

Join Hands to Write a New Chapter on  
Smart Connection for Information-based Life



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# Report Instruction

## Time frame:

The time frame of the report is from January 1 to December 31 of 2014. Some parts may go beyond the time frame mentioned above.

## Release cycle:

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

## Coverage:

The report covers China United Network Communications Group Co., Ltd. and its subsidiaries. For the convenience of expression, "China Unicom", "the Group", "the Company" and "We" are respectively used in proper positions in the report.

## References:

- "Program to the State-owned Enterprises Directly under the Central Government on Implementing the Harmonious Development Strategies during the 12<sup>th</sup> Fiver-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 for "Corporate Social Responsibility Fulfillment Report" by Shanghai Stock Exchange;
- "Compliance Guide to the Corporate Social Responsibility (CSR) Report for Chinese Enterprises (CASS-CSR 3.0)" by the Chinese Academy of Social Sciences (CASS);
- "G4 Sustainability Reporting Guidelines" by the Global Reporting Initiative (GRI).

## Data:

The 2014 data cited in the report is the final statistical data, and in case there is a difference between the financial data and the annual report, the latter shall prevail.

## Quality assurance:

The board and its all directors assure that all information disclosed in the report is real, complete and correct without any false record or misleading statement.

## Language and availability:

Both Chinese and English versions are provided, available both in print and online on the websites below:

Online Chinese version: <http://www.chinaunicom.com>

Online English version: <http://unglobalcompact.org>

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# From the Chairman



The continuous breakthroughs made by the new generation of information technologies, represented by mobile Internet, cloud computing, big data and IoT, are driving industries and sectors to develop toward interconnection and trans-boundary integration. Smart connection is becoming an important driving force that facilitates smart development, information consumption as well as transformation and upgrading under the new normal. It also requires enterprises to be aware of stakeholders' expectations, which are to be more convenient and people-oriented, and consequently to respond with more diversified and personalized services. For this reason, smart connection can further deepen the fulfillment of corporate social responsibility.

The year of 2014 was the beginning when China Unicom exerted efforts to realize its CSR goal of being an "innovation service leader for information-based life with higher management level, formidable capability for practice and good social image". The Company endeavored to develop smarter and safer networks, more convenient and popular information service, to improve the efficiency and transparency in resource allocation, and to strengthen its sustainability remarkably by taking "mobile broadband leadership and integrated innovation strategy" as the guidance, incorporating CSR fulfillment into the processes of production and operation, grasping new features reflected in smart connection which are "smart, integrated and people-oriented", and adapting to new changes in needs, services, information and work brought by smart connection.

We exerted ourselves in building ubiquitous and advanced information infrastructure to lay foundation for the development and prosperity of smart connection. We accelerated the construction of integrated 3G/4G network and actively conducted LTE hybrid networking experiment. We launched international roaming services with 587 operators from 251 countries and regions around the globe, implemented the deployment of "Broadband China" 2014 Special Project and further promoted FTTH, with ports above 20M accounting for 68% in urban areas and ports above 4M accounting for 78% in rural areas. 7 national Internet backbone direct-connecting points has been newly set up, and the bandwidth exiting from a province as well as the bandwidth between connected networks continued to increase. We successfully completed communications

safeguarding tasks for major conferences, events and natural disasters, with 400,000 person-time staff and 106,000 car-time emergency communication vehicles having been dispatched.

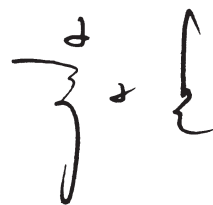
We exerted ourselves in improving our perception of customer service to provide convenient and fast smart connection experience to 450 million customers; fully improving and optimizing our services revolving around customer-focused service hotspots, key and difficult points including network quality, information security and tariff, which resulted in decrease of complaint number and rate by 36% and 50% respectively. We endeavored to develop a modern information service system that covers both urban and rural areas as well as integrates online and offline, which facilitated the e-commerce business volume surpassing RMB70 billion. We tried to bridge the digital gap, participate in and support community development to co-create beautiful lives by completing the Village Coverage Program that enabled telephone connections in 201 natural villages and broadband connections in 1,711 administrative villages, as well as building 310,000 information service channels in rural, remote and poor areas. We improved the e-service capability with all our strength, and a new service model composing of customer self-help, mutual-help and staff assistance has taken into its initial shape, contributing to the self-service level improvement with the online business hall, mobile business hall, SMS business hall, self-service terminal, WeChat business hall and Internet knowledge base.

We exerted ourselves in building an open and win-win eco-environment to promote cooperation in the smart connection industry and closer trans-boundary integration. We got upstream and downstream enterprises together to build smart cities and applied information applications to key industries, which resulted in the number of IoT terminal users surpassing 10 million households. We proactively carried out mobile resale cooperation, making the Company an industry leader in terms of subscriber base and income of resale service. We launched Woego, a nationwide uniformly operated platform, based on which Wo financial service is provided; opened up our network and platform capabilities to push forward the deep integration of data traffic and Internet products; and expanded terminal cooperation to provide users mobile terminals that are diversified in types and good in experience. We also

improved our equipment's energy efficiency under the support of partners to facilitate green operation, innovate and promote green solutions, and contribute to the overall social eco-civilization construction.

We exerted ourselves in advancing reform in key sectors to continuously perfect the operation mechanism that meets the development demand of smart connection. We pushed forward mechanism and system reform in emerging businesses by founding the Unicom Innovation Investment Co., Ltd and Xiaowo Technology Co., Ltd, and are preparing to set up a Merchants Union Consumer Finance Company Limited. We established a nationwide centralized and unified operation system, optimized and adjusted operation and business models, and paid more attention to quality and sustainability. We played the decisive role of market in internal resource allocation, and made a series of reform measures on investment, marketing, labor cost and other resources allocation to facilitate the resources going downward and being dynamic as well as to inspire team vitality. Besides, we strictly implemented the enterprise responsibility system for network and information security in order to improve the safety protection of basic communications network; stroke a blow at spam SMSs, illegal and harmful information as well as carried out subscriber real name registration system to drive the development of China's network and information security industry.

In future, China Unicom will continue to abide by UN's ten global compact principles and join hands with stakeholders to shoulder our responsibility for sustainable development and create more extraordinary, smart-connected new life.



Chang Xiaobing  
Chairman of China United Network  
Communications Group Co., Ltd.  
March, 2015










# Corporate Profile



Corporate Governance .....	7
Brand Profile .....	8
Shareholding Structure .....	8
Organizational Structure .....	9

## Corporate Profile

China United Network Communications Group Co., Ltd. (hereinafter referred to as "China Unicom") was officially established in 2008 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. In 2014, China Unicom ranked 210<sup>th</sup> in Fortune Top 500, an increase of 48 positions over the previous year; and ranked 13<sup>th</sup> among all telecom operators around the world, an increase of 1 position over the previous year.

China Unicom mainly operates fixed and mobile communications services, domestic and international communications facility service, satellite IPLC service, data communications service, network access service, value-added telecom services and the system integration service related to information and communications businesses. China Unicom launched a full-service brand "WO" on April 28, 2009, which is a brand with completely new service ideas and innovation spirits and provides full services to the public and group customers. By the end of 2014, China Unicom had 450 million subscribers in total, with corporate assets reaching RMB601 billion.

China Unicom has a modern communications network characterized by its nationwide coverage and global reach, and its mobile communications network WCDMA is also the largest in the world. Aiming at providing full-scale and high-quality information and communications services to customers, China Unicom has been promoting broadband-based fixed and mobile networks, expanding international coverage and improving the layout of sales outlets. By the end of 2014, the number of mobile broadband network base stations reached 565,000, broadband access ports 134.8 million, and the international roaming service covered 587 operators in 251 countries and regions. In future, China Unicom will implement its "mobile broadband leadership and integrated innovation strategy" to provide customers with faster and better mobile broadband experience.





## Corporate Governance

Considering actual conditions of the Company, China Unicom strictly abides by the laws and regulations of the mainland China, Hong Kong and the United States, learns advanced corporate governance experience at home and abroad, constantly improves the corporate governance structure, builds effective internal control and risk control systems, regulates corporate operations and improves corporate governance level. The convening and holding of the meeting of shareholders, of the board of directors and of the supervisory board by the Group company and its listed companies are strictly under the provisions of related laws and regulations as well as the internal rules of the Company to ensure scientific, effective decision making and fair treatment towards all shareholders, especially minority shareholders, and the enjoyment and enforcement of their corresponding rights based on the shares they hold. Listed companies, through the organization of extensive Board of Directors and the establishment of the Audit Committee, Compensation Committee, Nomination 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 and scientific decision making. In 2014, the Company convened 43 meetings of shareholders, of Board of Directors and of related committees for the Group company, A-share-listed companies and red chip companies. Furthermore, under fully compliance with the legal and regulatory requirements for information disclosure, China Unicom amply fulfills its information disclosure obligations and takes the initiative to communicate and make exchanges with investors via meetings, calls, website, email and other forms of communication to provide investors with the opportunity to learn about corporate strategies and latest service development in time.

## Directors & Senior Management



**Chang Xiaobing**

Chairman and  
Secretary of Party Leadership Group



**Lu Yimin**

President, Vice Chairman and Deputy  
Secretary of Party Leadership Group



**Li Fushen**

Director of the Board, Vice President,  
Chief Accountant 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



**Zhang Lianru**

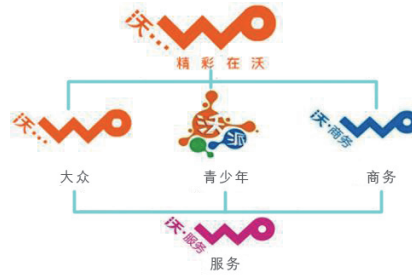
Member of Party Leadership Group  
and Head of Disciplinary Inspection  
Team of Party Leadership Group



**Xiong Yu**

Vice President and Member of Party  
Leadership Group

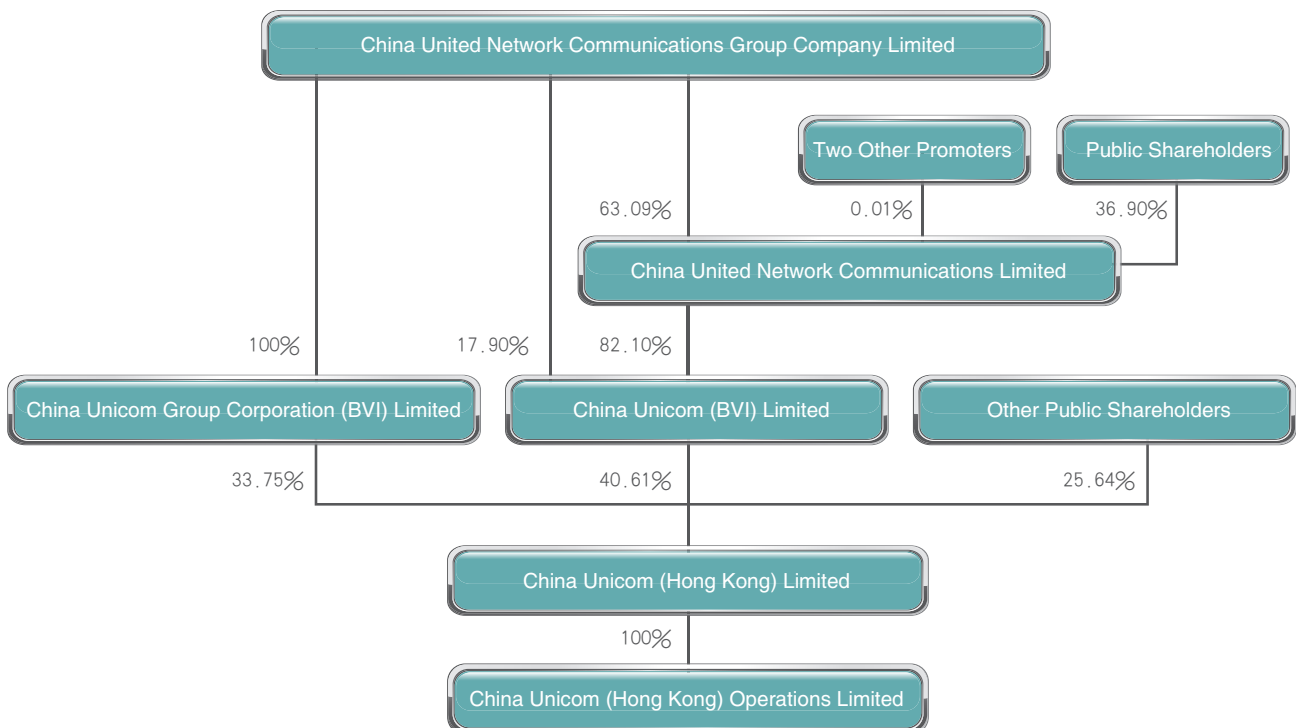
## Brand Profile



With the implementation of full-service brand strategy under the enterprise brand, China Unicom's corporate image and brand value have been improving continuously. According to the 2014 Global Brands 500 issued by Brand Finance, a British brand consultancy, China Unicom's brand is worth US\$15.85 billion, ranking the 66<sup>th</sup> with a year-on-year growth of 66.7% and ranking the 8th among all telecom operators in the world, up by 3 positions over the previous year. Meanwhile, as a full-service brand under China Unicom enterprise brand, "WO" focused on its core advantages in 2014 and widely spread the reputation of "choosing WO for 4G service with faster Internet-surfing speed, wider coverage and better experience", aiming to build it as the No. 1 mobile Internet brand.

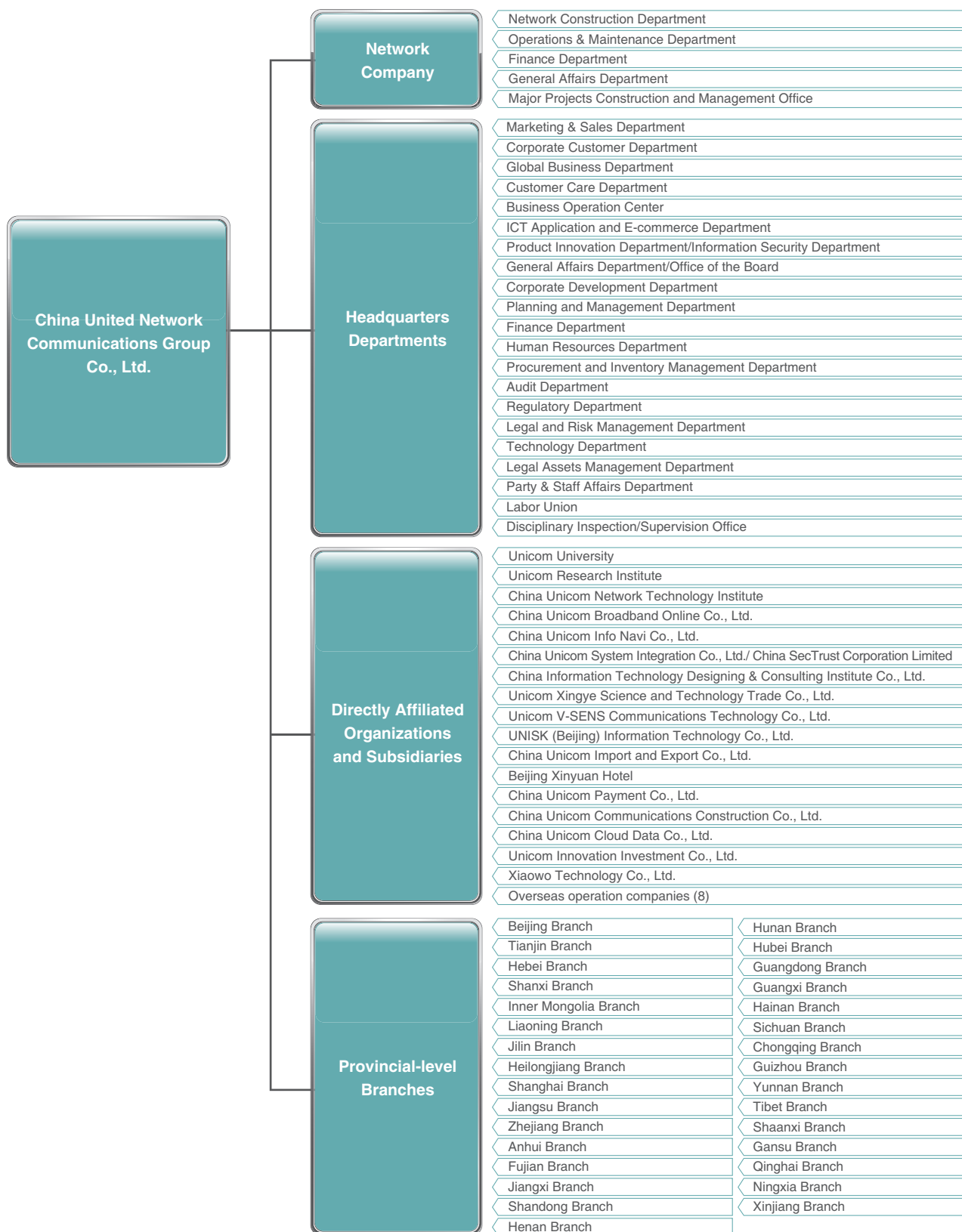
## Shareholding Structure

China Unicom Shareholding Structure



## Organizational Structure

In order to adapt to the fast development of mobile Internet, break the restriction of the existing base model and expand the market growth space, we established Xiaowo Technology Co., Ltd. To speed up the operation of the Company's centralized system, and provide unified operation support and service to virtual operators and national channels, a business operation center has been set up. Aiming to grasp the investment opportunities brought by mobile Internet, nurture new market through innovative investment models and create new business growth points, the Unicom Innovation Investment Co., Ltd has been founded.











