce, online invoice, land enforcement, mobile customs inspection, monitoring of tourist buses, third-type passenger vehicles and special vehicles carrying dangerous materials, and direct demographic reporting etc. By the end of 2012, there were 22.99 million users using these information-based industrial applications.

3 major fields: mobile Internet, IoT and e-commerce

8 industries: government, finance, logistics, aviation, automobile, energy, health care and public utilities

◇ Information-based governance

We have cooperated with the State Administration of Taxation to develop online invoice applications. Based on the data base platform of the Administration, the issuer can use the Internet to issue invoice in a real-time manner to ensure the validity of the invoice; the taxpayer can check such validity; and the taxation authorities can search clues for invoice fraud. Online invoice can reduce the cost of taxation and lays the foundation for the transformation from “invoice-based taxation” to “information-based taxation”.



◇ Information-based regulation

As for the secret discharge of some enterprises during the night which is hard to regulate on a daily basis, the 3G real-time monitoring system can provide real-time video for related inspectors to conduct analysis through data uploading and then understand the situation.

◇ Information-based enterprises

We have cooperated with grid enterprises to promote the remote metering application which can send electricity usage data through mobile network to their data processing centers instead of the door-to-door service. This way can not only improve efficiency, but also obtain accurate electricity consumption figures of enterprises to make decisions for scientific peak load shaving. There have already been more than 1 million online metering devices deployed in terms of this application.

◇ Information-based finance

The 3G mobile credit-card processing application launched with the cooperation of the banking industry has changed the previous complicated and time-consuming processing model, enabling the issuers to input customers' information, scan their ID card and take photos through a smart tablet and then upload those information via the 3G network to the card center in a real-time manner for review and issuance. As a result, the processing time has reduced from the previous 4-5 weeks to 2 weeks or less. In addition, this application can also save a lot of printing, transportation and labor cost and it has already been adopted by the Bank of Communications, China Everbright Bank and China Citic Bank, etc.

Service quality enhancement

China Unicom has constantly improved and fulfilled two service commitments on mobile broadband through in-depth identification and quick respond to customers' needs, as a result of which the user experience has greatly improved.

Mobile service commitment: strengthen electric work order management and improve work-order receiving, responding and processing efficiency to reduce network complaint rate; enhance failure management and complaint response to improve user experience.

Broadband service commitment: fulfill our commitment of providing services including "72-hour installation and transfer, 24-hour maintenance in urban areas and 36-hour maintenance in rural areas" for 107 cities and regions in 10 provinces in the North and 25 local networks in the South to achieve the all-round broadband installation and maintenance goal with "everything being responded and handled".

✂ Customer relationship management

◇ Customer service of China Unicom via micro blog

The customer service of China Unicom via micro blog can make real-time report of the micro-blog customers' complaint at different level to related branches and departments, which forms a national first-level closed-loop mechanism and procedure from customer complaint to company's internal response, communication, treatment and feedback at the very first time. We monitored and handled about 50,000 customer complaints and received praise from all our customers for 13,000 times. This micro-blog-based customer service can also post original information about service guidance, related businesses and customer right safeguarding. There were totally 2,488 original posts having been made and then being followed and commented for 150,000 times with 108 million times of exposure.



Customer service of China Unicom via micro blog

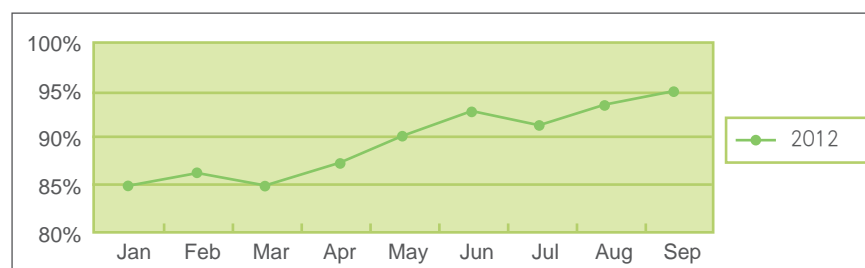
◇ Active response to customers' complaints

We have improved the customer-oriented early warning and responding mechanism for complaints at different levels to identify the problems in time and reach rapid resolution. By the end of 2012, the customer complaint rate decreased by 23.8% year on year, and the rate of problem solving at the first call and the customers' satisfaction rate of our treatment were both up by 0.8% and 2.48% respectively than the beginning of this year.

China Unicom Qinghai Branch has set up a whole-process monitoring system for work orders, optimized and improved the complaint handling procedure, divided responsibilities and labors in a reasonable way, enhanced internal efficiency and established a complaint early warning mechanism. It has especially developed an indicator for “effective rate of problem solving within the work order term of validity” based on the KPI indicator of the Group, which requires the effective resolution of customers’ complaints within the time specified. Since the implementation of the measures mentioned above, the complaint resolving rate with limited time has been greatly improved.

Complaint resolving rate with limited time									Unit:%
Time	January	February	March	April	May	June	July	August	September
2011	89.8	90.8	90	90	90	89.7	90	90	90
2012	92.7	98.6	99.8	99.6	100	100	100	100	100

Comparison of the complaint resolving rate



◇ Customer reward activities

The points reward program of China Unicom for public customers has been implemented with more than 20 billion points rewarded in the whole year, and the Ping Pong competition “Ping Pong in WO” has also been held consecutively with the number of participants surpassed 70,000 in 2012, increased by 34% year on year. This “Ping Pong in WO” activity has effectively combined customer relations, reward services and mass sports together to expand social influence and improve customer satisfaction.



Anti-trust investigation

On November 9, 2011, the National Development and Reform Commission (NDRC) conducted the anti-trust investigation of broad access to China Telecom and China Unicom. As a fundamental telecommunications operator, China Unicom realized the importance of this issue and taken a series of rectifying measures. In 2012, China Unicom submitted the rectifying report to NDRC, and committed to enhance fixed broadband access speed, expand the coverage of public wifi hotspot and WLAN, and reduce broadband fees in 2012 at the kickoff meeting of the “universalization and speeding up project” held by MIIT. By the end of 2012, the 20M above interfaces in urban areas accounted for 53% of the total, and the 4M above interfaces in rural areas was 65%. We have accomplished the broadband access construction for 40 schools in poor areas of Yunnan province and 15 special schools in both Shanxi and Inner Mongolia respectively. With measures of “preferential enhancement of speed” and “integrated business”, etc., the price value of broadband services has been constantly improved and the broadband fees have been further reduced.

✂ Better price management

◇ Billing management

In order to improve billing accuracy and improve user experience, China Unicom has constantly deepened the standardized management of billing and accounting and enhanced automatic billing technology to reduce billing time and increase payment timeliness. In addition, special programs including "3G Action Plan" and "Industrial Malpractices Governance" have been conducted to promote self-inspection and governance of billing and payment. Efforts have also been made to increase billing accuracy, provide all-round support for business alert and cope with users' complaints about system failure and insufficient processing capacity. The year of 2012 has witnessed the constant decrease of the customer complaints about billing supporting services in the entire network.



China Unicom Chongqing Branch has developed the "intercept system for mobile malicious software billing" to resolve mobile built-in service issues, prevent the uplink of abnormal ordering through uplink MO message filtering technology and avoid false payment. This system, since its usage, has intercepted 285 illegal products and 24.14 million illegal uplinks in total, and 49 cooperative partners were in the blacklist because of their illegal behavior. As a result, these illegal actions were effectively prohibited and the proportion of complaints about China Unicom has decreased from 27% in 2011 to 10.8%.

◇ Pricing

With constant innovation on the original 3G pricing structure, China Unicom has developed the WO Pai package for teenagers, RMB 20 pre-paid package with minimum consumption for any content, and 3G traffic accumulative packages for customers who have a lot of data businesses, which all have greatly reduced the pricing standards. We have also provided the automatic upgrading services for mobile Internet packages to save money for our customers and the SMS alert service about traffic every time after our customers use our data businesses to let them have a clear understanding of their consumption. Moreover, our international long-distance and roaming fees have also been reduced and our subscription agreement has been improved to safeguard users' knowing right of our services and price.



◇ Special charges



China Unicom Liaoning Branch has promulgated a series of preferential policies for the disabled: reducing half of the broadband fees, prolonging service term or deducting calling rate for one-year subscription, as well as more than ten preferential services including "super monitoring system", "intelligent facsimile", "caring card packages", "mass SMS for the dumb and deaf" and the "legal assistance platform for the disabled". These preferential measures have been greatly appraised by both the provincial and municipal disabled persons' federation and the disabled people after its promulgation and there were 20,000 disabled people enjoying the benefits of such services in the whole province.