# Management of Social Responsibility



CSR Development Goal .....	12
CSR Management System .....	13
CSR Training .....	13
Participation in CSR Exchanges .....	14
Confirmation of Substantial CSR Topics .....	14



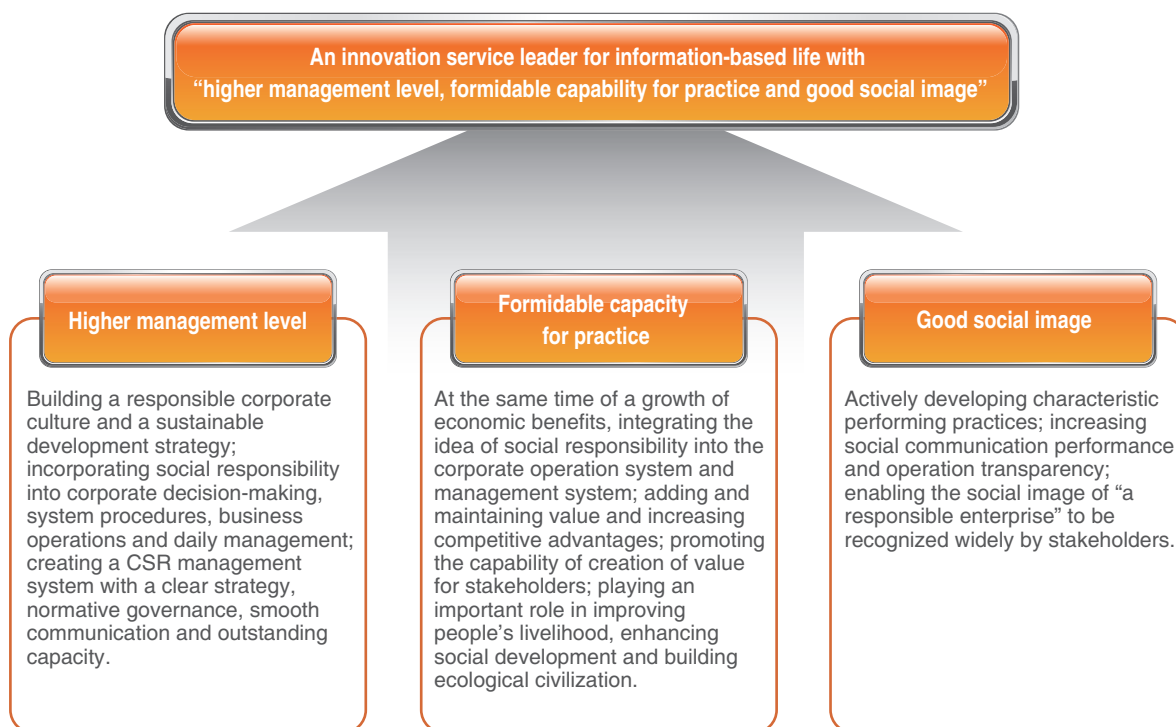
# Management of Social Responsibility

In 2013, China Unicom developed a CSR Planning (2014-2016), a top blueprint design for its CSR work in the next 3 years and an overall implementation plan. In 2014, based on the CSR Planning, the Company put efforts into establishing and perfecting a CSR management system to guarantee the implementation of CSR plan, and realized the systematic and standardized management of such work. At the same time, a large scale of CSR training have been carried out in the whole Group to introduce social concepts to all staff, further deepen their CSR knowledge and improve

their CSR awareness, laying a good foundation for the staff to integrate those concepts into their day-to-day work. Also in 2014, China Unicom was awarded as “the Best Enterprise of the Year in the CSR List of State-owned Listed Companies”, and the case “Establishing an Energy-saving and Consumption-reducing Whole-process Management System to Realize Green Operation” by the Company’s Shanghai Branch won “2014 Global Compact China Best Practice”.

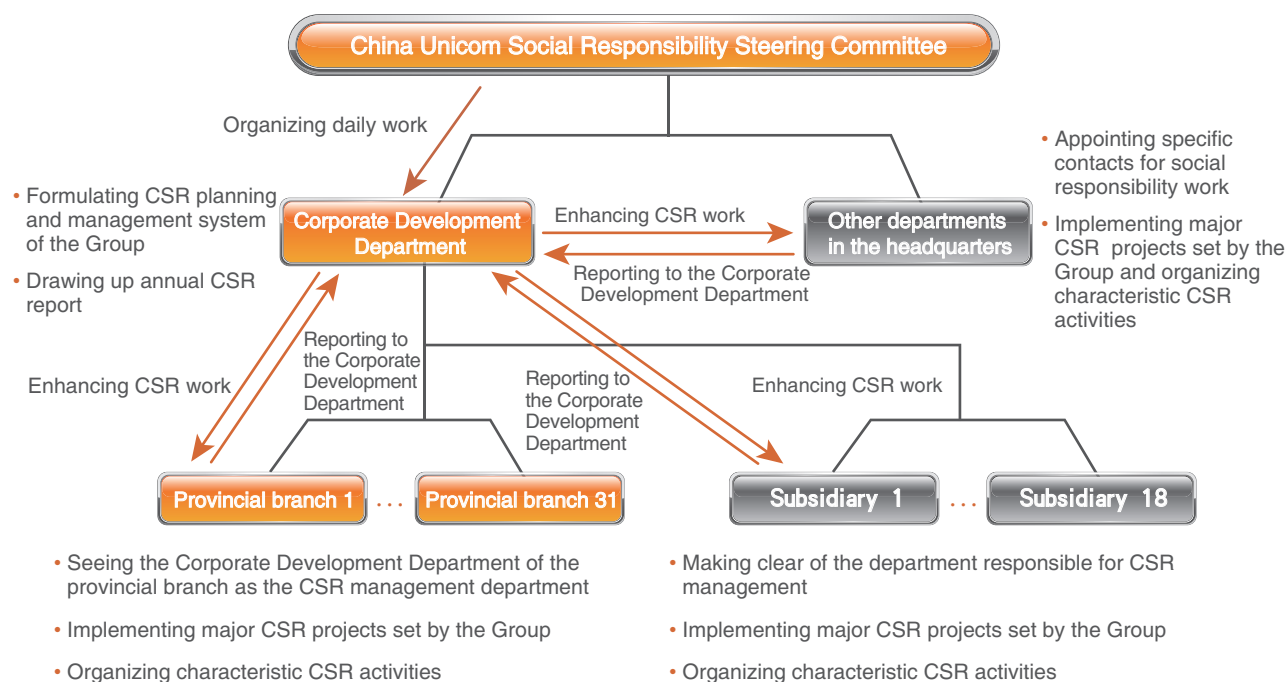
## CSR Development Goal

The CSR development goal of China Unicom 2014-2016 is, within three years and through three stages, to become an innovation service leader for information-based life with “higher management level, formidable capability for practice and good social image”.



## CSR Management System

In 2014, the Company compiled “China Unicom CSR Management Measures”, which makes clear of the definition of CSR, defines the scope of stakeholders, sets CSR work principles, and establishes CSR organizational, institutional and responsibility systems as well as relevant incentive mechanism that combines CSR performance with the Company’s performance assessment, so as to ensure the respective carry-through, implementation and realization of its CSR concepts, planning and goals.



### China Unicom CSR Organizational Structure

According to CSR report compilation criteria at home and abroad, such as GRI G4, Global Compact ten principles, ISO26000, and CASS-CSR 3.0, a “China Unicom CSR Report Disclosure Guidance and Indicator System” was established, among which the disclosure guidance composes of 15 aspects and 173 items in total and the indicator system 14 aspects and 85 indicators in total, to standardize the disclosed contents and make the Company’s CSR work institutionalized and regulated.

## CSR Training

In order to make the Company’s CSR-related staff be aware of CSR theories and developing trend, grasp the presentation and communication methods of CSR achievements, as well as share advanced management experience on CSR, China Unicom organized its first large-scale “China Unicom CSR training workshop” oriented to the whole Group in 2014. Nearly 80 trainees from the Headquarter departments, provincial companies, subsidiaries and A-share companies took part in the training. The experts that gave lectures were from SASAC, CASS CSR Research Center, WTO Guide, Global Compact and Huawei. The training equipped the trainees with knowledge on domestic and international CSR development trends, basic CSR theories, CSR report, etc. and shared experience on two CSR practice topics—supply chain management and responsibility crisis management. Moreover, the trainees also exchanged opinions on the Company’s CSR work. Through the training, the staff deepened their CSR understanding, improved their CSR awareness and laid a good foundation for integrating CSR concepts into their daily work.



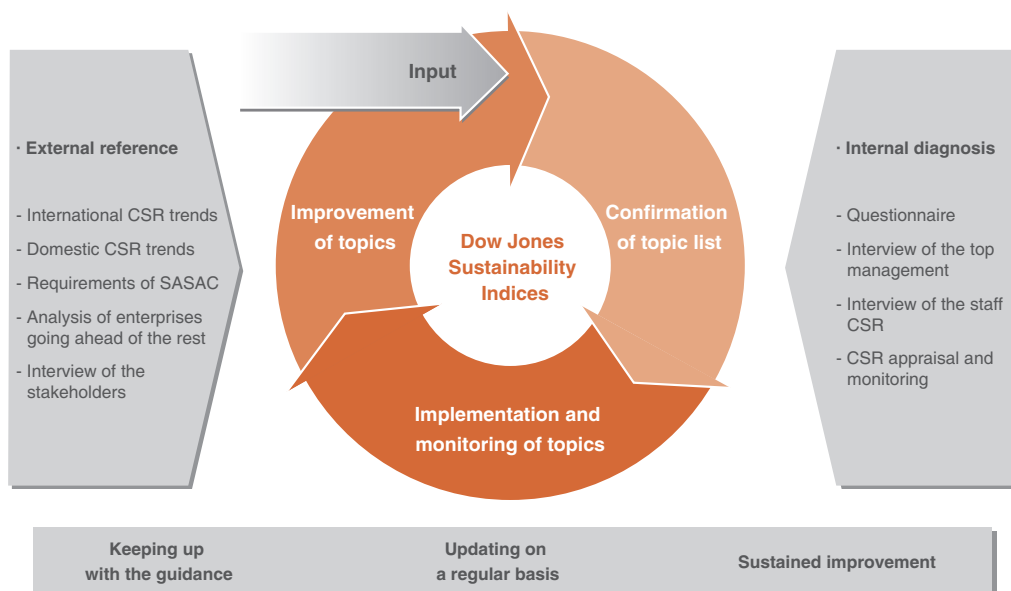
## Participation in CSR Exchanges

CSR Exchanges and Seminars China Unicom Participated in 2014

Date	Sponsor	Topic
January	Research Center for Corporate Social Responsibility Chinese Academy of Social Sciences	Release of "CASS-CSR 3.0" and Summing-up Meeting of CSR Report Rating (2013)—2nd China CSR Report Summit
February	Global Compact Network China	Annual Meeting of Global Compact Network China
February	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH and China Enterprise Confederation	International Workshop on "Relevance of CSR Guidelines for Companies Operating and Investing Abroad"
March	Rankins CSR Ratings and Ernst &Young	Green Economy and Low-carbon China—EY Sustainable Development Summit and Presentation of CSR Report Ratings for Listed Companies
April	Global Compact Network China and CASS Research Center for CSR	Responsibility Sharing—China CSR Public Lectures Session 4
April	CASS Research Center for CSR	"CASS-CSR 3.0" and Rating Criteria (2014) Training
June	State Information Center and GRI	2014 China-Netherlands CSR High-level Forum
November	China Association of Communications Enterprises	Launch Meeting of CSR Building for Communications Industry
November	CASS Research Center for CSR	Presentation of "CSR Blue Paper (2014)" and "China CSR Development Index Top 300 (2014)"
November	GRI Focal Point China	GRI G4 Special Seminar

## Confirmation of Substantial CSR Topics

China Unicom has established a topic selection procedure under the principle of "keeping up with the guidance, updating on a regular basis and boosting sustained improvement". After confirmation of the topics and the goal, China Unicom conducts dynamic management to these topics by closely following domestic and international trends as well as referring to the advanced enterprises. China Unicom updates the topics constantly to ensure scientific CSR practices and to achieve effective, high-level and influential practices.



Selection of social responsibility-related topics

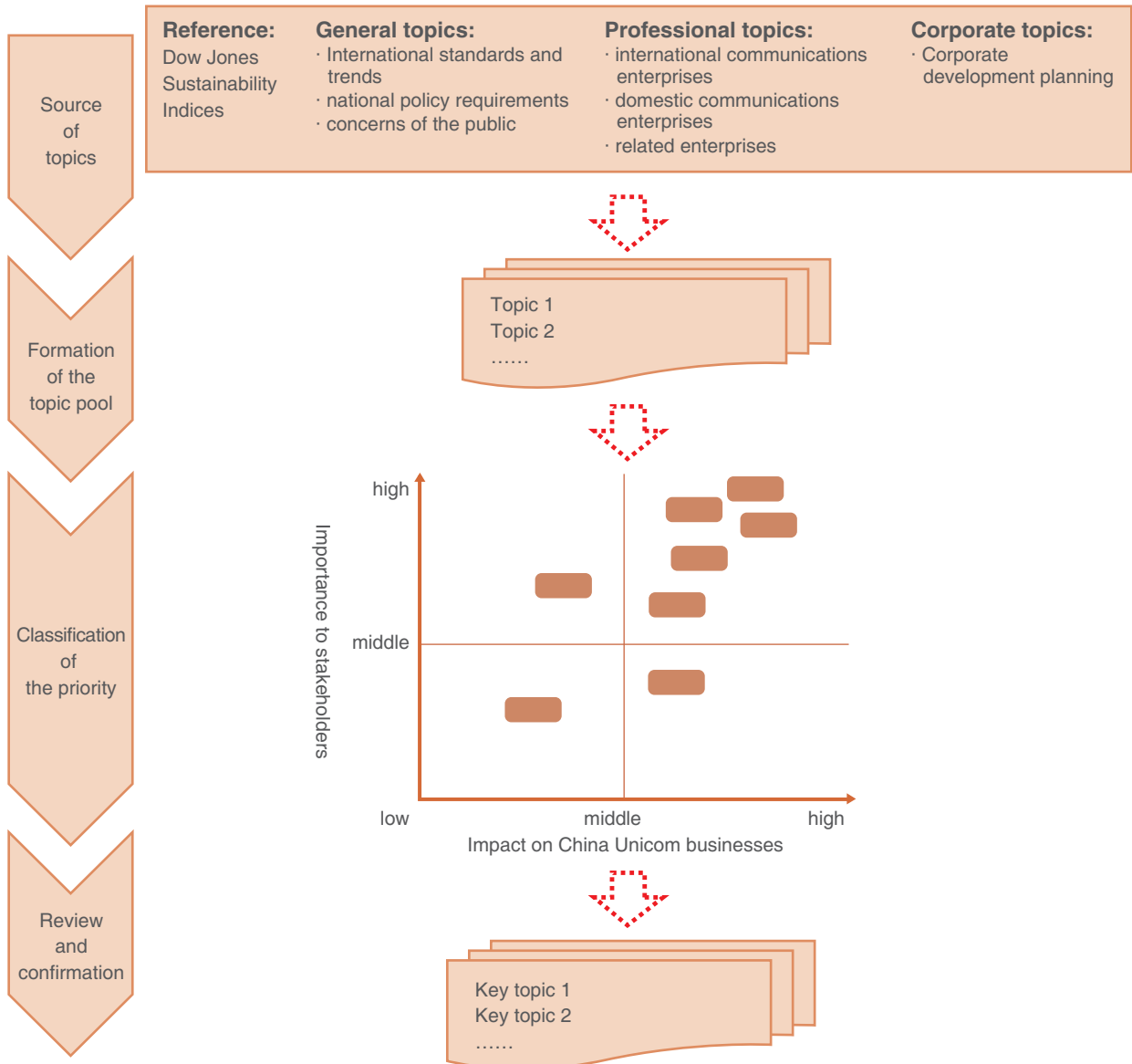
## Selection Procedure of CSR Topics

**Identification of the source:** Taking the Dow Jones Sustainability Indices as a principal benchmark, taking into account of the international standards, national policy requirements, concerns of the public, trends of topics of domestic and international communications enterprises and the CSR topics selected for the Company's development planning.