◇ Transparency



China Unicom Jiangsu Branch has implemented a "sunshine project for satisfied consumption" to conduct special governance by taking value-added services as the starting point. With measures of value-added service alert and detailed consumption inquiry optimization, business change without any obstruction, automatic sending of bills and value-added service source inquiry, etc., it has achieved its goal of "sunshine bills" to provide customers with clear and detailed consumption information. Since the launching of this activity, the number of complaints has greatly reduced, value-added services can be acquired and resigned by one button pressing and be sourced easily and those illegal service channels cannot be bound unknowingly.

Item Name	Unit	Price	Remarks
3G Data Service	MB	0.15	
3G Voice Service	min	0.15	
3G SMS Service	msg	0.10	
3G Internet Service	KB	0.05	
3G Video Service	min	0.20	
3G Music Service	min	0.15	
3G Game Service	min	0.15	
3G Application Service	min	0.15	
3G Other Service	min	0.15	

China Unicom Chongqing Branch has promulgated a series of regulations including the Regulation on SMS Alert Service for Mobile Businesses, the Release and Review Procedure for Consumption Alert SMS, and the Feedback Collecting Mechanism after SMS Alert etc. At the same time, a "consumption alert monitoring mechanism" has also been established to optimize monitoring targets, improve SMS alert rules and provide better contents. In 2012, there were 117 3G business consumption alerts having been reached and 64 for 2G businesses.

✂ Healthy network construction

◇ Malicious information prevention

China Unicom has strengthened efforts to fight against SMS spam: set up a control system and general control groups at all levels to ensure responsibility fulfillment; study and analyze the current situation about SMS spam and adopt control measures in key links; deploy the intercept system for SMS spam and tighten the manual examination and verification to achieve better SMS spam inspection and governance among different networks by means of effective management and technological methods; and unblock the reporting channels to take timely and effective treatment to information security problems. In 2012, we received 723 customer reports in total, verified and disposed 78 items and blocked 7,103 malicious websites to enhance information security management level in an all-round way and build a healthy, secure and orderly online environment.

China Unicom Hainan Branch has also strengthened its SMS spam governance. By focusing on price management, number sales management, industrial interface management, self-owned mass message platform management, intercept means construction and customer complaint, it has combined managerial, technological and legal ways together to conduct governance with unblocking and blocking treated equally. As a result, the number of customer complaint has greatly reduced and the SMS spam has also been effectively contained.

◇ Healthy culture cultivation

Since 2010, China Unicom has organized the SMS relay activity for three consecutive years to promote such way of communication and expand the influence of this activity through innovative businesses such as "super ring tone", "ring-tone micro blog", "SMS signature" and "SMS with facial expressions" etc. Since May 2012 when this "self-discipline" themed activity was launched, it has been commonly recognized by the whole society with 112,000 SMS produced, 58.3 million followed and 1.26 billion ring tones transmitted.



Through the customer service via micro blog, China Unicom has organized nationwide user activities for 25 times with its posts been followed for more than 870,000 times and more than a million people participated, among which the most influential one is the thematic activity about its first micro movie which has 230,000 people involved.



Screen capture from China Unicom's first micro movie "Struggling for Love" (Wei Ai Da Pin)

The Youth League Group of Tanggu Subsidiary of China Unicom Tianjin Branch, together with the Tanggu Youth League Committee, has organized the thematic activity of "Joint Construction of a Harmonious Network" and the 2012 online civilization promotion by young volunteers.



✂ Service innovation

With the rapid development of Internet services, the traditional service mode cannot satisfy customers' needs for doing businesses and enjoying services anywhere at any time. The dramatic increase of customers and constant emergence of new businesses also impose more pressure on the processing capacity of business outlets; hence the complaint of customers. In order to improve user experience, speeding up service provision and providing more convenience for customers, China Unicom has constantly innovated its services, expanded electric serving channels and implemented transformation for business outlets. A series of electric services have been launched and the "service improvement project" has also been developed to reduce customers' waiting time, increase service efficiency and better satisfying customers' needs.

◇ Enhancement of the service capacity for various e-channels



With advanced processing of broadband businesses, arranging special seats for customers of other networks and providing intelligent customer service, the 10010 hot line service has further improved the capacity of online business processing and problem solving.



The online store has been changed into e-commerce website and the process of using for customers has also been simplified.



The mini-store is providing supporting services for more than 120,000 terminal outlets, whose functions have been further improved and the business coverage of which has also been expanded to remote areas.



Flagship store on Taobao.com



Online business store on QQ



More than 10,000 business outlets are equipped with ATM, performing functions of invoice printing, credit card payment and balance display.

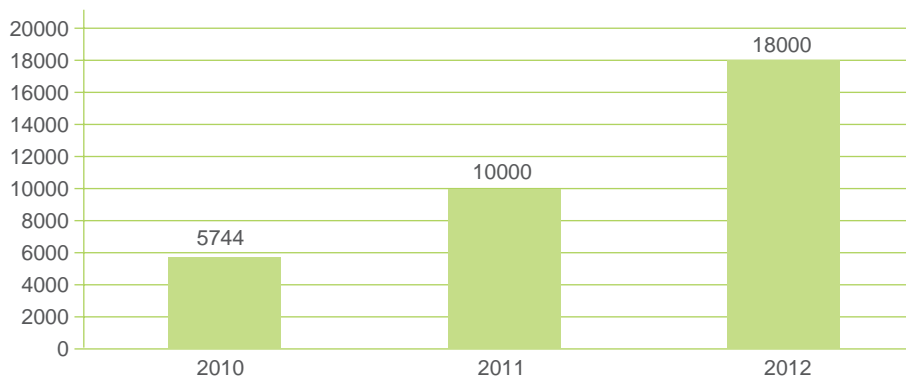


The mobile business application has been upgraded rapidly, covering all mainstream mobile operating systems and more than 100 types of cell phones.

The reciprocating capacity of the SMS business application has been greatly enhanced with the number of its daily users surpassed 10 million.

Constant cooperation has been conducted with POS terminals and ATM to achieve the ubiquitous and convenient self-service.

Electronic Service Hall User (Unit: ten thousand)



◇ Continuous transformation of the marketing model for business outlets

China Unicom not only takes business outlets as the window for service, but also makes them to be 3G-technology-supported whole-business experience and selling channels to provide users with brand-new visual experiences, diversified products and warm services by transforming the traditional counter service. In 2012, China Unicom has fully launched its "service improvement project" to optimize the IT system supporting, service procedures and on-site operation and management. As a result, the waiting and processing time for customers decreased by about 50% compared to the beginning of this year, and about 89% customers were satisfied with our self-owned business outlets.

China Unicom Tianjin Branch has taken effective measures to reduce processing and waiting time at the business outlets by providing long-distance inquiry service, optimizing billing rules and operational procedures, balancing the customer flow distribution, enabling automatic input of ID information, developing the application of "WO Manager" and promoting e-channel services.



Long-distance inquiry and appointment services



Interface of the WO Manager application

China Unicom Huzhou Branch in Zhejiang province has enabled the usage of the "register card of preferential communication services for the disabled", provided green passage for them to have priority over general communication services, and organized regular activities about assistance provision. At the same time, it has also adopted the information technology to provide mobile positioning services for the disabled and their relatives in the entire city and accelerated the equalization process of public information service accessibility to create a disability-friendly environment from them to participate in the social life in an equal way.



Stick To “People First” And Co-build A Harmonious Society





- | | |
|--------------------------|-----|
| 1. Grow with employees | P40 |
| 2. Develop with partners | P46 |
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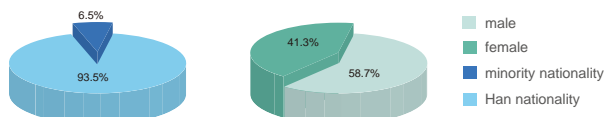
Grow with employees

China Unicom sticks to the principle of “people first” as the core tenet of its corporation governance. Employees’ enthusiasm has been remarkably stimulated by safeguarding employees’ rights, encouraging employees’ development, adhering to democratic management and caring about employees’ lives, and the enterprise vitality has also been aroused.



A. Safeguard employees’ rights

By the end of 2012, China Unicom has 295,000 employees, of which 58.7% are males and 41.3% are females, and 6.5% are from minority groups. Among senior executives under the intensive management of the Group, 11.8% are females.



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◇ Lawful and equal employment

China Unicom has strengthened standardized labor management, optimized labor management system and eradicated forced labor as well as the employment of minors. The Company respects labor equality. The Group and 31 provincial branches have established collective contract mechanism and pushed forward a unified payment system to guarantee equal payment for equal work. Employees’ lawful rights are safeguarded, and all contracted employees have joined in the Employee Congress and been covered by social insurance.

◇ Streamline managerial staffing

China Unicom commits itself to democracy and openness, and selects and promotes talents through fair competition on the basis of merits. The managerial team has been streamlined. Job rotation is highly promoted in a bid to improve leadership structure and train managerial staff for multiple posts. More than one sixth of Level-II managers and deputy managers in the Company have taken the rotated posts.

◇ Salaries and benefits

In 2012, China Telecom increasingly enhanced corporative resources allocation efficiency, persisted in distribution according to work, and attached more importance to performance with more consideration given to employees with great contribution and high values; upgraded the matching pattern of linking salaries with work performance and examination results, and the positive incentive effects of performance-based salaries were given into full play. The internal distribution relations were further optimized, with the per capita salary growth for front-line employees and non-managerial staff both higher than non-front line employees and managerial staff.



Mobilization meeting
for post competition



Interview for department managers

Ningxia Unicom conducted personnel system reform and set up a modern enterprise salary system. Posts and post levels were comprehensively overhauled and all employees were engaged in competition for posts; “double-crack” channel was set up for posts and post levels on market line and technology line; scientific performance appraisal system was established and those who work more would be paid more. All these measures triggered employees’ vitality as well as their enthusiasm and initiative.

◇ ESH(Environment, Security and Health)management

China Unicom has been fully committed to labor protection, constantly pushed ahead the construction of occupational health management system and improved employee labor protection management. Various measures have been taken to guarantee employees' occupational health, including carrying out work in the areas of gas defense, radiation protection, noise prevention, winter protection, frostbite protection and heatstroke prevention, stressing the provision and management of protection facilities, tools and equipment in accident-prone sites such as special operation sites, operation sites with harsh environment and so forth. Employees are encouraged to take paid vacation, and the vacation system is very flexible. The annual health examination has become a routine and employees are entitled to physical examination every year.

In 2012, China Unicom introduced Employee Assistance Programs (EPA) to carry out physical and mental health education for employees, which is a move to give more care to employees. An "EPA experts" team was forged and the first phase training has been finished. A video forum focusing on the building of happiness and occupational mental health was broadcasted to all staff of the Group. The "staff aid plan" has been implemented and attracted wide participation within the Group. It has helped employees deal with various confusion or problems related to their personal lives and career in a better manner and enhance the psychological capital of the entire staff.



Beijing Unicom established a mental health care system for its employees, and an employee confiding platform was also set up. The company periodically invites psychological experts to give lectures on mental health, send mental health information via MMS to its staff every month, set up a column on Beijing Communications dedicated to mental health, and open a hotline—4006156116 answered by famous psychologists on site. Since the establishment of this platform, over 10,000 employees have attended lectures on mental health at various levels, and 470,000 messages have been sent. This program was elected among "2012 Global Compact China Best Practices".



🌐 Persist in democratic governance

China Unicom innovatively advances employees' participation in the corporate democratic governance and earnestly guarantees employees' democratic rights of participation in the corporate management and supervision. The "General Managers On Line" plan has been launched, emphasizing making good use of the enterprise's own network advantages and adopting the most direct and easiest method of two-way communications to enhance the mutual understanding between management and employees, making the full expression of employees' diverse values, needs and willingness of seeking self-value become possible.



Hebei Unicom Customer Service Call Centre established a website called "Home of Customer Service", making it a communication platform for employees where employees could contribute their advice and suggestions conveniently. Meanwhile, activities and measures such as "Go to the front line to make friends", "General manager's mail box", "Rationalized proposals" and other campaigns were carried out to strengthen communications and exchanges between management and employees.



Devote to employees' development

Employee training

Concentrating on corporate strategy and focuses of work, China Unicom consistently conducts all-round employee training at multiple levels and elevates employees' capacities.

Implement key leadership training programs.

With "leading digital era 2020" as the theme, China Unicom and Telefónica worked together to organize the third joint senior executives training class. 17 senior executives from China Unicom and 36 senior executives from Telefónica participated in the training. Several other training classes of key leadership such as operation and management capacities and professional qualities for managerial personnel at various levels were organized. In 2012, altogether 23 training class (16 sessions) were organized, and 1,429 executives at various levels were trained.

No. of executives trained:

1,429

No. of online study participants:

850,000



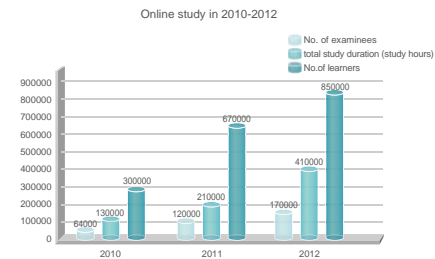
Implement professional quality training for employees. 288 group-level business skill training classes have been organized throughout the year, and nearly 20,000 employees were trained, involving all professional lines: sales and service, products and market, construction, operation and maintenance, internal support and so on. China Unicom works with Beijing University of Posts and Telecommunications and other key universities in communications area to run joint programs, and encourages employees engaged in key business development and in great demand for to further their studies while holding their posts. More than 30,000 employees participated in the training programs set up for urgently needed personnel in the areas of broadband mobile communications and Internet technology, with the total duration of training close to 8,000 days.



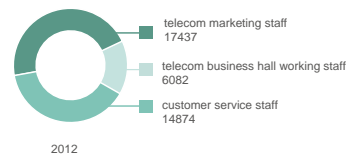
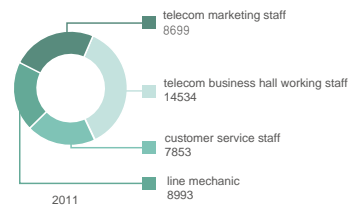
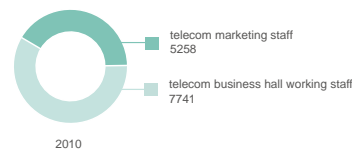
Push forward online study through Online University.

China Unicom constantly improves functions of its Online University, proceeds with the development of online courses, and actively carries out online study by means of organizing online training classes, setting up special training zone for professional departments in HQ and so on. With 460 new courses been added, accumulatively 1,300 courses have been made available on line throughout the year. More than 850,000 students have engaged in the online study, and the number of registered students reached 610,000.

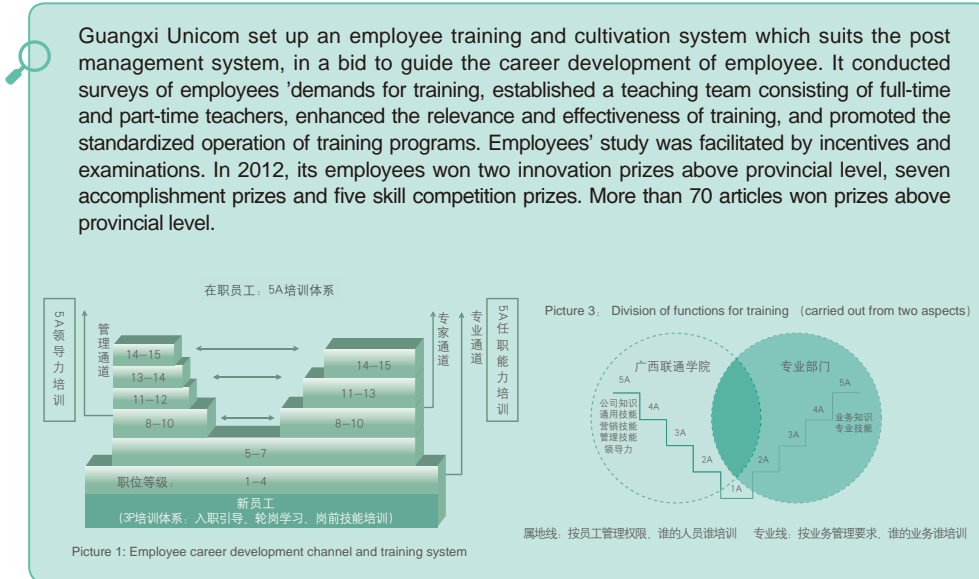
Online study in 2010-2012



Unit: persons



Set up innovation workshops for employees. In 2012, 98 innovation workshops with multiple types were set up, providing platforms for employees to work out solutions for difficulties based on their work, make contributions and display their talents.



◇ Career plan and development channel

China Unicom pays attention to its employees' career development, and developed a double-track post system featuring the parallel channels of technology line and management line. China Unicom Management Regulations for Managerial Personnel (Trial), China Unicom Management Regulations for Professional Technology Qualification Assessment, as well as qualification management regulations for professional posts in regional sales, operation maintenance and other fields were issued in 2012. Regarding career development, the Guide on Proceeding with Matching Posts with Personnel and Contributing to the Career Development of Employees was issued to promote provincial branches to stipulate career development strategies for employees and encourage the synchronous development of individuals and China Unicom.