**Formation of the topic pool:** Firstly, establishing general topics by referring to the Dow Jones Sustainability Indices, international standards and trends, national policy requirements and the concerns of the public; secondly, coming into being professional topics through the analysis of communications enterprises at home and abroad; finally, shaping China Unicom's CSR topics in line with the Company's development planning and operating practices.

**Classification of the priority:** Building a topic selection matrix based on the "impact on China Unicom businesses" and the "importance to stakeholders" to give priority ranking to the topics in the pool.

**Review and confirmation:** Reviewing the social responsibility topics selected and making a final decision on these topics.



## Substantial CSR Topics

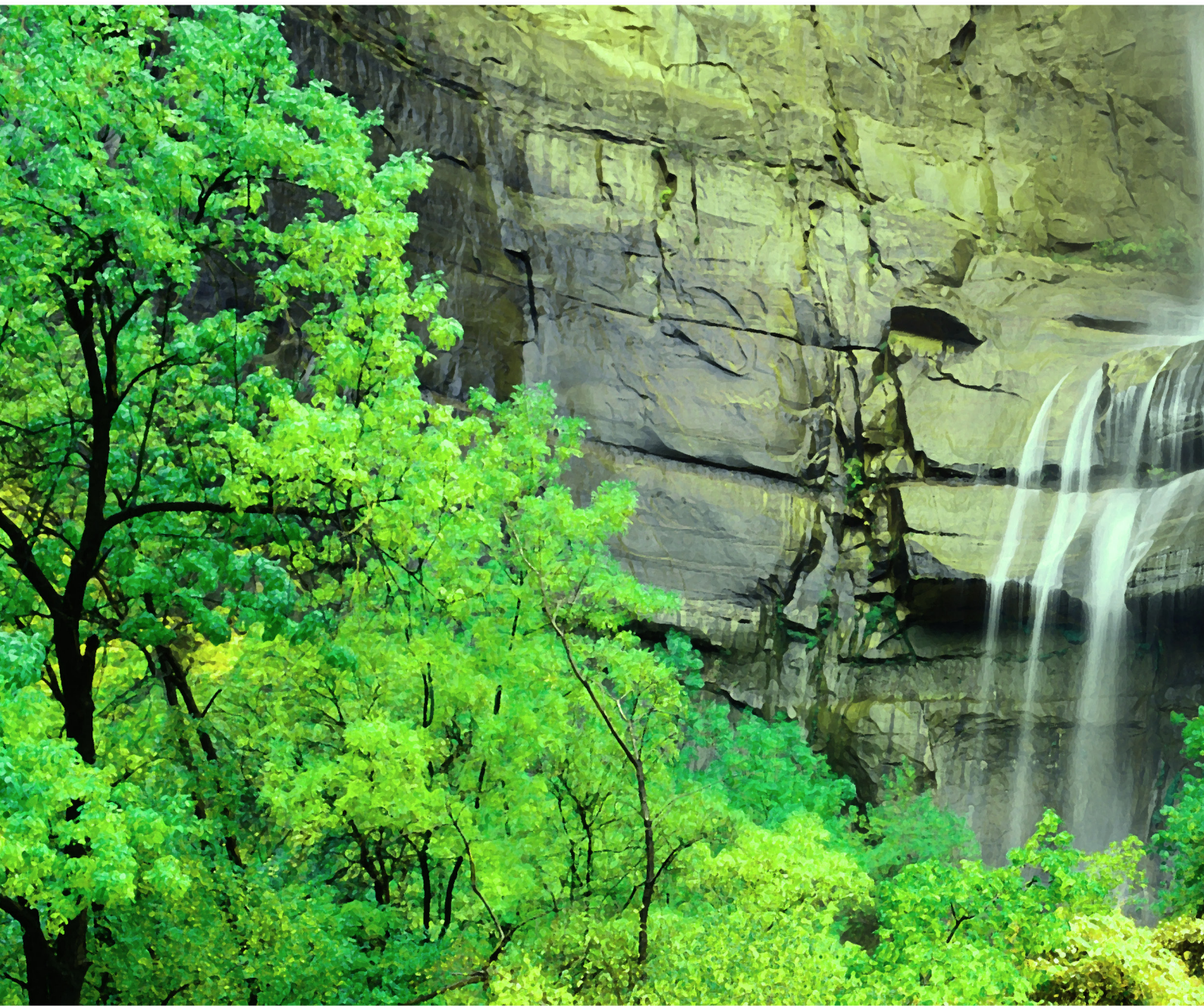
In 2014, China Unicom, based on the existing topic selection procedure and taking full account of opinions of stakeholders, chose responsibility topics that had great effects on economy, society and environment and that had substantial influences on stakeholders' assessment and decision-making as the substantial topics in this report.

Substantial Topics	Stakeholders	Expectations for China Unicom
<b>Topic I:</b> Strengthen compliance management to achieve sustainable development	Shareholders	• In-time and transparent information access
		• Protection of rights and interest of minority shareholders
		• Steady long-term return on investment (ROI)
		• Continuously improving performance
		• Effective risk control
		• Compliance operation
		• Uncorrupted operation
		• Stable and sound development
	Government and supervision authorities	• Fair market competition order • Active promotion of taxation reform
<b>Topic II:</b> Lay a solid foundation for obligation fulfillment by establishing a green, secure and highly-connected leading network	Customers	• High-speed and highly-connected network
		• A network of ubiquitous availability
		• Innovative, forward-looking communication technologies
		• Secure and sound network environment
<b>Topic III:</b> Bridge digital divide to bring convenience from information technology to various groups	Customers in remote areas	• High-quality network coverage in remote areas
		• A wider range of agriculture-related ICT applications
		• Convenient information service channels
<b>Topic IV:</b> Upgrade service capability to offer diversified, economical, reliable and satisfactory services	Customers	• New products that could improve quality of life
		• Explicit brand system and value proposition
		• Reasonable and simple tariff plans
		• Transparent tariff system that supports inquiry at any time
		• Diversified ICT application services
		• Convenient service channels
		• Good customer relation experiences
		• Rapid and efficient escalation system
		• Security and confidentiality of personal information



Substantial Topics	Stakeholders	Expectations for China Unicom
<b>Topic V:</b> Persist in the principle of putting people first to build the best platform for human resource development	Staff	• Safeguarded legal rights
		• Great potentials in career development
		• Effective vocational skill education
		• Equal employment and “equal pay for equal work”
		• Opportunities of democratic involvement
		• Better working and life environment
		• Effective employee assistance mechanism
		• Safe working environment
<b>Topic VI:</b> Promote partners management and establish responsible supply chain for win-win cooperation	Partners	• Wide cooperation fields
		• Fair and open cooperation opportunities
		• Plentiful flexible supporting services
<b>Topic VII:</b> Develop in a green and low-carbon way and make contribution to harmonious co-existing ecological civilization	Eco-environment	• Environment-friendly green operation
<b>Topic VIII:</b> Devote to charity to co-build a beautiful homeland	Communities	• Continuous and effective donation
		• Aid to Tibet
		• Escalated efforts in poverty alleviation
		• Volunteer public-welfare activities
<b>Topic IX:</b> Live up to social responsibilities in both local communities and overseas markets	Local staff	• Equal opportunity for employment
		• Fair remuneration scheme
		• Opportunities to assume management posts
	Local suppliers	• More cooperation opportunities
	Local eco-climate	• Energy-efficient and environment-friendly communication equipment
		• Engagement in ecological environment protection
	Local communities	• Compliance with local laws and regulations
		• Support for public welfare activities







# Social Responsibility Practice

Strengthen Compliance Management to Achieve Sustainable Development of the Company .....	20
Lay a Solid Foundation for Obligation Fulfillment by Establishing a Green, Secure and Highly-connected Leading Network .....	23
Bridge Digital Divide to Ensure That Various Groups All Benefit from the Convenience of Information Technology .....	29
Upgrade Service Capability to Offer Diversified, Economical, Reliable and Satisfactory Services .....	32
Persist in the Principle of Putting People First to Build the Best Platform for Human Resource Development .....	44
Promote Partners Management and Establish Responsible Supply Chain for Win-win Cooperation .....	50
Develop in a Green and Low-carbon Way and Make Contribution to Harmonious Co-existing Ecological Civilization .....	52
Devote to Charity to Co-build a Beautiful Homeland .....	55
Live up to Social Responsibilities in Both Local Communities and Overseas Markets .....	61

# Social Responsibility Practice

In 2014, China Unicom strengthened its communication with stakeholders through many ways, organized and summarized their expectations for and demands of the Company, took corresponding actions, and at the same time put forward detailed measures to better meet those expectations in future.

## Strengthen Compliance Management to Achieve Sustainable Development of the Company

Stakeholders	Communication Ways	Expectations for China Unicom	Actions in 2014	Plan for 2015
Investors	<ul style="list-style-type: none"> <li>• Performance disclosure meeting</li> <li>• General meeting of shareholders</li> <li>• Investors communication meeting</li> </ul>	<ul style="list-style-type: none"> <li>• In-time and transparent information access</li> <li>• Protection of rights and interest of minority shareholders</li> <li>• Steady long-term ROI</li> <li>• Continuously improving performance</li> <li>• Effective risk control</li> <li>• Compliance operation</li> <li>• Uncorrupted operation</li> <li>• Stable and sound development</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced communication with investors and timely disclosed to them the Company's information.</li> <li>• The shareholders' meeting had a reception area for individual shareholders, providing convenience to minority shareholders in terms of participation and opinion expression.</li> <li>• Distributed dividends according to the Company's regulations, and made open and reasonable explanation about investors' returns.</li> <li>• The income scale increased steadily, the costs were effectively controlled and the benefit improved significantly.</li> <li>• Established a comprehensive risk management system, carried out comprehensive risk assessment and made risk prevention measures.</li> <li>• Perfected the general counsel system, provided guidance on rule by law, and respected others' intellectual property as well as protected its own.</li> <li>• Planned for a corruption punishment and prevention system, distributed opinions collected from inspection tours, conducted anti-corruption education and vigorously investigated cases.</li> <li>• Carried out special audits, organized branches and subsidiaries to perform self-evaluation, and investigated audit problems.</li> </ul>	<ul style="list-style-type: none"> <li>• Strictly comply with the principle of openness, fairness and impartiality in information disclosure, so as to allow the investors to access to corporate information in a timely and convenient manner</li> <li>• Further improve the communication with minority shareholders</li> <li>• Continue to implement the stable and predictable cash dividend policies and ensure the openness and transparency of the policy</li> <li>• Thoroughly implement the strategy of "mobile broadband leadership and integrated innovation" to strengthen economies of scale</li> <li>• Further intensify the construction of a comprehensive risk management system and improve KRI key risk warning management</li> <li>• Highlight the key areas of compliance operation and promote legal culture and risk management culture development targeting at specific groups</li> <li>• Steadily push forward punishment &amp; prevention system construction, corruption-combating education and efficiency supervision by focusing on investigation and supervision of specific cases</li> <li>• Put up efforts in auditing work based on risks and problems to implement the rule of law and enforce strict corporate disciplines</li> </ul>
Government and supervision authorities	<ul style="list-style-type: none"> <li>• Routine industry meeting</li> <li>• Special interview</li> <li>• Conference training</li> </ul>	<ul style="list-style-type: none"> <li>• Fair market competition order</li> <li>• Active promotion of taxation reform</li> </ul>	<ul style="list-style-type: none"> <li>• Published guidance and opinions on anti-irregular competition, consciously abided by the requirements put forward by the government and regulation authorities, and prevented and suppressed irregular competition.</li> <li>• Accurately declared value-added tax, completed ICT system adjustment, and satisfied VAT administration requirements.</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct legal operations and enforce strict disciplines to promote the sustainable development of China's telecom industry</li> <li>• Continue to implement the reform program to replace the business tax with a value-added tax so as to further optimize management mode and enhance management standard</li> </ul>

Facing changing and complicated external environment in 2014, China Unicom stuck to reform and innovation, implemented the “mobile broadband leadership and integrated innovation” strategy in an overall way, took the initiative to respond to the disadvantaged influences brought by the general income decrease in the industry, strengthened the development of economies of scale, and realized steady rise of income scale, effective control of costs, significant improvement of performance as well as the maintenance and increment of the value of state-owned assets.

Major Development Indicator	Completion Status in 2014	Year-on-year Increase
Revenue for main businesses	RMB248.01 billion	1.1%
Ratio of profits to cost	5.2%	1.1%
Total profit	RMB14.31 billion	20.5%
Income profit margin	5.8%	0.9%
Maintenance and increment rate of state-owned assets	103.8%	0.5%

## 1. Conducting in-depth enterprise-wide risk management to ensure steady development of the Company

### ◆ Strengthening enterprise-wide risk management

In 2014, the Company has continuously improved its internal control and risk management system, cultivated good risk management culture and promoted the organic integration of risk management and routine operation management to effectively prevent operation risks. Measure are as the following: firstly, established a comprehensive risk management system that combined normal comprehensive risks with dynamic key risk management; secondly, organized and carried out comprehensive risk evaluation, key risk evaluation, special risk evaluation like “business tax changing to VAT”, as well as self-testing of internal control, management training on internal control and risk management; thirdly, developed risk prevention and control measures with specific targets, updated, optimized and implemented the regulations on internal control. With these measures, there were no major risk events happening in the Company, and no important flaws or material loopholes found in internal control construction and implementation during the whole year.

### ◆ Effectively controlling marketing and operation risks

The Company has focused on mobile and fixed network broadband services and continuously deepened the monitoring of operation. Firstly, we carried out penetrating-style monitoring on businesses, users, terminals and network to find out deep and structural problems in operation by exploiting the technology of big data. Secondly, we optimized the monitoring indicator system, simplified traditional telecom service indicators, and added indicators like 4G, traffic volume and channel through combining the business development needs of mobile broadband. Thirdly, we took the monitoring four steps of “general examination + reason analysis + solutions made through coordination + implementation effect tracking” to find operation risks and promote problem rectification, through which 2.4 million minutes of abnormal voice volume were found and 5 business and system loopholes were blocked up during the whole year. Fourthly, we evaluated the operation performance of the whole country’s local networks quarterly and in groups to improve the data decision-making capability.

## 2. Following through the principle of administering an enterprise in accordance with laws to ensure law-abiding operation

### ◆ Vigorous promotion of administering the enterprise in accordance with laws

China Unicom stuck to the integration of legal education and government by law practice as well as the integration of legal management and operation management. Measures taken are as the following: Firstly, we adhered to the system of general counsel reporting, and have established the position of general counsel in the Group company, important subsidiaries, as well as major city-level sub-branches of Liaoning and other 5 provincial branches. Secondly, we invited a professor from the Party School of the Central Committee of CPC to deliver special guidance and report on “Promoting the rule by law in an overall way—legal interpretation of the spirit of the 4th Plenary Session of the 18th Central Committee of the CPC”, opened a “Law Popularization Garden” on the Company’s office website, and organized special law popularization activities. Thirdly, we used others’ intellectual property rights (IPR) lawfully through ways such as IPR pre-search and regulation of related contract terms; completed our own IPR management system and explored the transformation routes for self-owned IPR application. According to the “Legal Risk Index Report on Chinese Listed Companies 2014” published in the same year, China Unicom ranked the third among the 20 main board listed companies with the lowest legal risks in 2013.