🌐 Take care of employees' lives

China Unicom vigorously carries out the campaign of “Serve grassroots employees in a face-to-face and earnest manner” by going to the frontline branches, business halls and employees' living and recreational places to get to know employees' opinions and work situation, so as to truly understand employees' demands and earnestly satisfy their needs.

◇ Improve work environment

The construction of "Five small facilities (small canteen, small study room, small recreation room, small lounge and small shower room)" has been carried out, making grassroots employees' lives more convenient. 2,916 such facilities were planned to build in 2012. "iRead" is promoted, which combines network technology and the construction of Employees' Home together, enabling more employees to enjoy the pleasure of reading. In 2012, China Unicom invested 11.85 million Yuan in the construction of Employees' Home and small facilities mentioned above.

◇ Balance work and live

In 2012, Hubei Unicom Customer Service Call Centre proposed and implemented the campaign of "Doing ten practical things for employees", including doing solid work, solving problems and doing good things for its staff, which consistently increased employees' satisfaction and happiness. Nearly 10,000 Yuan was invested in additional ventilation equipment for employees in the call room. Employees' meal allowance and quality were both increased. Regular physical examination and various recreational activities were organized for employees. A psychological consulting room was set up. Employees with difficulties were taken care of. All these measures fulfilled Hubei Unicom's commitment to care about its employees.



Youth League Committee organized Employee singing contest

Hebei Unicom Customer Service Call Centre carried out "Employee Care" Program in many aspects, including taking special care of employees with difficulties or suffering illness, employees on birthdays, excellent employees and new employees.

Difficult employees	15 employees were visited, among whom 6 families were visited by leaders themselves
Sick employees	95 employees in hospital were visited
Birthday employees	Scrolling text of birthday information is shown on the LED display, organize birthday DIY regularly
Excellent employees	Organized a "Honor tour" for 32 excellent employees 2011
New employees	"Newcomer Care Plan"

◇ Help employees with difficulties

In 2012, China Unicom implemented Guide on Setting up Special Funds for Assisting Employees with Difficulties, and proceeded with improving the long-term mechanism of helping and supporting employees, 11.4201 million Yuan were invested accumulatively in 2012, and altogether 17 provincial branches have set up funds in various forms for helping and supporting employees. Organizations at all levels under China Unicom extensively carried out heart-warming activities. During 2011-2012, 27,172 employees were visited accumulatively and 56.22 million Yuan allowances were offered.



Hunan Unicom Customer Service Call Centre cared about employees suffering severe illness. An employee named Li Qin was diagnosed pituitary adenoma on February 2011, and an operation of opening cranium was needed. Facing the extremely high medical costs, her family that originally was in strait of money suddenly got into scrapes. Knowing this, director of the Call Centre took the lead to donate 1,000 Yuan to her, and advocated all employees to offer her some help. Li and her family moved to tears when receiving 20,000 Yuan contributions. Although it was just an utterly inadequate amount, what Li received was hope and confidence to overcome the difficulty.



Develop with partners

Forge responsible supply chains

◇ Responsible procurement

China Unicom has proactively advocated green procurement and improved green procurement system. Energy consumption standards for equipment and energy saving requirements are clearly stipulated in equipment procurement technical specifications, which assess the energy consumption, energy saving product certification, radiation indicators as important procurement indicators with extra weights. Procurement priority would be given to energy saving products subject to satisfying technology, service and other indicators.

◇ Responsible value-added cooperation

China Unicom consistently improves the mechanism of value-added service cooperation, making sure to provide healthy and safe value-added services for users. A product could only get accessed after going through the procedure of access assessment, selection, public review, and bidding; during the operation, the portal-based service ranking mechanism, default management mechanism, credit point mechanism and classification mechanism are implemented; when a product is withdrawn, the differentiated appraisal and withdrawal management would be adopted according to the product's type of cooperation. The punishment mechanism has been set up and heavier punishment would be given to six types of nonstandard customization problems that are severely complained by customers, including mandatory fees for value-added services, induced charge and so on.

Meanwhile, China Unicom respects its partners very much. On the base of fair cooperation, a partner satisfaction survey will be conducted quarterly, in a bid to solicit reasonable advice from partners and make improvements, with the aim to achieve mutual benefits.

◇ Responsible channel cooperation

In 2012, China Unicom signed strategic cooperation agreements with D.Phone and Zhongyu Telecom respectively, signaling that China Unicom has built cooperation with all mainstream national-level chain store channels. China Unicom has promoted the launch of intensive management system for channels, making the intensive management of channel data possible, and 3G commission calculation and effectiveness evaluation thus become more timely and accurate, while the commission payment becomes more standardized and transparent.

Carry out strategic cooperation

China Unicom commits itself to cooperation and mutual benefits with its strategic partners, and actively set up strategic cooperation platforms with governments, banks, airlines, Internet-based companies, the press and overseas partners, which has received good coordination development effects.

Strategic cooperation in 2012

Partners	Strategic cooperation contents
Provincial governments of Shanghai, Hainan, Jilin, Ningxia, Guangdong, Guizhou, Shanxi, Qianghai and Hubei	Signing of strategic cooperation frame agreements
31 industrial leaders, including State Food and Drug Administration, National Administration of Surveying, Mapping and Geoinformation, Xixian New Area of Shanxi Province, Maotai Group, Vanke Group, China Guangdong Nuclear Power Holding Co., Ltd. and Sichuan Changhong Electric Co., Ltd	Establishment of strategic partnership

Strategic cooperation in 2012

Partners	Strategic cooperation contents
China Merchants Bank and China Eastern Airlines	Signing of cross-industry alliance cooperation agreements
About 120 cities in 26 provinces (municipalities and autonomous regions)	Signing of Smart City cooperation agreements
26 Internet-based industry partners	Capacity open and social apps integration cooperation
Xinhua Net Co.Ltd	China Unicom became a shareholder in the capacity of a strategic investor
Telefónica	Deepened and expanded cooperation in many areas including service, market, purchase, technology, operation and maintenance and executive training.
PCCW Group	Broad and deep cooperation in cross-border network, data service, system integration and other service areas.

Build social harmony

◇ Help the poor and aid the needy

China Unicom has never stopped contributing the community in line with the donation principle of acting according to ability, well-defined rights and responsibilities and honesty. In 2012, China Unicom’s donations aggregated to 19.68 million Yuan, of which 4.09 million were public welfare donations and 15.59 million were relief donations.

Aid Tibet

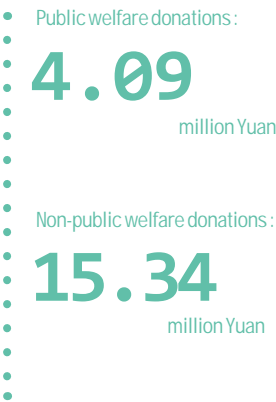
In 2012, China Unicom’s donation funds for Ngari, Shigatse and other Tibetan areas aggregated to 11.52 million Yuan, which would be used for strengthening infrastructure and benefiting people’s livelihood. It accumulatively invested 8.5 million Yuan to the renovation and expansion project of a village primary school in Gê’gyai County, and guaranteed the timely availability of project funds. This project has significantly improved teaching condition of the school, and contributed to the development of local education. Moreover, China Unicom also donated 750,000 Yuan to the post-earthquake reconstruction of this county, regional stability maintenance as well as the construction of security system, helping the improvement of people’s livelihood of this poverty-stricken area.

Fixed-point poverty alleviation

China Unicom is carrying out fixed- point poverty alleviation work in Kangbao County and Guyuan County in Hebei Province. Two poverty alleviation commissioners from China Unicom have worked in Kangbao and Guyuan respectively as vice secretaries of CPC county committees, and China Unicom also allocated 2.2 million Yuan poverty alleviation funds to support the industrial poverty alleviation technology training and implementation of poverty alleviation projects like greenhouse cultivation of edible fungi, introduction of breeding cows and poverty alleviation mutual aid funds. The Company also actively promoted the regional economic and social development, achieving good economic and social benefits.



Gansu Unicom positively responded to the campaign of “contacting villages and villagers and helping people get rich” initiated by the CPC provincial committee and provincial government. As a partner supporter, it offered helps to 128 extremely poor household in three villages in Hanji Town, Linxia County by sending fertilizer and smart phones to them, covering their monthly charges, purchasing satellite TV receiving equipment and proceeding with the infrastructure construction like hardening roads and setting up village office. It also provided broadband Internet access for two CPC village committees and two primary schools, equipping them with six computers and four private Internet lines. Since the beginning of this campaign, Gansu Unicom has invested 275,000 Yuan support funds.



◇ Social development



Chen cen, an employee of Jiangsu Unicom, set up an online group called "Mums hold babies" to help those children abandoned by their own parents due to their illness. At present, there are 900 mums joining this group and they have funded 16 abandoned children. This organization has been named as one of the ten characters that "Touched by Jiangsu People", and has also been shortlisted as "Ten Characters Touched by Chinese 2012" by CCTV.

Guangdong Unicom paid more attention to the construction of "WO Employment, Novitiate and Internship Base", where 608 college graduates were employed or interned. More than 500 university students were enrolled to participate in the cooperative entrepreneurship programs, and 21,800 social service cards for employment were sent out, providing employment information service for college graduates. A 3G network-based "Easy Employment" comprehensive service information platform was fostered. "WO Employment, Novitiate and Internship Base" has been selected among the first demonstrative internship bases of Guangdong Province and internship and entrepreneurship bases for young people of Central Committee of the Communist Young League.



Shandong Unicom cooperated with Shandong Provincial Committee of Communist Young League and offered 30 million Yuan to set up an entrepreneurship fund for university students, and launched the construction of "Youth Entrepreneur Society", covering 112 colleges and universities across Shandong Province and 1.6 million students in 2012. Altogether 134,000 students received employment and entrepreneurship training, and 14,000 social practice opportunities were provided, attracting and cultivating dozens of entrepreneurship programs that are of great market development potential.

Guizhou Unicom fully supported "Project Hope Funds for Guizhou Mountainous Areas—Happy Campus Plan" by building canteens for a middle school and a primary school in Changshou County, which is a national-level poverty-stricken county lying in the deep mountain, so 700-odds students in these two schools could have meals in school. Furthermore, the company also raised 168,000 Yuan to support the school teaching.



Kashgar Unicom launched the "Bonus Points Redemption for Love-giving Charitable Funds" campaign, encouraging its customers to donate their bonus points. A "Love-giving donation package" was added to the bonus point system, and customers could voluntarily redeem their bonus points for donation. On the other hand, before Mid-autumn festival and the National Day of 2012, Kashgar Unicom donated 20,000 Yuan to local welfare center for children.



Guangdong Unicom joined hands with Guangdong Provincial Committee of Communist Youth League, the Department of Human Resources and Social Security of Guangdong Province and Nanfang Media Group to launch a series of public welfare cultural activities under the theme of "WO Concerns Migrant Workers 2012" aimed at providing convenience to the new generation of industrial workers, and using cultural lives to build a bridge helping newcomers integrate into the cities they now live in. This campaign took the form of all-start commonweal concerts, and gave touring performances in four cities, namely Foshan, Dongguan, Shenzhen and Guangzhou. These performances were very well-received among newcomers, with as high as 5 million migrant workers benefiting from them and 100,000 people watching these shows on site.

◇ Voluntary services

In March 2012, Jilin Unicom established a volunteer society, namely "Jilin Unicom Guo Mingyi Voluntary Service Group". Throughout the year, 10 volunteer branches across the province organized more than 30 voluntary services, including fiber cable protection, voluntary promotion of communication facility security maintenance, promotion of the "Building of an Advanced Clean City" campaign, participation of local cultural and art festivals, pairing support, co-building of communities and so on. With the development of corporation business as the centre, Jilin Unicom carried out more than 50 voluntary service activities under the theme of "WO changes Lives".





During International Exposition Yeosu Korea 2012, Beijing Unicom organized 10 volunteers to provide Chinese consulting service in Korea. During the EXPO, when calling 02-114 in Korea and saying "Hello (Nihao)" in Chinese, one could enjoy Chinese consulting services provided by Beijing Unicom's volunteers. Except for obtaining EXPO tourism information for free, customers could also get access to Korean translation, local dictionary, emergency support, face-lifting and medical examination consultation as well as other consulting services.

In 2012, Jiangxi Unicom launched "WO Services for College Entrance Examination", and the services included exam site service and picking-up service. During the exams, business halls of Jiangxi Unicom set up "exam service station" to provide services for students and their parents. The authoritative program "Go To Universities" was available on line provided by Jiangxi Unicom exclusively using WO 3G technology, and students and parents could watch it for free all day long. It also worked with Jiangxi Education TV to run a live hotline 0791-82080186 and a special session was dedicated to China Unicom customers.

In 2012, Beijing Unicom's voluntary service program-caring about migrant workers' children was awarded "Golden Youth Voluntary Service Program of Central Enterprises" by Central Enterprise Work Committee of Communist Youth League. In this program, members of Communist Youth League as volunteers adopted the latest communication technology like 3G to provide a channel for migrant workers in Beijing to make calls with their children in hometowns. Meanwhile, they paid regular visits to migrant workers to provide them with affordable communication products and collect communication fees, offering convenience for their communication. This program has been implemented for two years, and voluntary services have been provided for 11 times. As many as 120 members of Communist Youth League have participated in this program and provided communication consultation services to more than 1,000 migrant workers.





Jiangxi Unicom carried out the “WO•Love—Azalea Caring House” program, and altered a classroom in a school that mainly enrolls children of migrant workers to provide voluntary caring services. They brought equipment and items that help children’s study and created sense of belongings for those children to make up for the vacancy of their after-school lives. In 2012, two “WO•Love—Azalea Caring Houses” were set up in Nanchang and Ji’an respectively.



Since 2009 when Shanghai Unicom sponsored a volunteer program named “Shanghai Unicom•Childhood in Tibetan Regions”, Shanghai Unicom has continued carrying out this voluntary teaching program. Nearly 100 students and teachers have been benefited from the scholarship provided by this program, and the DV film about this program won the second prize and best theme award in “Shenhua Cup” Central Enterprises Young Volunteer DV Film Competition” organized by Central Enterprise Work Committee of Communist Youth League.

“ I am a student of Diexi Primary School, and I come from an extremely poor family with two elder brothers ahead of me. It is the financial aid from “Shanghai Unicom • Childhood in Tibetan Regions” Program that relieved my financial burden and enabled me to continue my study. I sincerely thank them for helping me. ”

——Wen Anfeng, a student of Diexi Primary School



"Warmth from WO"—Youth League Committee of Guangdong Unicom organized a voluntary activity of donating clothes.



Shandong Unicom "WO Concerns for Stay-at-home Children" activity



Anhui Unicom cared about stay-at-home children and donated to poor families





Nantong Customer Call Centre of Jiangsu Unicom organized members
of Youth League to visit local welfare centre for children



Youth League Committee of Qujing branch of Yunnan Unicom
organized young employees to visit local welfare centre for children