Law-abiding and regulation compliance training

Index	2012	2013	2014
Number of compliance training programs	1437	1536	1567
Number of training participants	204050	222941	226463

### ◆ Active promotion of tax reform

China Unicom was included in the “business tax changing to VAT” pilot on June 1, 2014. Taking this pilot as an opportunity, the Company further improved its lean management. Surrounding and serving the Company’s strategies, we combed all our subjects, services, processes and systems, carried out corresponding reform, optimized the operation model, and rationally arranged investment. We improved and strengthened the basic work, modulated and reinforced the management regulations, as well as controlled the information system rigidly. We further integrated the industry chain by establishing a VAT deduction chain, cooperated with quality partners, and finished the optimization and adjustment of service supporting and the management information system, so as to meet the administration requirements of the VAT system.



### 3. Pushing forward the work of anti-corruption to ensure compliance operation of the Company

In 2014, China Unicom exerted efforts in promoting the establishment of a punishment-prevention system, intensified tour inspection, carried out anti-corruption and integrity upholding education as well as renovation on management and working style. Measures taken are as the following: firstly, we developed regulative documents to make an overall arrangement and deployment of the punishment-prevention system in the next few years and further divided such system construction mission into 40 specific tasks to be implemented by various departments; secondly, we inspected 4 provincial companies of Heilongjiang, Hebei, Shanxi and Jiangsu; thirdly, we organized theme education activities on anti-corruption and integrity upholding such as education on Party spirit, Party conduct and Party discipline throughout the whole Company through case study, anti-corruption exhibition, Party lectures, educational films on integrity upholding and educational video-conference on special topics; fourthly, we devoted greater efforts to case investigation, which achieved some results: initially checking 358 cases reported through letters and visits, handled 9 cases that went against the "Eight Rules", punished 8 people who violated relevant disciplines and regulations, and admonished 1 person.

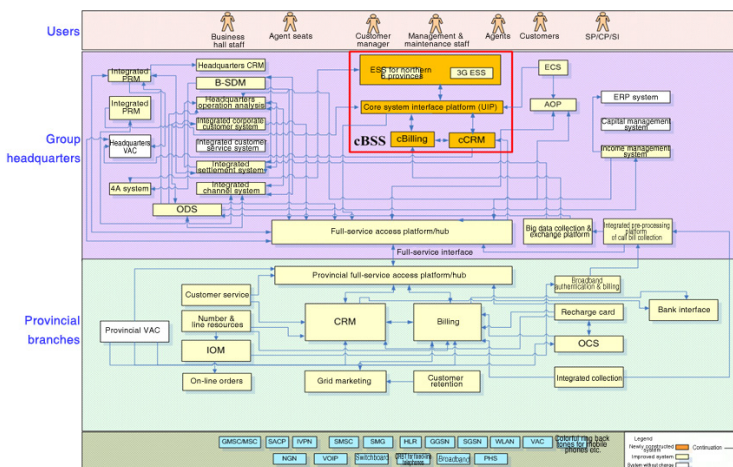
### 4. Intensifying internal audit and supervision to prevent and control operation risk

In 2014, the Company focused on the "regulations" and "benefits" of operation and development, and fulfilled its auditing and supervision responsibilities. Specific actions taken are as the following: firstly, centering on the Company's internal control targets such as operation benefit and efficiency, realness and accuracy of financial information, as well as compliance with laws and regulations, we conducted audit checking and special audit on internal control that specific to potential risks in key business sectors and prominent problems restraining the Company's benefit increase; secondly, we organized our 31 provincial branches and subsidiaries to carry out self-evaluation of internal control and to commit internal control management responsibilities; thirdly, directing at problems found during auditing, we checked relative decisions and operation processes, identified and confirmed corresponding responsibilities, as well as tracked the modification of those problems to push forward the building of a long-term internal control mechanism. Besides, the Company also won 1 first prize, 3 third prizes and 4 nomination awards from China Institute of Internal Audit in terms of 2014 internal audit theoretical discussions.

### 5. Taking 4G opportunity to promote IT reform so as to provide information-based support for operation & management

In order to improve the information-based response capability in the smart connection era, China Unicom takes "to intelligently build a leading and smart IT system" as the goal, and cBSS integration system construction as the penetration point to drive IT-supported innovation and reform. The cBSS integration system, constructed and put into use in 2014, complies with the needs of the era of mobile Internet, e-commerce, 4G and big data. Through top-level design, it redeveloped the processes, innovated the models, broke the traditional construction pattern in the telecom industry, and established a "platform application" model with open attitude and mind. We opened up our capabilities towards the application and allowed the branches to conduct a second development based on the integration platform to incubate innovative applications and respond to the needs of local production and operation in a fast manner.

The cBSS system is installed with various functions, including supporting integrated 4G/3G packages, fixed network, acceptance and handling of integrated smart Wo family service, billing as well as entering items of expenditure in the accounts. In terms of production supporting, with this system, the time spent on payment, charge inquiry, detailed record inquiry and 4G opening have all been greatly shortened year on year, and the expenditure item entering time has been further reduced as well. In terms of construction costs, the integrated construction and nationwide promotion models have significantly cut down the capital invested in system building and improved investment efficiency.



cBSS System Framework

### 6. Safeguarding the market competition order to facilitate balanced development of telecom market

China Unicom has been consistently safeguarding the competition order of telecom market by carrying out operation activities according to laws and regulations, following high standards of self-discipline, and never engaging in price wars, so as to promote the sustainable development of the telecom industry. Actions taken are as the following: firstly, we printed and distributed "Guiding Opinions on Further Carrying Out Anti-irregular Competition Work" and "Notifications on Further Strengthening Anti-irregular Competition Work"; secondly, we guided provincial branches to strictly abide by the laws and regulations published by the state and local governments as well as the normative documents developed by local telecom authorities during the business development course, to operate lawfully, to strictly discipline themselves and to safeguard the market competition order consciously; thirdly, we instructed provincial branches to take the initiative to prevent and contain irregular competition so as to protect the enterprise's interests and facilitate the healthy and ordered development of the telecom market.

# Lay a Solid Foundation for Obligation Fulfillment by Establishing a Green, Secure and Highly-connected Leading Network

Stakeholders	Communication Ways	Expectations for China Unicom	Actions in 2014	Plan for 2015
Customers	<ul style="list-style-type: none"> <li>Service hotline</li> <li>Weibo and WeChat</li> <li>Satisfaction research</li> </ul>	<ul style="list-style-type: none"> <li>High-speed and highly-connected network</li> <li>A network of ubiquitous availability</li> <li>Innovative, forward-looking communication technologies</li> <li>Secure and sound network environment</li> </ul>	<ul style="list-style-type: none"> <li>The number of mobile broadband network base stations reached 565,000, the access ports for fixed broadband 134.8 million, and the international network reached to 587 operators in 251 countries and regions.</li> <li>Successfully completed the communications safeguarding for APEC meetings, Nanjing Youth Olympic Games and World Internet Conference as well as the flood season and disaster-hit areas.</li> <li>Undertook national science &amp; technology innovation subjects; conducted researches on technology innovation programs; and participated in international industry standard formulation to promote the research on next-generation communications technology.</li> <li>Organized and carried out special actions, like “network cleansing”, “screen cleansing” and “malicious program combat”.</li> <li>Carried out business dial testing in depth with a monthly coverage surpassing 100%.</li> </ul>	<ul style="list-style-type: none"> <li>Enable continuous coverage of 3G/4G network in cities, counties’ downtown areas, fully developed towns and key scenes, accelerate the construction of all-optical network and realize such network access in a batch of cities and districts by the end of June, 2015, and a batch of provinces by the end of 2015</li> <li>Continuously upgrade network capability and quality by improving the techniques; and continue to improve emergency system construction</li> <li>Continue to pay attention to researches in key fields such as SDN/NFV, LTE key technologies and businesses, and Voice on WiFi; strengthen the delivery and sharing of excellent technical innovation results</li> <li>Firmly sanitize network environment by improving the technical measures and establishing a long-term mechanism</li> <li>Reinforce the control of key link contents, such as service access, checking, going live and closure</li> </ul>

## 1. Establishing an advanced, ubiquitous underlying network to improve customer experience

China Unicom, with the focus on customer perception, concentrates its resources to build a “fine 3G/4G network” featuring “fastest Internet surfing speed, widest coverage and best experience” and energetically promotes broadband upgrading and “smart pipe” construction, so as to provide rapid, flexible and effective network support for customers.

### ◆ Establishing a ubiquitous mobile network with high perception

In 2014, with the “leading 3G+4G mobile broadband” strategy, China Unicom endeavored to form leading advantages through WCDMA+LTE coordination and to build a mobile broadband network with the widest coverage and best user experience in China. Our 4G model adopts the hybrid networking of FDD+TDD, which can reach the speed of double 100Mbps with dual 4G. Together with our WCDMA network, which is the world’s largest, China Unicom is able to provide our subscribers good mobile broadband experience with a wide coverage. The theoretical peak downloading speed is 150Mbps for LTE covered area, 42Mbps for HSPA + multi-carrier area and 21Mbps for the whole WCDMA network. In that year, the Company proactively carried out LTE hybrid networking experiments by giving play to its advantages in 3G network coverage and industry chain technology, continuously expanding and optimizing the network coverage both in width and in depth. During the whole year, 158,000 mobile broadband network base stations were built, increasing the total number to 565,000.



## ◆ Establishing a highly-connected broadband network that covers both urban and rural areas

China Unicom has fully promoted the broadband popularization and speeding up project in accordance with MIIT's "Broadband China" special action deployment 2014. The number of fixed broadband access ports increased 13.4% year on year; 36.43 million households and 248,000 resident and office buildings were newly covered by FTTH. It met the improved demand of the market on broadband access rate and effectively facilitated the healthy development of the national economy.

With the broadband popularization and speeding up project, the network structure continues to improve as well. 7 national level Internet backbone direct-connecting points were newly added; the proportion of FTTX ports on the whole network improved to 77.8%; the proportion of ports with a bandwidth of 20M and above improved from 63% to 68% in urban areas; the proportion of ports with a bandwidth of 4M and above rose from 76% to 78% in rural areas; and the proportion of traditional DSLAM ports on the whole network decreased from 12% to 11%.

## ◆ Establishing an international network with global reach

China Unicom put effort into improving its capabilities on international mobile roaming, international data product development and international network resource coverage to further consolidate the basis of its international business development. In 2014, its GSM service reached 587 operators in 251 countries and regions; the GPRS data service reached 455 operators in 190 countries and regions; the 3G service reached 359 operators in 137 countries and regions; and 9 operators in 4 countries and regions were newly entered into agreements with in terms of LTE international roaming service. The total capacities of international submarine and land cable reached 4,707G and 2,737G respectively.

The Company has successively set up 8 overseas operating subsidiaries in Hong Kong, Americas, Europe, Japan, Singapore, South Africa, Burma and Australia as well as 4 offices in Vietnam, South Korea, Canada and Germany. There are also 83 PoPs abroad. In general, these organizations and PoPs are widely distributed in 53 countries and regions around 6 continents of the globe.

## 2. Pushing through independent innovation management to offer sustainable technical support

Aiming at meeting customer demands and focusing on improving independent innovation capabilities, China Unicom has developed innovative systems and mechanisms, integrated its technical resources, intensified scientific and technical management and optimized the innovation environment, so as to enable innovation-driven development.

### ◆ Results of technical innovation

China Unicom actively shouldered the technology innovation responsibility in 2014, organized and performed 60 national projects, including "Core electronic components, high-end universal chips and basic software products special project 01", "Next-generation wireless broadband mobile communications network special project 03", "863 program" of the Ministry of Science and Technology, "New materials R&D and industrialization project" of the National Development and Reform Commission, "TD-LTE special project", etc., of which 8 have passed the check and acceptance of relevant state authorities and won the unanimous praise from examining experts. During this process, China Unicom worked together with many top enterprises, universities and research organizations both at home and abroad, complemented with each other, and cooperated on the researches in the fields of smart mobile terminals, mobile Internet services, cloud computing and big data, future network, etc., leading the industrial development in relevant technical sectors and further improving the Company's technical competitiveness and self-innovation capability.

China Unicom Programs Awarded by China Institute of Communications on Science and Technology

Program	Award
System construction, equipment development and scale application of new IP mobile backhaul network technology	First-prize
Big data analysis-based mobile Internet users' perception evaluation system	Second-prize
Research and plan verification of new spam SMS identification technology based on semantic analysis and behavior characteristics, and other 4 programs	Third-prize

## ◆ Progress in research of next-generation communication technology

In 2014, the Company focused on the development of 4G technology and achieved a series of research progress on VoLTE, RCS, CA and other key technology sectors of LTE; energetically pushed forward researches on 5G technology and finished the first 5G progress report. Besides, we carried out the project of upgrade of next-generation Internet operators' public network to IPv6 and large-scale commercialization, which deployed IPv6 for pilot commercial use in 10 cities of 7 provinces/municipalities: Beijing, Shanghai, Guangzhou, Shenzhen, Shenyang, Dalian, Jinan, Qingdao, Zhengzhou and Wuhan. We have finished the transformation and construction of backbone nodes, MAN of 10 cities, demonstration platforms, IDC, authentication system, supporting system, etc. By the end of 2014, the number of users in Jinan and Qingdao both reached 150,000 and that in Zhengzhou surpassed 110,000 as well.

## ◆ Engaging in development of international industry standards

China Unicom actively took part in international standard organizations' work on standard, leading the publish of 6 international standards, compiling and releasing 9 international standards with other organizations, as well as submitting 495 contributions on international standards during the whole year of 2014. It has become a major participant with certain influences on ITU, 3GPP and GSMA. Besides, China Unicom also led and engaged in the development of 204 industry standards, and applied for 526 patents and 141 authorized patents. 4 specialists of the Company held the posts of TC Chairman/Vice Chairman at China Communications Standards Association (CCSA), and 18 assumed the office of group head/deputy group head, having significant impacts on the industry standards.

## ◆ Application of big data, cloud computing and IoT technologies

In 2014, China Unicom energetically put effort to develop big data applications: smart pipes and big data platforms to collect and perceive information as well as analyze user behavior; a big data information consumption service platform to provide services to information suppliers; and an online behavior analysis platform oriented to fixed network users. The Company will make breakthroughs on higher-level data mining and data application in future so as to make mobile Internet users truly enjoy the convenience brought by big data.

With the aim of improving the service quality of the high-speed network with heavy traffic and the cloud computing capability, China Unicom has created a new cloud data service—"Wo Cloud" and is building 10 cloud data centers in Langfang, Hohhot, Harbin, Zhengzhou, Wuxi, Chongqing, Dongguan, Guian, Xi'an and Hong Kong. Those cloud data centers will radiate to the whole country, achieving high-speed network connection with large capacity, and possess the service capabilities of size distribution, virtual storage, elastic scheduling and energy saving.



A platform of "Guizhou on the cloud", which is a cloud computing system platform based on AliCloud and China Unicom's integrated network resources and established by the Guizhou government with the aim of promoting the development of big data industry, was launched in the IDC computer room of China Unicom's Guiyang branch and put into use in 2014. It is China's first data storage, management, exchange and sharing platform for a provincial government, providing cloud computing, cloud storage and broadband resource services to the "7+N" cloud project promoted by Guizhou government, including e-government cloud, industry cloud, smart transportation cloud, food safety cloud, smart tourism cloud, environment-protection cloud and e-commerce cloud.



In respect of IoT, the combination of sensor technology and mobile Internet has been playing important roles in telematics, safe production, prevention of theft, monitoring, etc. China Unicom now has more than 10 million industry information-based IoT users. In future, it will establish a unified IoT operation system to promote professional operation reform, and meanwhile, support the continuous penetration of new information technology into the communications field, so as to construct a new mobile Internet eco-system.



### 3. Stepping up construction of emergency communication system to ensure network connection in emergency rescue and disaster relief

China Unicom, in accordance with the principle of integration of peacetime and wartime purposes, and centering on the emergency response plan, developed and improved its emergency communication systems with different features in northern and southern China based on its emergency communication teams and facilities; intensified the emergency communication management mechanism that consists of Group, provincial, and municipal three levels; enhanced the development of five class-1 guarantee teams in Beijing, Shenyang, Hebei, Inner Mongolia and Heilongjiang, and newly set up two class-1 teams in Jilin and Shandong; accelerated the building of emergency centers in Shanghai, Guangdong, Hubei, Shaanxi and Sichuan by improving the teams' equipment and intensifying emergency communication drills both in width and in depth to lay a solid foundation for the successful fulfillment of emergency communication tasks.

China Unicom safeguarding emergency communication in 2014

Total number of emergency communication offering	386	Emergency communication equipment put into use (10,000 set-time)	10.8
Emergency communication vehicles dispatched (10,000 vehicle trips)	10.6	Personnel mobilized (10,000 person-time)	40

#### ◆ Communications support for APEC meetings

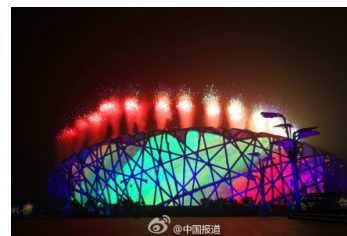
Safeguarding smooth communications and information security for APEC meetings was an obligatory duty to China Unicom. The Company built dual-4G network and WIFI in meeting sites and media gathering areas with a coverage exceeding 100,000 square meters and able to accommodate 5,000 people to be online from different areas at the same time. 12 GE Internet circuits and 10 ADSL were provided



to and installed in China National Convention Center and Huairou, effectively guaranteeing journalists from Chinese and foreign media to access the Internet in a high speed, such as Xinhua News Agency, CCTV, and AFP. Moreover, the Company conducted harmful online information filtering and traffic monitoring of 50 governmental websites in order to protect information security during the meetings, and identified 17 web attacks. It also performed traffic volume cleaning to the official websites of Xinhua News Agency, the Legislative Affairs Office of the State Council, and the Central People's Government, monitored the traffic on 39 important APEC Internet circuits, and handled 8 batches of zombie and Trojan horse attacks and serious network security events.

"In order to guarantee that I can transmit the news to my agency in time, I used to take a WLAN card along with me. But during this APEC meeting period, the WLAN card was never used. The WIFI can handle everything. Its speed is totally enough for me to transmit the news anytime anywhere," said Wan Shuyan, a journalist with years of experience on reporting political news. Fast network speed is the deepest impression that this APEC meeting leaves on her.

The firework show on the evening of November 10 was played under the control of 8 sets of China Unicom's conference call systems in coordination with the ground and video performances to achieve the complete effect of the program. Cai Guoqiang, chief director of the firework show, said that perfect communication method not only can realize communications, but also is an indispensable approach for artists to present their works.



#### ◆ Communications support for World Internet Conference

In 2014, the first World Internet Conference was held in Wuzhen, Zhejiang. China Unicom opened 132 3G stations and 294 4G stations for the conference to realize continuous and deep coverage of the mobile networks. Besides, the Company also expanded 2 leased lines with a capacity of 100Mbps to 1,000Mbps in order to ensure the main venue, parallel meeting sites and the theatre can access to the 1,000Mbps broadband network, and other places can access to the 100Mbps network. Just a day before the conference's convening, a support team consisting of 15 technical experts was sent to station in the conference center in Wuzhen, and a peripheral support team of 140 people provided network support to the outskirts of Wuzhen, the town center of Wuzhen, main roads, core computer rooms and other important sites. China Unicom successfully completed this communications supporting mission.



### ◆ Communications support for Nanjing Youth Olympic Games

Aiming at providing excellent communications support for the 2nd Summer Youth Olympic Games, China Unicom built 122 new 3G and 4G base stations and conducted normative rectification to the base stations so as to realize a full and deep coverage of the event's core areas. The Company tested and debugged the voice and Internet access functions of the communications cards from 115 operators of 86 countries. In order to be able to respond to key customers' needs at anytime, 102 customer managers, 9 rescue teams specific to key customers, and 43 rescue team members were dispatched to execute site supporting tasks. During the Nanjing YOG, 3,035 person-time supporting staff, 238 vehicle-time emergency communications cars, 18 unit-time emergency devices and 58 unit-time diesel oil generators were scheduled in total.



### ◆ Communication support for flood prevention



In 2014, some regions in China were struck by serious flood disaster, particularly some areas were hit by flash flood, mudslide and landslide, and Typhoon Hagibis, Rammasun, Matmo, Kalmaegi and Fung-wong landed in China mainland in succession. 25 provincial branches of China Unicom suffered a direct economic loss of around RMB597 million due to the disasters. In order to safeguard smooth communications during the flood season, China Unicom put in an accumulated investment of RMB328.23 million in disaster relief, and contributed 182,496 person-time disaster relief personnel, 67,080 vehicle-time emergency vehicles, 5,881 set-time emergency devices and 83,887 set-time emergency diesel generators.



China Unicom's Guangxi branch staff engaged in urgent repair during Typhoon Rammasun



China Unicom's Hainan branch staff engaged in urgent repair during the flood season



China Unicom's Chongqing branch staff engaged in urgent repair during the flood season

### ◆ Communications support for earthquake-hit areas in Yunnan

At 16:30 on August 3, 2014, a 6.5-magnitude earthquake struck the Longtoushan Township, Ludian County, Zhaotong City of Yunnan Province. After the earthquake happened, China Unicom's network management centers at Group, provincial and municipal levels strengthened the monitoring of its core network's business load and the artery's operation quality, and took a series of technical measures to prevent communication outage due to core network congestion. At the same time, rescue teams with rescue materials including emergency vehicles, diesel oil generators, OTDR and optical cables were sent to the epicenter area to repair the mobile base stations and cables. The Company accumulatively dispatched 686 person-time staff, 113 vehicle-time emergency cars, 29 set-time emergency devices and 191 set-time diesel generators for the earthquake-hit areas in Zhaotong.





## 4. Ensuring information network security to provide reliable green services

### ◆ Governing the Internet environment

China Unicom actively collaborated with MIIT in Internet environment governance, including dealing with Trojan horses, zombie networks, phishing websites, and foreign IP addresses with sexually suggestive contents. By the end of 2014, the Company had carried out 9 special actions towards Trojan horses and zombie networks and disposed 289 relevant IP addresses; managed 116 corporate network security loophole cases, 9 DDOS attacks and 1,098 IP addresses.

### ◆ Dealing with mal-mobile apps

The Company organized a “mobile Internet mal-program combating special project”, enhancing the security detection of customized devices and management of pre-installed apps, and requiring all apps to be pre-installed only after accreditation in compliance with relative regulations. All apps in an app store must pass security scanning; a developer real ID information verification, app security monitoring and examining system has been established; and mobile phone apps will be checked regularly to identify and clean out mal-apps. 18 apps that have relevant problems have been found out and removed off shelves.

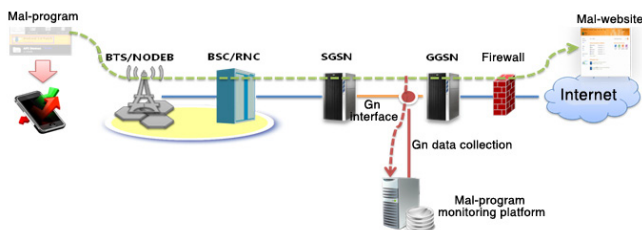
### ◆ Handling spam SMSs comprehensively

China Unicom carried out spam SMS governance in multiple ways. Firstly, implementing “Screen Cleaning 2014” special action to intensify the management of industry ports and suppress trans-provincial spam SMSs with low tariff plans. As of the end of October, 2014, the reporting rate of spam SMSs was 137 pieces/10 million households, reducing 28.3% compared with that of the previous year at the same time; and 4,450 trans-province industry ports on the whole network were managed in a centralized manner with a industry port-related complaint rate down 50% year on year. Secondly, promoting real-name registration system for SIM cards and eliminating point-to-point spam SMSs. It started the use of electronic real-name client for social channels and its own channels have been equipped with ID card readers to compulsorily perform ID authentication. Thirdly, dealing with spam SMSs sent from illegal pseudo base stations. The Company cooperated with the public security department in combating pseudo base stations by dispatching 2,440 vehicle-time monitoring cars and 4,044 person-time monitoring staff in total, finding over 200 clues of pseudo base stations in 12 provinces, and assisting relevant authorities confiscating more than 400 sets of pseudo base station devices as well as capturing 10 culprits. Fourthly, strictly controlling SMS group sending through its own services. 474 batches of group-sent SMSs were prohibited during the whole year.

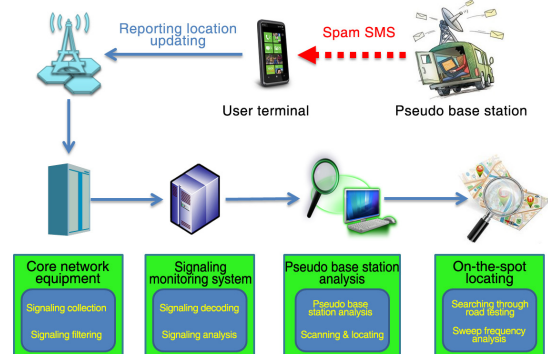
### ◆ Restraining the online spreading of pornographic contents

China Unicom organized and carried out “eliminating pornography and illegal publications—network cleansing 2014” special project to suppress the development and spreading of pornographic information on the Internet. Measures taken are as the following: firstly, comprehensively checked its self-owned websites, Internet accessing resources and cooperation businesses to clean pornographic information; secondly, improved technical prevention measures to find pornographic information in time and deter its spreading; thirdly, intensified the accountability system and called to account the internal staff who participated in spreading pornographic information that produced bad social impact or such spreading was caused by whose careless work; fourthly, guaranteed unimpeded channels for reporting and established coordinated management mechanism for pornographic information; and fifthly, actively cooperated with law-enforcing department in terms of investigation, evidence collection and enforcement. In 2014, the Company accumulatively blocked 21,000 offensive websites.

China Unicom's Tianjin branch took positive and effective practices in respect of building a shield to protect the information network. Firstly, it established a “phone fraud-prevention platform” to combat such scams and the rate of phone fraud made through network reduced 70%. Secondly, it developed a “mal-program monitoring system” to identify malicious mobile Internet programs and succeeded in monitoring 18.91 million such cases. Thirdly, it built up a “pseudo base station-searching platform” to heavily crack down on spam SMSs sent from pseudo base stations and the complaint rate on spam SMSs decreased 30%.



Mobile Internet Malicious Program Monitoring System Architecture



System Architecture of Pseudo Base Station-Searching Platform

# Bridge Digital Divide to Ensure That Various Groups All Benefit from the Convenience of Information Technology

Stakeholders	Communication Ways	Expectations for China Unicom	Actions in 2014	Plan for 2015
Customers in remote areas	<ul style="list-style-type: none"> <li>• Service hotline</li> <li>• Interview</li> <li>• Satisfaction research</li> </ul>	<ul style="list-style-type: none"> <li>• High-quality network coverage in remote areas</li> <li>• A wider range of agriculture-related ICT applications</li> <li>• Convenient information service channels</li> </ul>	<ul style="list-style-type: none"> <li>• Newly built 36,000 3G base stations in Western China; and realized telephone and broadband access in 201 natural villages and 1,711 administrative villages respectively.</li> <li>• Developed Nongjitong (agri-machine-connection) products and improved 12316 agricultural hotline service</li> <li>• Actively expanded social channels and service outlets to serve the farmers based on its existing business halls.</li> </ul>	<ul style="list-style-type: none"> <li>• Expand 4G network coverage to townships and 3G network to villages and ensure that the population coverage rate of 3G network is no less than 95%. Continue to implement the "Village Coverage" project</li> <li>• Further develop the ICT applications for farmers in urgent demand</li> <li>• Provide more convenient services to enhance the service standards of telephones and Internet in remote areas</li> </ul>

## 1. Stepping up communication development in remote areas to provide ubiquitous network coverage

China Unicom consistently strengthens and promotes the construction, optimization, upgrading and evolution of mobile networks in Western China, as well as continuously expands its 3G network coverage both in width and depth. In 2014, 36,000 new 3G base stations were built in the western regions, realizing the continuous 3G coverage of all townships and counties; another 13,000 km traffic arteries above the provincial road level have been covered, improving the coverage rate along high-level traffic arteries to over 70%; and the 3G coverage of administrative villages continued to be expanded and reached 31% with an increase of 10pp. Moreover, the Company exerted more efforts in "Village Coverage" project with a total investment of RMB580 million, achieving the telephone and broadband access in 201 natural villages and 1,711 administrative villages respectively.

Shuanghu County of Nagqu is located on the Qiangtang Plateau in the northern Tibet. Founded on July 26, 2013 and with an average altitude of 5,000 meters, currently it is the youngest county-level administrative region in China and the highest in the world. Constructors from China Unicom's Tibet branch overcame disadvantaged factors such as extremely low temperature, anoxic atmosphere and inconvenient transportation, and brought Unicom signals to this highest county, making a great contribution to local economic and social development.



Xinjiang is a place with vast territory and sparse population. Therefore, the network construction there is difficult and has low rate of return. China Unicom's Xinjiang branch, since its founding, has put great efforts into developing communications network for years, with an accumulative investment of RMB23 billion. As a result, the mobile network coverage rate has improved from 75% in 2008 to 92% to date; and WCDMA has covered all areas above county and township levels.



At the China Unicom Partners Conference 2014, Mr. Lu Zhong, Vice President of Alibaba, told an interesting story: in the previous year, when he was in the Arctic, he tried various communication ways to contact others for work. Finally, only China Unicom services could be smoothly used no matter voice calls or Internet connection. He didn't know how such a miracle can be achieved technically and was just amazed!

## 2. Actively developing agriculture-related ICT applications to serve famers' production and lives

China Unicom applies advanced communications technology to agriculture information service and launched agri-related information applications represented by "Nongjitong" and "12316 comprehensive service platform" through 3G, IoT, cloud computing and other latest technology application, to realize information exchange and share among farmers, agri-related organizations and the society. In 2014, the Company promoted "Nongjitong" in Henan, Hubei, Shandong, Anhui, Hebei, Shaanxi and Shanxi, increasing the number of such product users to 200,000 households. The "12316 agriculture service hotline" is a comprehensive information service platform developed by taking account of the characteristics of the rural areas, agriculture industry and farmers. By the end of that year, the "12316 hotline" had accepted and handled more than 10 million consulting calls from farmers, helping them reduce losses and increase an income of over RMB1 billion in average every year.

China Unicom's Guangxi branch has rolled out a mobile media product "Xinnongtong", providing information about state policies & regulations, agricultural technologies, agricultural products and agricultural materials market to farmers and helping them solve problems encountered in real agricultural production through SMS and MMS. It has become a good helper to farmers on the road towards prosperity. The agricultural information experts and economic analysts from Guangxi agriculture departments and Xinhua News Agency will provide information service to the vast users distributed in rural areas through "Xinnongtong". This product has been promoted in 14 cities of Guangxi with more than 100,000 subscribers in the whole province.



In view of imbalanced development between urban and rural areas in the remote ethnic minority regions, weak information-based service infrastructure in rural areas, impeded public-government communication and other difficulties, China Unicom's Sichuan Ngawa branch built a "heart-to-heart" cadres-public information service" system, which enables local residents to read government news, policies and regulations on their mobile phones at anytime anywhere as well as to inquire information related with people's livelihood and their own interests including family day-to-day accounts, Social Security and Medicare accounts. The system has been put into use in 23 townships and counties.



China Unicom's Hebei Hengshui branch took the initiative in implementing smart agriculture development by establishing an agri-product origin tracing system for Jinlong Company in Jing County and a smart greenhouse monitoring & control system for Deng Village's agriculture demonstration park, which can be accessed by other farmers via the smart city cloud platform. Such systems lay a foundation for the city's smart agriculture development.



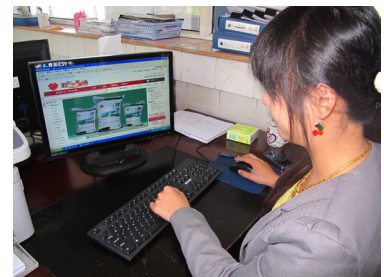
China Unicom's Heilongjiang Jixi branch developed a service platform for the agriculture industry, the rural areas, and farmers to expand the production, supplying and sales channels of agri-products and to facilitate improvement in agriculture industrialization. The platform builds a supply-demand connection between business and business, business and users, as well as user and user. Designed in Chinese and Russian languages, it can also realize trans-boundary e-commerce with the Russian Far East. Consisting of supply-demand information release, online store, business negotiation, price quotes and other modules, the platform provides

online information release, inquiry, negotiation, ordering, payment, delivery and other relevant comprehensive services, and supports the whole process information synergism by the enterprise from purchasing, transportation, stocking, manufacturing, distribution to finally received by customers.