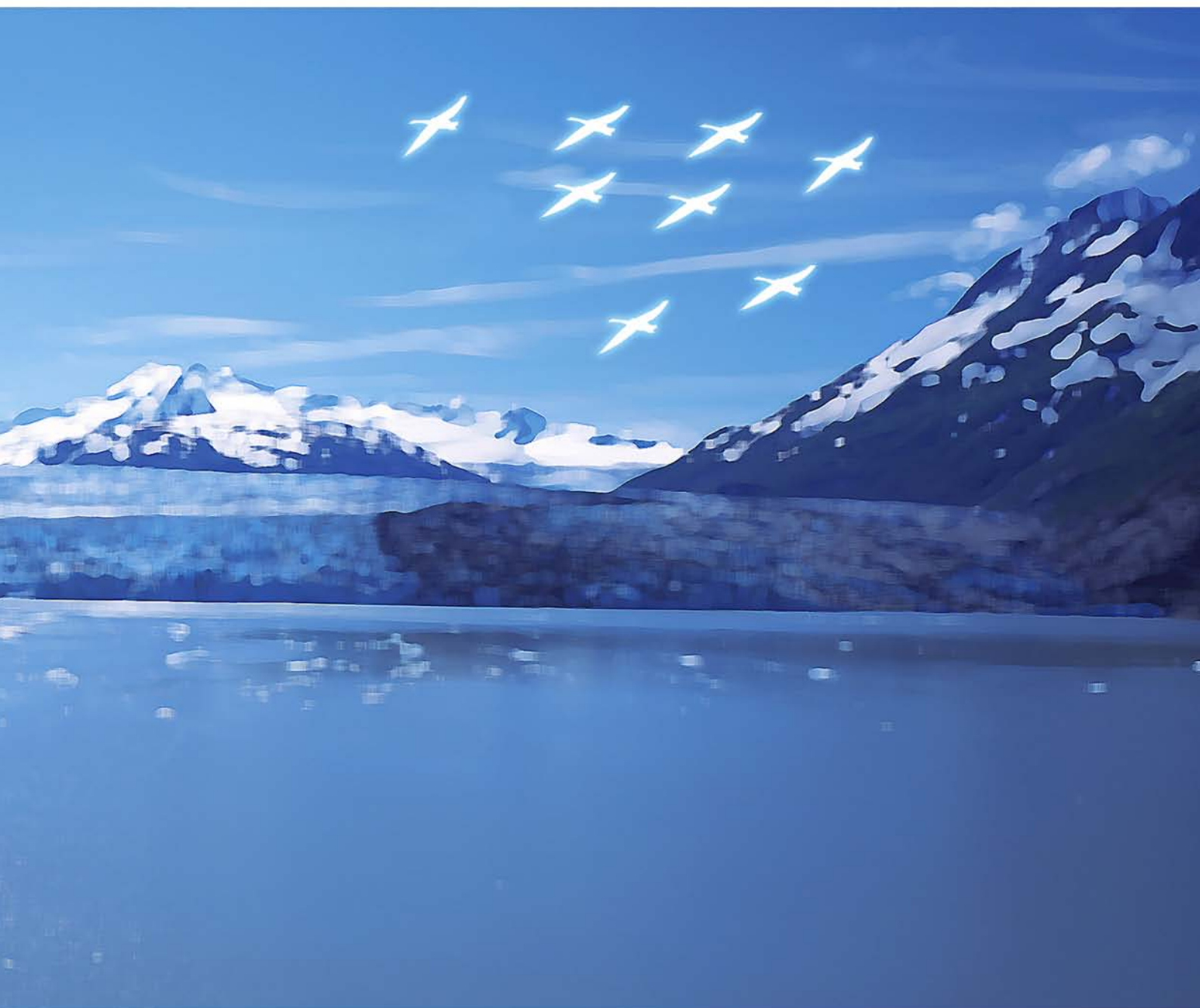


Young volunteers from Tangshan branch of Hebei Unicom
provided service in local paraplegia nursing home



Jointly Build Ecological Civilization And Work Towards
An Eco-friendly China



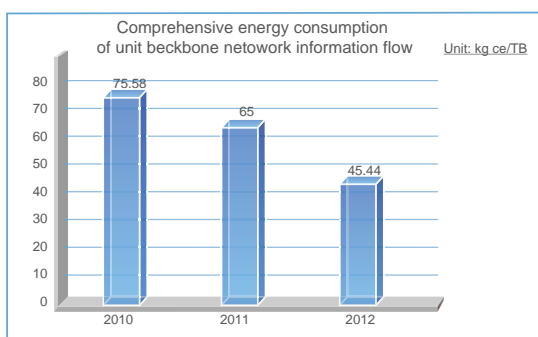


1.Green management	P56
2.Green network	P56
3.Green office	P59
4.Green public welfare	P59

China Unicom eyes on making itself become a “resources-conservative enterprise” and “environment-friendly enterprise”, and fully tap its potential of energy conservation and emission reduction to cut costs and increase efficiency. It promotes the application of green technology, carries out green marketing, serves the informatization of society, pushes forward the implementation of energy conservation and emission reduction, and proactively creates a green environment for “informative life”.

Green management

China Unicom vigorously advocates energy conservation and emission reduction by setting up an energy conservation and emission reduction management committee, under which there are an administration office and nine professional working groups. It has issued Energy Consumption Budget Goal for 2012 and Assessment Methods of Special Incentive for Energy Conservation and Emission Reduction, highlighting the key points of work in this regard, allocating special funds, and carrying this work out in each section including network planning, network construction, equipment procurement, operation and maintenance, production and so on.



Green network

Greening of network construction

China Unicom persists in green procurement with clear requirements regarding energy conservation, and makes energy consumption a key assessment indicator in equipment procurement. It conducted a “Research on Comprehensive Energy Conservation Technology for Mobile Communication Network Base Station”, and creates as many as 220 types of application scenarios in details according to natural environment, work modes, WiFi coverage, power consumption of equipment and other factors, and detailed energy conservation plans are designed accordingly with quantified energy saving indicators. It also conducted a “Research on New Type Battery Technology and Application for Communication Power System”, and tested many new types of batteries, including lithium iron battery, fuel battery, pure lead battery and high-temperature battery, accumulating a large amount of data for the future application and promotion, while giving advice on modification for traditional lead-acid battery under different scenarios based on economic assessment.

Regarding network construction, the Company pays attention to the harmonious coexistence of human and nature. When conducting communication routing survey in natural environment, mineral areas, forests, grasslands, wild animal preservation areas, natural heritages, human remains, nature reserves and scenic spots are dodged; when laying fiber cables, cutting-edge technology is used to lay them under the obstacles direct to avoid changing the surrounding environment.



Yili Unicom built a wind energy and solar energy complementary energy conservative base station. The Company's Zangyinggou Base Station lies at the mountain of Guozigou and is powered by solar energy. Due to the impact of alpine climate, power supply is often cut off. The company contacted a factory and designed a wind power generator to equip this base station with two kinds of power generators complementing with each other. Since the installation of this power station, power supply has never been cut off, and this set of equipment saves 40,000 Yuan for the company every year.



Greening of network operation

In 2012, based on the practical situation of the Company, China Unicom adopted 24 kinds of energy conservation technology, issued technology standards and specifications for nine types of equipment, invested 1.045 billion Yuan in energy conservation and emission reduction programs, and launched 306 technical innovation programs for energy saving. The fund for energy saving and emission cut was guaranteed to be used for its specified purposes only, in order to make sure that the energy economizing benefits could be obtained with high efficiency. Differentiated energy conservation measures were taken in different regions according to regional features: provincial branches in the North focused on controlling the use increase of electricity and coal, while provincial branches in the South paid more attention to control the consumption growth of electricity only, and as a result, the consumption of oil, gas and heat saw the negative increase or slow increase. 38.44% of base stations, 42.9% of communication machine rooms and 17.53% of access network machine rooms have been under energy saving modification, and the coverage rate of software energy consumption of GSM network has reached 100%. The energy consumption of single carrier of mobile network reduced by 7.5%, and 100% of machine rooms has been covered by environment temperature management.

No. of energy-saving renovation projects:

306

Special investment in energy conservation and emission reduction:

1.045

billion Yuan



In 2012, Shaanxi Unicom carried out an inspection on the power supply system for core network and cut off the power supply for idle equipment. Machine rooms/base stations environment temperature management was fully advanced, and the operation and temperature setting of air conditioners were under scientific control. Daily energy saving and maintenance was strengthened to contribute to the implementation of work in this regard. Meanwhile, everyday inspection on energy-saving equipment was also strengthened to make sure that the equipment could function properly and reduce network energy consumption.

Yili Unicom took various measures to build a green enterprise. These measures included increasing the temperature of air conditioners in base stations, adoption of ventilation and energy-saving equipment, power transformation of base stations, paying more attention to the maintenance of storage batteries in base stations and air conditioners, and reinforcing the management of electricity consumption in offices. Yili Unicom won the honorable title of "2012 Communication Industry Energy Conservation Management Innovation Advanced Company" granted during "The 3rd Communication Industry Energy Conservation and Emission Reduction Conference" hosted by China Association of Communications Enterprises.



Co-building and sharing of resources

China Unicom actively promotes co-building and sharing of resources, and has established a management mechanism consisting of the Group-branches-production and management units. It has also improved relevant mechanism and procedures, ameliorated statistical analysis, and improved a series of working mechanism including dispute coordination, supervision and inspection, examination and assessment and so forth, with the aim to set up a working system of co-building and sharing,

Telecom Infrastructure Co-building Rates and Sharing Rates

Infrastructure		2010	2011	2012
Tower	Co-building rate	72%	73.76%	70.10%
	Sharing rate	88%	85.68%	88.57%
Base station	Co-building rate	60%	60.92%	64.53%
	Sharing rate	89%	86.03%	88.30%
Indoor Distribution System	Co-building rate	—	43.16%	53.81%
	Sharing rate	—	90.79%	95.76%
Pole line	Co-building rate	57%	50.51%	50.55%
	Sharing rate	89%	90.55%	95.50%
Transmission line	Co-building rate	54%	49.38%	57.95%
	Sharing rate	84%	90.42%	94.64%
Channel	Co-building rate	—	75.12%	82.63%
	Sharing rate	—	88.94%	84.34%

Estimation showed that, by co-building and sharing, units at all levels saved current investment worth up to 4 billion Yuan, over 4.1 billion Yuan and 3.6 Yuan for China Unicom respectively in 2010, 2011 and 2012.