—“The information platform is a great help to me. When I am buying seeds and fertilizer, I can know clearly which brand is good on my phone.”

—“Days ago, I received the message from the information platform that the maize borer was going to come. So I took corresponding measures to prevent and saved me from suffering losses caused to my dozens mu of maize.”

—“I was unaware of crops' purchasing prices in other places. But now, the information platform can notify me about the quotes in surrounding cities in time, providing accurate information on farm products' trading prices. Besides, the daily weather forecast is reported timely and accurately. I can get timely information and scientific guidance regarding when to hoe and when to weed.”







China Unicom's Ningxia branch developed an agricultural pest monitoring platform, set up pest monitoring stations and established a monitoring management system that covers all rice producing areas in the autonomous region, realizing information-based automatic pest data collection, reporting, analysis, monitoring and early warning. The platform was put into use at the end of 2014 with 6 monitoring stations. It is expected that the station number will increase to 120 in 2015 to cover all pest monitoring in the region.

### 3. Introducing preferential products to benefit special groups

In order to meet the communication demands of farmers and migrant workers in their workplaces and hometown, China Unicom introduced home-returning service plans and various integrated 2G/3G service plans, enabling them to benefit from the high-speed 3G Internet and communication services at a relatively low cost, and ensuring that they could all enjoy the conveniences and benefits brought by technology improvement.

With the aim of facilitating the elders using mobile phones, China Unicom launched Wo Family integrated packages as well as SIM cards that have zero monthly recurring fees and can share call allowances. For the purpose of lowering access threshold of 3G services for the elders, the Company also pushed out low-rent SIM cards like Ruyitong, of which the lowest monthly consumption requirement is RMB 5 yuan and the call charge is RMB0.1 yuan/minute.

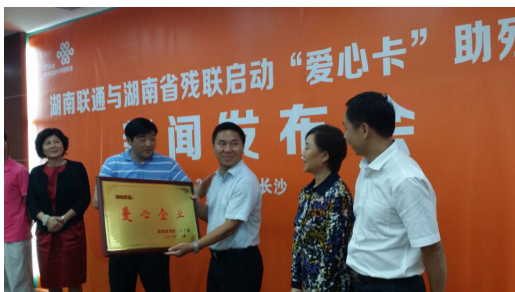
Besides, China Unicom rolled out a wide range of preferential campaigns for the disabled, including arranging special seats and green channels, deduction and exemption of one-off charges, free gifts, preferential annual broadband plans, and broadband expert services. To deliver convenience and preferences to disabled customers, several provincial branches launched caring charity service plans, to provide favorable voice and SMS services for customers with vision, hearing or speech disabilities. In particular, the physically disabled customers with inadequate financial capabilities were exempt from basic manufacturing costs and provided with door-to-door service processing by some branches.



China Unicom's Shanghai branch has rolled out some low-tariff communication plans for the disabled, soldiers and the elders, for example, the technology assistance card for the elders that charges RMB5 yuan for 50 minutes' local one-way calling service; a preferential package for the retired, the disabled and soldiers that charges RMB640 yuan/year for broadband service with a bandwidth of 10M; and a favorable fixed line package for the visually impaired people that charges RMB25 yuan per month for 810 times of local calls.



China Unicom's Zhejiang Ningbo branch gives communication tariff preferences to the disabled. For people with visual, hearing or speech impairment, favorable mobile and broadband services are provided: free card replacement; zero monthly recurring fee and caller identification service fee for certain packages; 50% discount of the communication fees; free broadband capacity improvement from 2M to 4M charged at the same price; and for new broadband applicants who are disabled, the initial installation fee will not be charged. Besides, the Ningbo branch has opened green channels specifically for the disabled in its main business halls.



After market researches, interviews with people having hearing impairment, and repeating consultation and calculation, China Unicom's Changsha branch developed a practical and cheap communication package for the hearing impaired people, which has taken full consideration of their situations—low income, frequent use of SMS and traffic volume and few calls. After the launch, the package has been greatly welcomed by the disabled people. By the end of 2014, there had been 688 new subscribers accumulatively and 24 special service meetings had been provided.

## 4. Diversifying information service channels in rural areas to deliver convenience

With the target of setting up retail store in every village and service outlet in every neighborhood, China Unicom has gradually expanded its network coverage in rural areas and provided high-quality services for farmers by relying on its independent service outlets while actively expanding the social channels. In 2014, the number of service channels in rural and remote poverty-stricken areas surpassed 300,000.



China Unicom's Inner Mongolia Unicom has promoted "Quanminfu" (all-in-one payment for all people, a financial payment platform) service in the farming and pastoral areas. By loading China UnionPay Merchant Services' "Quanminfu" payment service on the mini terminal, the Inner Mongolia branch built an all-in-one convenient service outlet for farmers and herdsman, which integrates the functions of card-selling, fees payment and inquiry on a Unicom cellphone, as well as is capable of assisting farmers and herdsman withdrawing money, paying public utility fees and credit card debts. It solves the financial service unavailable problem for rural areas where there is no Rural Credit Cooperatives, Postal Savings Bank or other financial service outlets.

## Upgrade Service Capability to Offer Diversified, Economical, Reliable and Satisfactory Services

Stakeholders	Communication Ways	Expectations for China Unicom	Actions in 2014	Plan for 2015
Customers	<ul style="list-style-type: none"> <li>Hotline</li> <li>Weibo and WeChat</li> <li>Theme promotion</li> <li>Expert lectures</li> <li>Professional platform</li> <li>In-depth interview</li> <li>Customer survey</li> <li>Customer review</li> </ul>	<ul style="list-style-type: none"> <li>New products that could improve quality of life</li> <li>Explicit brand system and value proposition</li> <li>Reasonable and simple tariff plans</li> <li>Transparent tariff system that supports inquiry at any time</li> <li>Diversified ICT application services</li> <li>Convenient service channels</li> <li>Good customer relation experiences</li> <li>Rapid and efficient escalation system</li> <li>Security and confidentiality of personal information</li> </ul>	<ul style="list-style-type: none"> <li>Rolled out backward charging traffic products to improve the operation service capabilities of WO + open systems.</li> <li>Implemented Wo brand planning and publication monitoring project to further define the brand system and value.</li> <li>Simplified package rules, and cut down package tariffs and international service tariffs.</li> <li>Unified the presentation of all channels' detailed account bills, modified the display of service usage, and regulated service alerts and contracts.</li> <li>With the ideas of openness, cooperation and win-win, promoted information application to the fields of mobile Internet, IoT and e-commerce.</li> <li>Enriched the functions of e-channel and developed multiple e-commerce apps.</li> <li>Carried out point rewarding programs for public customers and provided special preferential products to old customers.</li> <li>Improved the complaint processing criteria and the front-line's handling capability; the managers could get involved to improve complaint processing efficiency.</li> <li>Conducted security risk evaluation of the information system and encrypted customers' personal information.</li> </ul>	<ul style="list-style-type: none"> <li>Speed up product development to provide more diversified and cheaper information services</li> <li>Optimize the WO brand system and its core value based on the objectives of brand planning</li> <li>Continue to optimize the service plans and cut down service charges</li> <li>Continue to standardize bill inquiry service to enable customers to get to know real-time consumption details</li> <li>Proceed with the construction of smart cities by developing a wide range of ICT applications that could meet the demands for social development</li> <li>Vigorously push forward the construction of Internet-based channels and centralized operation of E-channels to enable innovative e-commerce cooperation mode</li> <li>Conduct comprehensive evaluation on customer perception to facilitate the improvement of service standard</li> <li>Continue to enhance the capability to handle customer complaints by further improving management measures, optimizing management process and strengthening ICT-enabled management</li> <li>Establish a mobile Internet and cloud computing-oriented information security system to improve the operation reliability of information systems</li> </ul>

## 1. Developing innovative products to improve customers' information life quality

With the fast development of 3G and 4G services, how to enjoy rich, cheap, diversified, and quality Internet services has become a user-concerned issue. China Unicom has rolled out backward charging traffic products in an innovative way, i.e. the traffic consumed by users through visiting designated Internet services will be covered by relevant Internet companies and the users can enjoy free services. In 2014, the Company cooperated on backward charging traffic with multiple Internet companies such as Ctrip and Didi Taxi, enabling users to use Internet services in an easy and cheap way.

In 2014, China Unicom strengthened the capabilities of its WO + capability platform, WO + passport platform and APP consumption platform, and established an integrated operation mechanism consisting of marketing, business, network, operation & maintenance and supporting in order to improve the overall operation service capability of its WO + open systems. To date, the platforms have had 800 partners, covering 2.3% of the billing apps in the market. The WO + open capability services have been used for 330 million times, contributing to a turnover of over RMB250 million.



[Tips] China Unicom WO + open systems: China Unicom officially published its WO + open systems at the "Mobile Internet Application Industry Summit 2011" on December 8, 2011. Based on the operator's basic capabilities and the implementation of WO + open strategies, such system provides capability sharing, smart marketing, product aggregation and smart pipes, forming a mobile Internet-oriented open system of China Unicom, so as to deepen its cooperation with parties on the industry chain and push forward its deep integration and innovative development with mobile Internet.

### ◆ Wo iRead

According to the report "2014 Q3 China Mobile Reading Market Competition Pattern" released by EnfoDesk, iRead ranked the 6th among China's mobile reading apps with a market share of 5.5%, which was a significant increase compared with that in 2013. Implementing the promotion project of "nationwide reading", iRead developed a "library for all people", which is a free reading platform. Moreover, it innovated cultural communication ways by organizing "iRead Experts' Lectures", inviting famous cultural scholars, writers and online literature stars to give lectures in universities and colleges around the country. More activities have also been carried out, such as book signing, writer-readers meeting, experts' tour speeches, original hint fiction competition, and super speech competition for colleges and universities, which have diversified culture communication ways and spread positive energies.



### ◆ Traffic bank



China Unicom launched an innovative traffic product—"traffic bank", which is a traffic management and trading platform for 3G and 4G users as well as a promotion platform providing accurate and efficient marketing services to enterprise users. The "traffic bank" breaks the boundary between operators that all operators' subscribers can use it, having realized unimpeded trans-platform operation. With the traffic bank, users can inquire and access their traffic, purchase additional ones, and pass on the surplus ones to others at any time. Besides, users can participate in enterprises' promotion campaigns on the platform to earn traffic at anytime anywhere free of charge. In future, they even can mutually exchange their third party credits (eg. credit card credits, supermarket member points) with traffic, paying for purchases by traffic and realizing the currency function of traffic.



China Unicom's Guangdong branch won the Mobile Internet Innovation Award by its finance product "Wo Baifu".



Wo Store won 2014 China Internet Application Award for Emerging App.



## 2. Strengthening tariff management to guarantee customers' clear consumption

### ◆ Plan optimization and tariff lowering

In order to facilitate subscribers in choosing packages, China Unicom continuously simplifies its package rules, optimizes package contents, cuts down the unit price for traffic exceeding the package allowance to narrow down the price gap between data traffic included in and exceeding the allowances. To meet subscribers' increasing demand for data consumption, the Company also designed affordable and good integrated 4G/3G packages with meticulous care, of which the traffic allowance in the packages were much more than that in 3G packages. Moreover, the Company designed a function to effectively control the charges for traffic exceeding the allowance, with which the subscribers could use data services in an assured way. The international, Taiwan, Hong Kong and Macao service charges have been optimized by innovating the tariff models and changing the tariff structures and standards for international, Taiwan, Hong Kong and Macao roaming services as well as long-distance services through rolling out oriented roaming packages, oriented long-distance packages and extra data packages.

In early 2014, China Unicom's Beijing branch conducted its third broadband speed improvement, elevating the bandwidth for all users having finished fiber optic reform to 10M. At the end of the same year, the bandwidth was further expanded to 15M from 10M, and to 30M from 20M free of charge. At the same time, it also organized great promotion activities by subscribing 2-year service getting 1 more year free or 1.5-year getting another 6-month free. All fiber broadband annual subscribers could get IPTVs free with no service fees.

### ◆ Uniform and transparent tariff

China Unicom provides real-time inquiry in terms of voice, SMS and data account bills and their details so as to guarantee subscribers are aware of their consumptions clearly. Measures taken are as the following: firstly, unified the presentation of account bills provided through all channels including the customer service system, online business halls, and Wo e-mail boxes; secondly, optimized the format of the account bill by presenting more information about package services' usage and providing real-time inquiry of voice, SMS and data bills; thirdly, regulated the notifications on service ordering, service changes, account balance, consumption items, service suspension and international roaming; fourthly, modified network access agreements, strengthened the confirmation of service charges and combated various fraudulent conducts to protect subscribers' rights and interests.



China Unicom's Suzhou branch carried out monthly volunteer activities on squares by making data traffic inquiry ways into posters and displaying them on the site, providing attentive data services for the citizens.

"How to inquire this month's charges?" an elderly customer went to the service desk and asked. The volunteer recommended the "1001011" inquiry hotline for charges and also saved the number into the customer's phone contact list under the name "charge inquiry" for his convenience. The elder man gave a high praise of Unicom's attentive and heartfelt service.

## 3. Diversifying industrial ICT applications to promote the development of smart cities

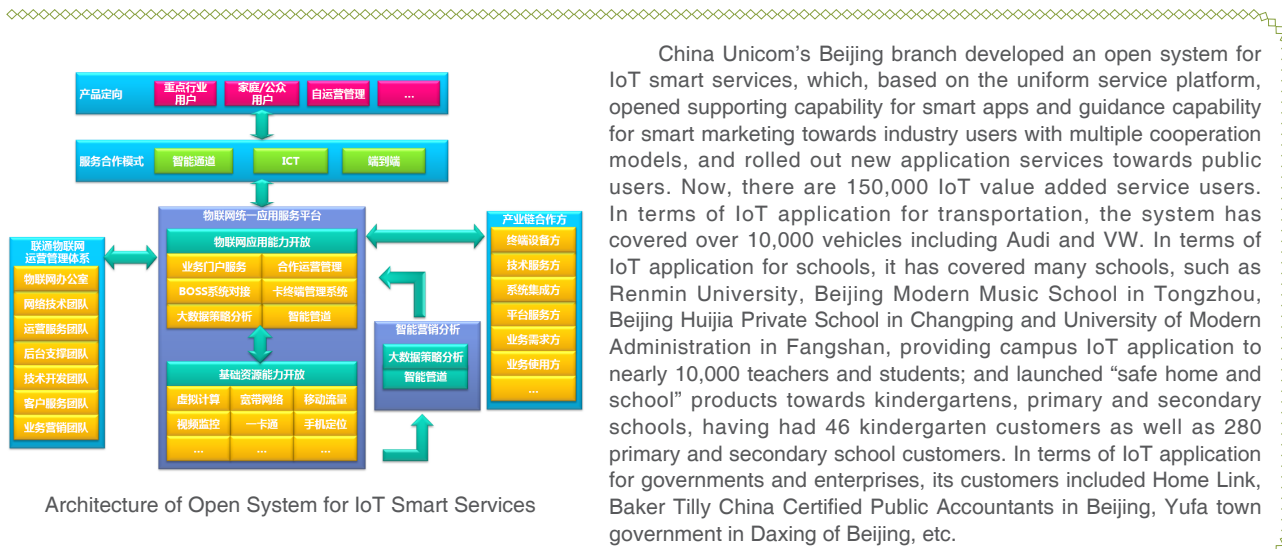
In 2014, China Unicom exerted great efforts in designing three modules (smart cities, hot fields and SMEs) respectively through the following measures: relying on 10 large cloud bases to provide cloud incubation to smart cities; focusing on 10 hot fields (e-government, ICT application in education, remote health care, ICT application in automobile, judicial correction, smart city administration, construction sites & territorial resources monitoring, community finance & business operation application, wearable devices & smart watches, and mobile media), developing and marketing its innovative application products for education, enterprises, kindergartens and finance; and widely supporting standard information applications and structuring the MSME (micro, small and medium enterprises) cloud service market based on its broadband business cloud platform for SMEs.

## ◆ Construction of smart cities

In 2014, China Unicom accumulatively signed smart city strategic cooperation agreements with nearly 270 cities (including urban areas) in 31 provinces. It provided multiple cooperation models by independent combination of multi-factors, and gave play to its advantages in top planning, construction, operation and service, so as to promote the development of smart cities together with parties on the industry chain and to achieve the goals of “improving the government, promoting the business and benefitting the public”. China Unicom won the title of “2014 China Smart City Excellent Service Provider”.

Also in the year, China Unicom signed 126 projects on ICT-based smart city development in total, of which 42 were key cities and 84 were second and third tier cities. The main information are listed as the following:

Provincial branch	Partners	Agreement contents
China Unicom's Beijing branch	Beijing municipal government, and seven district governments such as Xicheng, Dongcheng, Huairou, Fengtai, etc.	Smart city industrial applications in the fields of public security, traffic control, city administration, fire control, medical and health care, national security, court, territorial resources, water affairs, statistics, agriculture, and environment
China Unicom's Jilin branch	Jilin provincial government, Changchun municipal government, Changchun Municipal Public Security Bureau, Tonghua municipal government and Yanbian prefectural government	“Wonderful City”, strategic cooperation on ICT development, “Sky Net Project”, cooperation on develop and promote “Wonderful Tonghua”, and “Smart Yanbian”
China Unicom's Hubei branch	Cities and prefectures of Hubei Province	“Smart City Strategic Agreement” for the whole province



## ◆ Diversified ICT applications

With the openness, cooperation and win-win ideas in mind, orienting to mobile Internet, IoT and e-commerce sectors, as well as focusing on government, finance, logistics, aviation, automobile, energy, health care and public utilities industries, China Unicom developed more than 50 industrial benchmark ICT applications in the fields of city management, digital industry & commerce administration, virtual invoice, customs inspection, mobile business operation, vehicle survey, environment protection monitoring, mobile office, mobile law enforcement, automobile IT-based services, remote monitoring, remote meter reading and power line inspection in 2014. As of the end of the year, the number of customers using China Unicom's apps for major industries exceeded 59 million.



China Unicom's Jiangsu Suqian branch rolled out an education platform for kindergartens, contributing to the ICT-based management of the kindergarten, building a bridge between the kindergarten and parents as well as able to record kids' growing moments. It is a platform for parents to communicate with the Principal and teachers. It provides rich teaching resources for teachers and diversified puzzle games for kids. Meanwhile, it can display to parents the assistance teachers gave to their kids, by which both parents can be reassured and the teachers' devotion can be recognized.





China Unicom's Liaoning Dalian branch rolled out a guidance system by integrating IoT and mobile communications technologies into smart traffic guidance, which could release the traffic situations of the city's arteries in real time through mobile maps, real scene photos, voice broadcast and other methods and assist drivers to choose the best routes. At present, there are 300,000 people having installed such system. While providing convenience for citizens in travelling, it also plays a role in balancing traffic flows and easing extreme jams.



China Unicom's Anhui Xuancheng branch promoted information application in construction projects by establishing a whole-process monitoring, management and interaction information system, which functioned as a security monitoring platform for the management departments through 3G video monitoring of the production sites, face recognition for project managers and people in charge of safety matters, as well as linked closure for "materials-staff-inspection" information. From 2013, Xuancheng branch has built more than 50 construction site monitoring systems for Xuancheng Municipal Commission of Housing and Urban-Rural Development, and no safety accident has ever happened since their installation, erecting a safety barrier for safe production.



Aiming at facilitating the industrial and commercial administrative department to perform dynamic monitoring of food operators, China Unicom's Xinjiang branch rolled out an E-line program towards food safety. Xinjiang Administration for Industry & Commerce has incorporated all pre-packaged food on the circulation links into the electronic supervision system to realize food safety tracking management through controlling the wholesale, regulating resale as well as conducting real-time supervision. Besides, consumers can make inquiries on the food they purchased via telephone, SMS and network. By now, the number of registered food businesses has reached 45,000.



In order to improve disease prevention & control capabilities, and protect relative healthcare workers' personal safety, China Unicom's Jilin branch has developed an information system on epidemic handling, which consists of 4 major functions: firstly, epidemic handling information release; secondly, epidemic information reporting; thirdly, commanding and dispatching for epidemic emergencies via the video conference system; and fourthly, conducting remote epidemic investigation with the quarantined patients to avoid the investigators getting cross infected.

In face of the medical service difficulty in registration, China Unicom's Fujian Ningde branch developed a mobile hospital platform, which further integrated and extended the hospital's information system to mobile phones, and through which medical workers and patients could interact with each other in real time. With mobile phones, the medical workers can provide registration, billing, triage, report inquiry and health information to patients, greatly improving medical resources' use efficiency. At present, more than 6,000 medical workers have been equipped with hand-held terminals connected to the platform and 390,000 patients have been benefited.

"One of my patients is an elder man who have high blood pressure, hyperlipidemia and chronic heart disease and has been treated for a long time. One time, I was out of town for an academic conference. During that period, I received a call from the patient's relative that the patient suddenly had a heart attack and hadn't got prescription from the hospital. Immediately, I checked his medical records and examination reports on my phone, and provided my advice according to the relative's description of symptoms. Then the patient's relative directly go to the hospital and get the medicine I prescribed. After taking the medicine, the patient felt better." –Doctor Shi, a director from the Cardiovascular division of Fuding Hospital



Ms. Wang is a diabetes patient. Every time when she needed to see a doctor, she and her family had to go to the hospital for registration several days in advance. But after using the mobile hospital platform, they successfully made an appointment with Doctor Cai, a Chief Physician of the endocrinology department of Mindong Hospital by simple operation. "The whole registration process is less than 10 minutes. It's really nice!" –Mr. Li, husband of Ms. Wang





China Unicom's Hubei branch has launched "116114 car moving service", providing 24-hour call transferring service for car moving demand, through which not only the purpose is easy to achieve but also car-owners' privacies are protected. The user just needs to tell the car plate number of the car to be moved, and then the car-owner will be contacted through the 116114 voice platform. Within the 4 months after the platform going live, it transferred nearly 100,000 calls to car-owners. Wuhan television stations even produced and broadcasted a special program on this.

China Unicom's Shanxi branch launched a vehicle protection service for electric bicycle owners. The owners have to install a GPS locating device to the electric bike and a client on his/her mobile phone to complete GPS signal bundling. Then, the alarm message, location information, bike trajectory and other information will be sent to the bike owner's mobile phone in time through SMS, voice call or in the form of a trajectory diagram. Once the electric bike was stolen or damaged artificially, the time when the bike was stolen, the criminal's running route and where the bike was stored or sold can be accurately grasped based on the mounted GPS.



## 4. Pushing forward full-service e-commerce offering to meet customers' demands in an convenient way

In 2014, China Unicom applied e-commerce into every field, making full use of various Internet ideas and drawing support from Internet thinking and means to improve its marketing service capability and management. Taking mobile broadband network as the opportunity, the role of e-commerce as a driving force was further intensified in a fast way. At the same time, taking excellent Internet companies as the benchmark, China Unicom energetically promoted the development of B2C/B2B/O2O/B2B2C platforms and explored ways to apply Internet-enabled connection to all channels. In that year, the Company developed diversified e-commerce applications.

### ◆ Wo Alliance

"Wo Alliance" is a mobile Internet-based new-type community composed of experienced netizens. It recruits network aces online, who will get commission by attracting other users to buy goods from the mobile business hall through sending QR Codes, ad links, etc. "Wo Alliance" offers a trans-region marketing platform featuring high yields, zero investment and low threshold for individual agents. With the alliance, everyone can be an agent. Since its pilot running, the number of registered members has surpassed 210,000 and over 29,000 orders have been placed accumulatively.



### ◆ Electronic Wo Outlet

The "Electronic Wo Outlet" provides one-to-one special online business hall services to every group customer based on the e-commerce model, and sells China Unicom's products to the group's internal staff or its own customers by embedding itself in the group customer's internal office website or service website. The application of E-Wo Outlet has improved China Unicom's group customer service capability and remedied the Company's weaknesses in limited human resource of customer managers and limited service time by providing 24-hour online services to those customers with 100% coverage rate. At present, there are over 5,000 E-Wo Outlets with a monthly ordering quantity of more than 10,000 in average.

## ◆ O2M

The O2M model of purchasing via QR code provides a QR code for every business hall/shop assistant/commodity. When the user has scanned the QR code, an order will be placed in the mobile business hall with unified delivery, and the information on the shop assistant's service channel and the developer of the order will be recorded at the same time. Such O2M model offers a visual and convenient shopping entrance, realizing the digital and Internet connection between the entity store and the commodities. Currently, more than 30,000 channels have opened this QR code purchasing function, achieving nearly 60,000 effective orders with over 1.5 million scanning times in total.



## ◆ SME Special Zone

The "SME Special Zone" refers to a zone opened specifically for SMEs in the online business hall, through which, SMEs not only can directly learn about various communication products designed for them, but also can make an appointment for service processing. The pilot operation of China Unicom's Beijing branch showed that, 2,325 orders had been placed with an income of RMB2.3 million through 30,000 monthly viewing times.



## ◆ Subscription on the air

"Subscription on the air" is a kind of OTS-based card writing technology. Without the need to preset the cards, users can complete the change to phone numbers that start with 185/186, the subscription of packages and network accessing through sending SMSs to write the cards after a series of operations like 185/186 number selection, package selection and advance payment via mobile phones/computers. Such model has significantly lowered the service processing threshold and improved phone numbers' use efficiency.



## ◆ Wo Finance

In 2013, China Unicom launched its “Woego” e-commerce platform based on the B2B model. In 2014, the Company, together with Bank of China and Bank of Communications, introduced a supply chain-based new Internet finance model—Wo Finance, which incorporates Woego’s feature of the small and medium agents as the mainstream. Before, commercial banks were often unable to provide loan services to small and medium agents under the pressure of capital risk control and transaction costs. However, the Woego platform, which is an Internet platform supporting the operation of the industrial chain, solved the SME financing problem under the premise of controllable risks by taking big data analysis as the entry point and agents’ future yields as the guarantee. In 2014, there were nearly 25,000 registered channels on Woego and its trade volume surpassed RMB5 billion.



“It saved human resources, improved work efficiency, expanded channels and facilitated faster development; it provided clear reconciliation, timely commission settlement and clearer income details; with the embedded ‘Wo Finance’ service, it also helped us solve the capital turnover issue!” – Xiao Qi from Telling Communication, Wang Haijun from Gaolao Communication, Xiao Xing from Weimei Communication, and Lei Wei from Tianhong Communication. “The peak volume increased 40% and the income doubled.”



In order to help SMEs develop e-commerce, China Unicom’s Henan Shangqiu branch cooperated with Shangqiu municipal government and Alibaba (China) in building an e-commerce platform “Shangqiu.1688.com”, which promoted and marketed Shangqiu’s 9 competitive industries online. Shangqiu branch provided 1-year free e-commerce service for enterprises and established a professional business project team to offer one package service to SMEs, including website construction, promotion and marketing. Besides, it also organized and gave 35 lectures for small enterprises with over 10,000 people from 2,000 SMEs having participated in. By the end of 2014, 602 enterprises had settled on “Shangqiu.1688.com” with 18,000 kinds of commodities on sale. The website’s daily average visits surpassed 6,000, achieving a trade volume of RMB390 million and having stimulated offline orders with a total worth of RMB800 million. The SMEs were 100% satisfied with Shangqiu branch’s services.



Distribution of Shangqiu’s competitive industries



Homepage of “Shangqiu.1688.com”

### E-commerce Business Status

Index	2012	2013	2014
E-commerce turnover (RMB100 million)	358.5	551.4	748.7



## 5. Enhancing customer service capacities to improve customer perception in an all-around way

### ◆ Enhancing e-channel service capabilities

Weibo, WeChat, QQ and Baidu have gradually become the focal points in our working and living lives. With the goal to provide subscribers better Internet services, China Unicom has consistently been committed to developing an overall Internet service system centered on customers, and has built 4 new Internet service channels successively: Weibo-based customer service, WeChat-based customer service, open knowledge base and online customer service.

#### [Weibo-based customer service]

China Unicom's Weibo-based customer service can immediately respond to service demands put forward by users. Its monthly service in 2014 surpassed 3.4 million times in average. When the activity "Spring of autistic children" was held in March, as many as 20 famous media reported on it just on that day, and China Unicom's official Weibo account also played a great role in communication. The message it pushed had been forwarded and commented for over 10,000 times accumulatively and the exposure reached about 2.31 million.



#### [WeChat-based customer service]

On May 17, 2014, which was also the World Telecommunications Day, China Unicom published its WeChat official account "China Unicom Customer Service", mainly providing content operation such as data traffic inquiry, broadband installation application, and business hall inquiry. It also spreads service information to subscribers to train their habits and promote brands, and has gradually developed an Internet scenario-based service model that meets customers' needs. The information pushed by China Unicom WeChat account has surpassed 8 million pieces every month in average and the monthly services it provided also exceeded 300,000 in average. It won "2014 Global Mobile Internet Excellence Award" and ranked the 6th in the "New Media Communication Indices List of Chinese Enterprises" released by the SASAC and Tsinghua University, of which it was the only WeChat account listed among all central enterprises in terms of customer service.



China Unicom WeChat official account and its official Weibo account won two awards (2014 Ten Most Influenced New Media Accounts of Chinese Enterprises/Central Enterprises) at the second New Media Annual Conference for Chinese Enterprises organized by SASAC Press Center, the Central Enterprise Media Alliance and the publish house of State Assets Report.

#### [Open knowledge base]

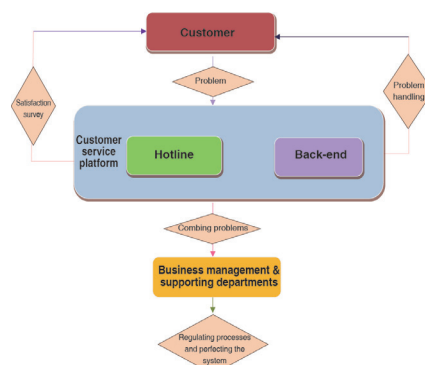
China Unicom reached strategic cooperation agreements with Baidu's knowledge systems in 2014 in building China Unicom's knowledge sharing service system with the help of Baidu Tieba, Baidu Knows, Baidu Baike, Baidu Library and Baidu Connect. With the cooperation, China Unicom has made its services, tariff plans and activities more transparent by opening its internal knowledge base to Internet. Every month, the knowledge base averagely provides professional services to over 10 million people with the amount of services reaching 10.17 million and the satisfaction rate surpassing 85%.



### ◆ Improving service standard of customer service hotline

The Company carried out commitment fulfillment activity for customer hotline service to improve its capability in online solving customers' complaints & demands. For problems unable to be immediately solved online, it would promise the solution deadline, processes and response time to customers, changing the order of "handing and responding" to "commitment and handling". After combing through customers' complaints and demands, the immediate committed problems were divided into 7 categories and 131 items. The commitment content, handling time limitation and responsible departments have all been unified. By the end of 2014, the online complaint-processing rate had improved 47 percentage points.

Aiming at further improve customer service perception and establish good communication with customers, China Unicom's Heilongjiang Qiqihar branch took a series of measures to improve the problem solving capability of its customer service hotline, including fully accepting and handling broadband-related problems, authorizing the front-line agents some rights to increase the one-time resolution rate, and taking the initiative to carry out follow-ups of all services. In average, the customer service hotline accepted 60,000 customer calls every month with an online resolution rate of 80%; received 3,700 complaints with a first-time resolution rate of 99% and customer satisfaction rate of 98%; and made follow-up interviews with 30,000 people for all services.



@李约热内厨 V

因为手机信号问题，昨晚分别向归属地和所在地的联通客服打了电话，并没有推诿扯皮，而是尽职尽责想法去帮忙解决。今早恢复以后北京、保山联通都打了电话询问，习惯了店大欺客这次觉得相当受到尊重和重视，谁说只有互联网公司才注重用户体验。感谢@中国联通

@云南联通 @保山联通

2014-12-4 16:14 来自 iPhone 5s

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### ◆ Enhancing service capabilities of business halls

As of 2014, the number of China Unicom's self-owned business halls had reached 20,300. The Company continuously deepens the transformation to experimental marketing model in its business halls to enable customers to experience the advantages of China Unicom's products and networks. The queuing machines placed in the business halls have been connected to the network, able to provide self-help queuing information inquiry service. The Company also paid attention to the issue of queuing time and in order to enable customers to surf the Internet with their mobile phones while waiting, free WiFi have been provided in over 4,800 self-owned business halls nationwide. In order to make it possible for customers to inquire about queuing information remotely and timely, a queuing information inquiry function for e-channel has gone live in 12 provinces.