Shanghai Unicom set up the Co-building and Sharing Office and Work Committee to actively coordinate with government authorities and three telecom operators, and major sites of the whole city, including important transportation hubs, large gymnasiums and big industrial parks have been overall planned. The intensive construction of Beijing-Shanghai and Shanghai-Nanjing high-speed railways, new harbor cities, EXPO Park, Shanghai Oriental Sports Centre and Hongqiao Traffic Hub have been completed.

图为上海市青浦区东家海镇铁路共建共享后对比。



Sichuan Unicom has stipulated Telecom Infrastructure Co-building and Sharing Work Supervision and Management Methods and Telecom Infrastructure Co-building and Sharing Assessment Methods, and assessment requirements for co-building and sharing have been included in the feasibility study and project designs since the planning stage of GPS and WCDMA engineering project. By the end of 2012, Sichuan Unicom has saved about 750 million Yuan by co-building and sharing.

Green office

China Unicom makes efforts to increase the effects of cycle logistics, conducts full-circle management, standardizes reverse logistics management and clarifies the recovery-processing-reuse procedure, and first-stage achievement has been made in the centralized management of excess stock of engineering materials, depreciated materials and scrap materials by specific departments. See the table below:

Unit: 100 million Yuan

Project/Year	2010	2011	2012
Inventory amount	43.3	28.8	25.2
Recovery amount	3.3	5.3	6.5
Reuse amount	1.3	0.9	1.0
Scrap recovery amount	0.6	3.4	3.8

Based on cycle logistics, with the overhaul of depreciated ADSL terminals as channels, the management benefits of the above-mentioned three types of materials are tapped. Every year, the reuse of overhauled ADSL terminals could save more than 10 million procurement funds. The range of overhaul and reuse has been expanded to cables, fare registers for call rooms and fiber optical transceiver terminals to make benefits from more depreciated materials. China Unicom initiated the management of scrap materials collectors and worked out the China Unicom Scrap Materials Collectors Management Methods in line with national laws and regulations, so as to unify the access standards and tighten the access requirements. It also established collector qualification review and record mechanism, on-site inspection and spot check mechanism and elimination mechanism of unqualified collectors to strictly manage loopholes and risks and prevent loss of assets.

China Unicom advocates employees to save the use of electricity and water in daily work, promotes paperless office, controls temperature of air conditioners, requires windows to be closed when using air conditioners, and saves cooling and heating.

Green public welfare

◇ Voluntary tree-planting



Yueyang Unicom regularly organizes tree-planting activity and protecting Xiangjiang River from pollution activity, and encourages its employees to devote to public welfare activities and protect the environment.



Xilingol League Unicom in Inner Mongolia organized young volunteers to plant trees.

◇ Recycling of scrap electronic device



Guangxi Unicom carried out an old-for-new public welfare activity themed “Environmental protection contributes to Project Hope”. Customers could trade their old mobile phones for new ones, and with each old phone collected, Guangxi Unicom would donate one Yuan to Project Hope. For customers participated in this activity, they could get a fashion gift bag worth 500 Yuan, or get 200 Yuan deduction when buying a new handset. Meanwhile, “Electric waste recycling box” were put in all branches to advocate this consumption idea. This campaign received positive responds and supports from customers and people from all walks of society. By the end of 2012, as many as 35,000 customers had participated in this campaign, and as a first-stage achievement, Guangxi Unicom donated 35,000 Yuan to Project Hope.



2013 Outlook

In this new year of development, China Unicom will take the management enhancement activity as a catalyst to comprehensively improve management, consolidate the foundation of responsibility fulfillment, and make contribution to the sustainable development of the enterprise, industry and society. China Unicom will continue to increase its social responsibility capacity and management level, work out a three-year plan regarding social responsibility, set up a social responsibility management system, improve social responsibility indicator system, strengthen communication of responsibility, and conduct social responsibility training. China Unicom will enhance network capacity building based on customer needs, expand network coverage in small towns and villages, enhance the capacity to guarantee emergency communications, and prevent the spread of malicious information over the Internet. More efforts will be given to deepen Internet-based services, and customer services will also be elevated. More services will be developed with 3G and broadband services as the focuses, and the development of industrial apps required by “Smart City” will be speeded up. Employees’ rights and benefits will be safeguarded, and the salary distribution would give more consideration to employees with great contribution and frontline employees. The employee career development system construction would be proceeded with, and channels for employees’ to participate in the corporate governance will be expanded. The “Employee Mental Health Aid and Support Plan” will be fully implemented. Energy conservation and emission reduction work will be reinforced, and the use of new energy-saving technology will be promoted. More attention would also be paid to care about the disadvantaged groups by organizing volunteer programs and supporting public welfare undertakings.



Appendix

◇ I Key performance

Type	Indicator	Unit	2010	2011	2012
Operation and development	Total assets	100 million Yuan	5126.8	5237.5	5750.8
	Business revenue	100 million Yuan	1768.1	2162.8	2581.6
	No. of mobile users reached	10,000 households	16742.6	19966.0	23931.2
	No. of 3G users reached	10,000 households	1406.0	4001.9	7645.6
	No. of local telephone users	10,000 households	9663.5	9285.1	9195.7
	No. of broadband access users	10,000 households	4722.4	5565.1	6386.9
	labor productivity	10,000 Yuan/person.year	52.5	63.1	72.9
Network capacity	No. of 3G base stations built	10,000 unit	16	23.9	33.1
	3G network coverage rate of towns and villages	%	30	33	75
	No. of 2G base stations built	10,000 unit	31.8	37.5	41.1
	Broadband access interfaces for fixed lines	Ten thousand	6583	8592.3	10646
	Broadband coverage rate of administrative villages in ten Northern provinces mainly managed by China Unicom	%	92	93	94
	WCDMA connection rate	%	98.0	98.6	98.12
	Switched telecom network connection rate	%	98.53	98.61	98.66
	2G mobile network call drop rate	%	0.32	0.25	0.27
	3G mobile network call drop rate	%	0.43	0.26	0.17
Indigenous innovation	Investment in science and technology	100 million Yuan	16.4	17.1	28.1
	No. of technology staff	Person	3157	3169	3224
	International standard essays	Article	132	495	600
	Industrial standards	Item	116	211	208
	Patents	Item	132	252	380
	Authorized patents	Item	53	77	68
Customer service	Satisfaction rate of fixed line service	point	80.2	80	80.1
	Satisfaction rate of broadband service	%	67.9	69.0	68.8
	Satisfaction rate of mobile service	%	77.9	77.8	78.0
	Complaint rate	Complaint/one million users	5.83	5.76	6.48
	No. of E-business hall users	100 million households	0.6	1.0	1.8
People-first practice	Proportion of male and female employees	Male vs. Female	1.35:1	1.39:1	1.42:1
	Proportion of minority employees	%	5.86	6.37	6.49
	Proportion of women in senior management	%	12.5	12.9	11.8
	Employee training investment	10,000 Yuan	19193	23497	26400

Type	Indicator	Unit	2010	2011	2012
Green operation	Online University visitors	10,000 persons	30	67	85
	Total duration of online study	10,000 credit hours	13	21	41
	Investment to help difficulty employees	10,000 Yuan	714.86	817.73	1142.01
	Consolation money provided	10,000 Yuan	1428.4	2388.44	1121.92
	Comprehensive energy consumption of backbone network information flow	1 kg standard coal/TB	75.6	65.0	45.4
	Current investment saved by co-building and sharing	100 million Yuan	40	41	36
	Special investment to energy conservation and emission reduction	10,000 Yuan		5.6	7.8
	Gasoline consumption	10,000 tons	7.52	7.37	7.34
	Diesel fuel consumption	10,000 tons	2.1	2.44	2.38
	Natural gas consumption	10,000 cubic meters	1036.55	1031.6	1167.9
	Electricity consumption	100 million KWH	99.17	107.35	117.2
	Water consumption	10,000 tons	2520	2639	2474
	Material repayment	100 million Yuan	3.3	5.3	6.5
	Amount of recycled materials	100 million Yuan	1.3	0.9	1.0
	Amount of scraps proceed	100 million Yuan	0.6	3.4	3.8
Community responsibility	Credit ratings	Level	AAA	AAA	AAA
	Total tax payments	100 million Yuan	73.0	100.9	118.0
	Employment attracted during the reporting period	Person	18456	16637	20780
	Total donations	10,000 Yuan	1497.9	2491.3	1967.6

Note: 2012 financial data is Monthly report



◇ Awards

China Unicom's "Employee Mental Health Safeguard Mechanism" was awarded "2012 Global Compact China Best Practices".

China Unicom was awarded the honorable title of "Excellent Organization Award" in the "civilized texting" campaign co-hosted by Civilization Office of CPC Central Committee, State-owned Assets Supervision and Administration Commission (SASAC) and MIIT.

China Unicom was among the first winners of "Beijing-based Central Enterprise Intellectual Property Leading awards".

WO Store won the "Most Influential Carrier Channel Awards 2012".

China Unicom won five awards in Youth Voluntary Program, Volunteers and Organizers granted by Central Communist Youth League and Youth Federation of Central Enterprises.

China Unicom was awarded as Central Enterprise Management Enhancement Campaign Excellent Organizer by SASAC.

China Unicom was among one of the 40 "Advanced Units of Performance Appraisal for Central Enterprise" granted by SASAC.

China Unicom's management informatization practice was chosen by SASAC as one of the typical example of central enterprise management informatization.

16 organizations of China Unicom won the honorable title of the 3rd "National Civilized Units" and 15 organizations remained their honorable titles after annual review.



◇ Indicators index

CASS-CSR2.0 index

Contents	Second-level directory	Guide on Preparation of the Corporate Social Responsibility Report for Chinese Enterprises (CASS-CSR2.0)	Page
From the Chairman		P2.1-P2.2	P2-3
Improve corporate governance and make the company into the top	Corporate profile	P4.1-P4.6; M1.1	P6-9
	Scientific management	P4.5, S1.1, S1.2, S1.3, M1.2, M1.3	P9-13
	Responsibility management	G1.1, G1.2, G2.1-2.2, G3.1-3.2, G5.1-5.2, P3.1, G1.2, G3.1, G4.1, G1.3, G6.1	P14-15
Consolidate efforts to fulfill our responsibility and build high-quality networks	Basic network construction	CSM2.15, CSM2.17, CSM2.16, CSM2.19	P18-20
	Emergency communication enablement	——	P20-21
	Communication security assurance	CSM2.14	P22
	Scientific and technological innovation promotion	M2.2, M2.24, M2.26	P22-23
Bring universal benefit of information technology to the public	IT application in people's life	CSM2.13, M2.2, CSM2.19, CSM2.20	P26
	IT application in agriculture, rural areas and farmers' life	CSM2.19-CSM2.22	P27-28
	IT application in urban areas	——	P29-30
	IT application in industries	——	P31
	Service quality enhancement	CSM2.3, M2.6-M2.9, CSM2.12-CSM2.14, CSM2.16, CSM2.23, M2.2	P32-37
Stick to "people first" and co-build a harmonious society	Grow with employees	S2.3, S2.4, S2.5, S2.12, S2.13, S2.15, S2.17-S2.18, S2.20-S2.29	P40-45
	Develop with partners	M3.2, M3.4, M3.6	P46-47
	Build social harmony	S3.2, S3.7-S3.12	P47-53
Jointly build ecological civilization and work towards an eco-friendly China	Green management	E1.1, E1.2	P56
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Report grade		A2	P69
Feedback		A4	P70

GRI index

No.	Inclusion in the report or not	Release page	No.	Inclusion in the report or not	Release page
Strategy and analysis					
1.1	●	P2-3	1.2	●	P2-3
Corporation situation					
2.1	●	P6	2.6	●	P6
2.2	●	P6, P8	2.7	●	P6
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2.4	●	P1, P69	2.9	●	P6, P8-9
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3.5	●	P1	3.12	●	P1, P65-68
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3.7	●	P1			
Corporation governance					
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EN3	●	P63	EN18	○	
EN4	●	P63	EN19	○	
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EN8	●	P63	EN23	○	
EN9	○		EN24	○	
EN10	○		EN25	○	
EN11	○		EN26	○	
EN12	○		EN27	○	



No.	Inclusion in the report or not	Release page	No.	Inclusion in the report or not	Release page
EN13	●	P56	EN25	○	
EN14	○		EN26	○	
EN15	○		EN27	●	

Note: “●” means inclusion in this report or full release, “○” means no explanation in details due to weak relevance caused by the features of telecom operator, or data unavailability due to statistic reasons, or data have been released in the annual report of the listed company.

◇ Supplemental indicators of telecommunications sector

No.	Inclusion in the report or not	Release page	No.	Inclusion in the report or not	Release page
Internal operation					
IO1	●	P18-20, P57	IO5	●	P46
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IO3	●	P41	IO7	●	P18-20, P56
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Provision of communication channel					
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PA5	●	P27-28, P34	PA11	●	P8, P26, P32-33
PA6	●	P20-21			
Use of technology					
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TA2	●	P26-31	TA5	○	P22-23
TA3	●	P22-23, P57			

Note: “●” means inclusion in this report or full release, “○” means data unavailability caused by statistic reasons

◇ Report assessment



Rating report on China United Network Communications Group Co., Ltd Social Responsibility Report 2012

Upon the request of China United Network Communications Group Co., Ltd, CSR Research Center of Economics Division of Chinese Academy of Social Sciences (hereinafter "Center") invited experts from Chinese Expert Committee on CSR Report Rating to form "China United Network Communications Group Co., Ltd Social Responsibility Report 2012 Rating Team". The rating team rated China United Network Communications Group Co., Ltd Social Responsibility Report 2012 (hereinafter "The Report") as follows:

1. Rating Criteria

Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR 2.0) published jointly by the aforesaid Center, China Enterprise Confederation, China Petroleum and Chemical Industry Association, China Light Industry Federation, the Sino-German Corporate Social Responsibility Project, China WTO Tribune and China Committee of Corporate Citizenship.

2. Rating results:

Completeness (★★★★☆)

The Report discloses key information on "Corporation Management", "High Quality Network", "Well Information Services", "Harmonious Social Building", "Ecological Civilization" etc. With 83.6% of core indicators being disclosed on Communication Service Industry, the report has a well completeness.

Materiality (★★★★★)

The Report discloses key performance issues for Communication Service Industry such as "Quality of Communication", "Customer Complaint Replying", "Emergency Communication Ensuring", "Reducing the Gap of Figure", "Base Station Co-construction and Sharing" etc. The report has excellent materiality.

Balance (★★★★★)

This report discloses negative information on "Customer Complaint" and "Anti-monopoly Investigation" and methods the company used. The report has a generally balance.

Comparability (★★★★★)

This Report discloses data on 49 key performance indicators of three consecutive years which give a clear feature of company development. The report has an excellent comparability.

Readability (★★★★☆)

This report has a clearly structure and logic and a concise and fluency language, with cases description with datasheets and flow charts, well explaining the technical terms. All of which makes this report very excellent readable.

Creativity (★★★★☆)

In this report, following the idea of "Being the Innovative Service Leader of the Information Life" and the corporation development strategy, it describes topic discussions that focused by social and corporations; meanwhile, every section is distinguished by the different color that give a well image. The report gets a high standard of creativity.

Overall rating (★★★★☆)

Through evaluation and deliberations, the rating team agreed to rate China United Network Communications Group Co., Ltd Social Responsibility Report 2012 as a leading report by giving a four-star and half rating to it.

3. Suggested improvements

- (1) Disclosing more core social responsible indicators on the industry to improve the completeness of the report.
- (2) Adding more hot contents focused by customers to improve the balance of the report.

Rating team

Team leader:

Wei Zichuan, Vice CEO of XinhuaNet

Team member:

Chen Yuanqiao, Research Fellow of China National Institute of Standardization, Secretary General of ISO26000 CSR Special Working Group

Wei Xiuli, Associate Professor of Economics and Management School in North China University of Technology

Head of the rating team
Vice president of executive council of the Center

Team leader of the expert rating team
Vice CEO of XinhuaNet



中国企业社会责任报告
评级专家委员会
Chinese Expert Committee on CSR Report Rating

◇ Feedback

Dear reader:

This is China Unicom's sixed Corporate Social Responsibility Report. We are looking forward to hearing from you in order to improve our Report. Please help us by answering the questions in the feedback form and send back to us at:

E-mail: yangwei3@chinaunicom.cn

Fax: 86-10-66258674

Address: Corporate Development Department,
China United Network Communications Co. Ltd.
No.21 Financial Street, Xicheng District, Beijing, 100033

Your information

Name: _____

Place of work: _____

Title: _____

Telephone number: _____

Fax: _____

E-mail: _____

Choice questions (please tick at the appropriate places)

Choice	Very good	Good	So-so	Bad	Very bad
1. Does this report reflect China Unicom's great impact on economy, society and environment in a comprehensive and accurate manner?					
2. Does this report answer questions and release information concerned by shareholders?					
3. Are the information, indicators and data released in this report clear, accurate and complete?					
4. In this report with high readability in terms of logic line, content design, language and format design?					

Open questions

1. What do you think is the most satisfactory part of this report?

2. What information you want to know but does not included in this report?

3. What is your advice on our future social responsible report?