In order to solve the long queuing problem in business halls, China Unicom's Hebei branch introduced centralized full-service pre-acceptance system. After its introduction, the processing speed of front-desk staff has improved significantly, shortened from 15 minutes to 6 minutes in average, reducing customers' waiting time during the processing link and the customers' satisfaction towards service processing having risen markedly.

Services	Original processing time duration (minutes)	Processing time duration with the centralized pre-acceptance system (minutes)	Reduction
New installation of broadband + telephone	25	10	60%
Optical service changes for Broadband + telephone	20	5	75%
Shifting of broadband + telephone	25	10	60%

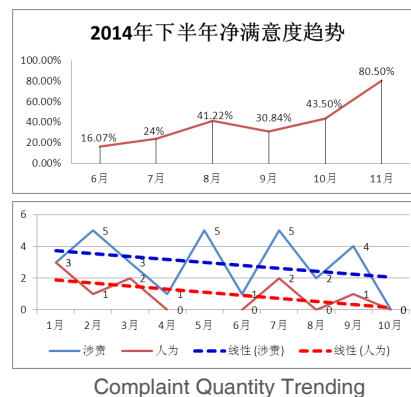


China Unicom's Qinghai Xining branch opened an experience zone in its business halls and equipped with special staff to provide services. The humanized interaction activities offered by the working staff during the service process surprised and satisfied the customers who were experiencing. Whenever a customer enters the business hall, the working staff will go to him/her to provide one-to-one service. From 2011 to 2014, China Unicom's Xining branch had been ranked No. 1 among the three operators in 4 consecutive years during the satisfaction evaluation of services provided by government and industries in Xining.

## ◆ Speeding up response to customers' complaints

China Unicom has persisted in improving its complaint processing efficiency by raising complaint processing standards, enabling managers to intervene in such processing, improving front-line staff's complaint resolution capabilities, unifying solutions towards same-type complaints and enhancing the system supporting of the larger service system in order to effectively solve the problems customers complained about. The complaint quantity and rate of 2014 respectively reduced 36% and 50% year on year.

China Unicom's Zhejiang Wenzhou branch introduced a "list-based warning" management concept and built an integrated complaint management system ("warning-resolution-precaution") to improve the complaint handling efficiency. It developed a management system of complaining customers with key focuses, which could further divide into categories and mark those customers, so as to improve complaint handling efficiency; and a management system of non-key customers with multiple complaints, which can draw out the complaints from the same customer, form a list and provide warning through real-time monitoring of complaint data. Besides, it also targeted normal complaints but difficult to solve and service events easy to cause complaints, and issued warnings or supervised the handling from time to time with the principle of "solving and providing feedback within limited time with supervision performed and accountability held from level to level".



China Unicom's Fujian branch strengthened its "fast service" and won the praise of the public. Mr. Wang who lives in Tieshan Township, Xinluo District of Longyan said he couldn't help giving China Unicom's Fujian branch a thumb-up for their fast service speed. Some time ago, China Unicom's optical cables were blown to fall on the ground and lay in the middle of a road because of bad weather, so he planned to call 10010. However, his neighbors said that such communication maintenance usually took several days. Mr. Wang still tried to call 10010 complaining hotline. In less than 30 minutes, he received the agent's confirmation call and then an appointment call from a technician who would come to repair. Mr. Wang happily told his villagers, "See, this is Unicom's highly efficient service." After another 30 minutes, the technician appeared in front of Mr. Wang and started the cable repairing work. Mr. Wang expressed his delightfulness by saying "Thanks China Unicom's service. It needs more than 20 minutes to drive from the downtown to here. It's true that China Unicom's maintenance staff set off immediately after receiving my complaint. The speed and the service are so good."

## ◆ Strengthening bond with customers

In order to strengthen customer retention, China Unicom launched a point redemption program for public customers and over 40 billion points were redeemed in 2014. Besides, it developed customer retention products and strategies; and introduced some exclusive products for old customers to give enough care to them, such as 40% discount on data traffic charges and 50% discount on contracted subscription. The Company also took some measures to meet old customers' needs in terminal configuration, including optimizing the processing steps for old customers with iPhone 6 and exclusive Coolpad K1 terminal contract for old customers.



In order to guarantee the successful conduct of banks' final business accounting, China Unicom's Hunan branch provided key safeguarding services to bank lines and visited its bank customers at the same time. The visiting teams extended their greetings and gave some gifts to bank clerks working overtime at the front line. They also reported the specific measures and implementation rules of the key communications safeguarding services provided, listened carefully to customers' opinions and suggestions, as well as looked into and discussed the cooperation outlook with the banks. At the end of 2014, Hunan branch visited nearly 300 provincial/municipal banks in total.





In recent years, China Unicom's Guangdong branch has been developing well in campus services. On December 25, 2014, the 9th Guangdong Campus Art Festival for Universities & Colleges and China Unicom Wo Music Campus Carnival sponsored by Guangdong branch was held in Guangzhou University of Chinese Medicine. The company also released on the site the gift pack it developed for university and college students, including preferential top-up plans during the winter vacation, winter intern opportunities and joining business-starting society for youth to win seed money and employment guidance. Those thoughtful actions won the praise of the students and improved the brand images of the company's "Wo Music" and "Wo Style".

A report of Xinhua News Agency on December 12, 2014 pointed out that, China Unicom's Harbin branch continued to charge fees after the subscriber's service package expired and the subscriber was included in a black list without any previous notice for arrearage. For this reason, China Unicom immediately set up a special working group to investigate, looked for reasons towards the reported case, seriously punished relevant people in charge, and carried out special governance to improve services.

The investigation showed that, Harbin branch's service problems were caused by the staff's and agents' irregularities, who respectively violated the Group company's regulations on broadband service processing specifications and the checking & management of customer information as well as real-name registration rules. Against those problems found through investigation, China Unicom put forward some serious punishing measures on relevant people-in-charge of Harbin branch: firstly, respectively implemented management accountability punishment and economic punishment (performance payment deduction) on Harbin branch's General Manager and Deputy General Manager in charge of the relevant business; secondly, respectively gave a warning to and implemented heavier economic punishment (performance payment deduction) on people in charge of the branch's agent governance department and the complaint handling department; and thirdly, immediately suspended and rectified relevant agents and distributors that violated China Unicom's business management regulations as well as gave them economic punishment.

In order to further improve its services, China Unicom carried out a nationwide special governing project on service problems, and developed five measures: firstly, strictly combing the difficult and hot problems complained by subscribers to accelerate the dealing with service loopholes and blind spots; secondly, intensifying subscriber real-name management and implementing "zero tolerance" of violation behaviors; thirdly, further carrying out the program of "focusing on 4G and centralized operation, optimizing rules and improving perception" and speeding up the implementation of instant commitment-making for customer service hotline; fourthly, accelerating the electronic application to full-service sales and persisting in increasing window service efficiency; and fifthly, improving and completing the normal long-term mechanism for service work.

Taking this case as an opportunity, China Unicom will deal with its management loopholes in an all-round way, continue to improve the service quality and make great efforts to provide satisfying services to its subscribers.

China Unicom's official Weibo account immediately made the following response towards its Harbin branch's service problems on December 12:



## 6. Establishing an information protection mechanism to ensure the privacy of customer information

China Unicom has persistently attached great importance to customer information protection, took it as a key risk that needed supervision and control in 2014 and conducted a comprehensive information security risk assessment to the whole Group's information systems. Specific measures taken are as the following: the Company examined, modified and intensified 137 systems related with customer information; encrypted personal information-related data; strictly monitored and audited users' access to customers' personal information; as well as further elaborated on 275 risk control points such as system development, system operation and maintenance by clearly defining the management requirements, technical protection methods and person-in-charge for each of them. Moreover, it implemented unified monitoring and emergency response through the Group's security management platform. As a result, the overall information security protection capability has been improved, and the customer information security risks have also been effectively controlled.

In order to safeguard the sound operation of 10010 online business hall, the Company took actions to improve the network security protection capability respectively before, during and after an event, for example, by code inspection, baseline checking, and loophole scanning before a service system going live, and quarterly comprehensive safety risks evaluation, realizing a full coverage of safety work from point to the whole to guarantee there is no missed corner; and through public opinion monitoring to find a safety event in time and accelerating the response speed to make sure the event's impact controllable.

# Persist in the Principle of Putting People First to Build the Best Platform for Human Resource Development

Stakeholders	Communication Ways	Expectations for China Unicom	Actions in 2014	Plan for 2015
Staff	<ul style="list-style-type: none"> <li>• Forums</li> <li>• Employees Surveys</li> <li>• Employees' Congress</li> <li>• Meetings of Democratic Life</li> <li>• On-line Interviews</li> </ul>	<ul style="list-style-type: none"> <li>• Safeguarded legal rights</li> <li>• Great potentials in career development</li> <li>• Effective vocational skill education</li> <li>• Equal employment and "equal pay for equal work"</li> <li>• Opportunities of democratic involvement</li> <li>• Better working and life environment</li> <li>• Effective employee assistance mechanism</li> <li>• Safe working environment</li> </ul>	<ul style="list-style-type: none"> <li>• Regulated contract management by in-time and in-full payment of insurances, health check-up and regulated vocation, etc.</li> <li>• Strengthened position management and studied the management method for high positions based on professional sequence</li> <li>• Planned and focused efforts to promote leadership and professional skill training.</li> <li>• Put labor management in order and pursued the policy of same payment for same position</li> <li>• Carried out "General Manager On-line" activity in an all-round manner and the on-line recommendation activity "Deepen Reform and Hear Demands"</li> <li>• Improved "Happy Mind &amp; Vision Website", launched the work on mental check in crisis prevention and control and promoted the "Five Small" development</li> <li>• Carried out heart-warming and care-giving activities for employees and offered them major diseases insurance and group insurance against accidental injury.</li> <li>• Devised documents of accountability, optimized the information platform for safe work, carried out targeted project regulation and the activity "Safe Work Month"</li> </ul>	<ul style="list-style-type: none"> <li>• Further standardize labor contract, pay for employees' social insurance in time and in full, and ensure welfare including physical examination and various leaves</li> <li>• Further improve the post management system and dual-channel construction</li> <li>• Strengthen the construction of training system by integrating training resources and conducting training sessions on leadership and vocational skills</li> <li>• Focus on the standardization of non-contractual employment management and put the principle of equal pay for equal work in effect</li> <li>• Strengthen the workers' congress system and continue the in-depth implementation of "General Manager Online" program</li> <li>• Continue to resolve the most practical benefit problems as well as the most difficult actual problems of the greatest and most direct concern to employees</li> <li>• Further improve the employee assistance mechanism by expanding the assistance fund sources and exploring innovative assistance measures</li> <li>• Further improve employees' working environment by strengthening accountability management and rectification in relation to work safety</li> </ul>

In 2014, China Unicom intensified campus recruitment by recruiting 6641 that year's graduates, a year-on-year increase of 1740 persons and among which the share of postgraduates up by 1.6%. We continued with the system of early employment through school-business cooperation. For those selected in advance, they were offered with courses customized by China Unicom and an internship. The policy of sending graduates to grassroots work was inclined to enrich the grassroots-level team. In 2014, over 40% of total staff from campus recruitment were sent to the county-level companies. China Unicom was listed within "Top 100 Companies in China for Employment of Graduates in 2014".

## 1. Promoting career development for employees and satisfying their demands for key benefits and interests

China Unicom continues to put people first and center around how to promote teams' vitality to move forward the sustained systematic reform and optimize the human resources arrangement targets with more efforts on aggregate control, structural optimization, management regulation, flexible distribution and quality enhancement in a bid to promote the common development and growth of employees and the company.

### ◆ Protect employees' rights of labor and create stable and reliable work environment

The company adopts the system of labor contracts by signing the labor contract with 100% of employees according to the Labor Contract Law; Employees are offered with social insurances, covering insurances on endowment, healthcare, work injuries, maternity and unemployment; Relevant fees are paid in time and in full; Employees' work-related health and safety are cared about and the annual check-up covers all the employees; the system of paid leave for employees is carried out to support employees in arranging their work in a coordinated way. Relaxed body and mind with equal attention to work and rest will enhance life quality of employees.

### ◆ Improve payment competitiveness and boost life quality of employees in a sustained way

A benefit and incentive system that matches development stage of the company and actual needs of employees is built and improved. The incentive and restriction mechanism for performance-oriented higher management remuneration is improved by putting the remuneration distribution structure in order and continuing to optimize the distribution relations between different levels. The proportional relations between middle-level management in various levels of companies and the same-level and same-position management staff in the subordinate companies concerning the individual average payment continues to be optimized. The incremental resource distribution should incline to low-income groups including non-contract employees and first-line staff, whose payment continues to rise within our eco-system.

### ◆ Promote the dual-channel career development and expand the room of employees for career growth

In the use of Key Functions Database and List of Benchmark Positions and among other relevant benchmarking data, supports are given to provincial branches for continuous efforts on position management and person-position matching. The plan related to high position based on profession sequence, the required conditions about qualifications and rules of profession integral as well as the selection and review procedure is studied so as to press ahead with the dual-channel career development mechanism.

### ◆ Improve the mechanism for talent selection and use; Push forward the structural optimization and capability building in the management team

We continue to focus on both morality and capability of employees with the former preceding the latter and also on performance and being recognized by the public. We pay attention to playing the role of organizations in different levels in selecting and recruiting people and building the effective, convenient system of people selection and recruitment that meets the needs of the company for development. We reinforce the communication among positions by rotation, like that between the principal and deputy positions at the 2nd tier across the agencies or across the regions, which can further boost the liaison between offices and grassroots and optimize leadership in different units. We strengthen cadre supervision and management by improving the report system of personal matters and the position management system for those whose wife has emigrated overseas, regulating the part-time management towards management staff, deepening the systems of "full documentary" and "two reviews for one report", strengthen supervision and examination in personnel selection and use, promoting the operation of power to select and use people at the different levels of organization in the regulated and transparent approach within "the cage of system". Democratic recommendation and competition-based selection will be used in combination with other methods to discover and have a batch of management talents with outstanding performance and recognition by the public. The back-up team will be strengthened and the young talents as back-up will be reserved and further nurtured.

## 2. Cultivating vocational skills of employees and enhancing their capabilities for sustained development

### ◆ Enhance human resource skills

The company printed and circulated Working Focus on Training of China Unicom in 2014 and the annual plans of key leadership and professional skill training. 23 courses in 18 terms of leadership training have been organized with managers of different levels involved numbering 3300. 17,800 people attended in the skill training courses in 130 terms and the training supported by superior units with their resource of good quality covers 30 persons times.

We release the leadership model and the system of management, operation and maintenance. The development and promotion of two courses Skills of Overall Operation and Management for Head of Business Outlets and SME Customer Marketing Skills have been completed. The first batch of 14 first-grade lecturers in the Group company has been certified and the first batch of senior chair lecturers and chair lecturers has been selected.

In order to regulate the skill certification and employment with certificates for the first-line employees, examination and appraisal on career skills in terms of theoretical knowledge and practical operation has been conducted for 8 times involving 21,000 employees in different professions like communication wiremen, power operators, business assistants, salesmen, operators, wiremen and electric power operators, etc.



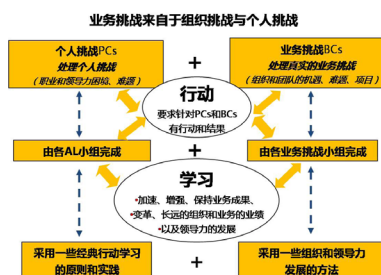
Leadership training



Post skill training



In order to enhance the comprehensive quality of employees against the backdrop of mobile Internet, China Unicom Broadband On-line Company designed a set of models on leadership quality, which aimed to identify the weak points through the evaluation on current key employees, integrate the factor of action learning, design and implement the project of action learning so that win-win results can be achieved in solving the problems and improving the capability. In terms of learning form, the subject of practical work challenges is added to help the learner solve the problem and enhance individual capability.



China Unicom Hunan Branch attaches great importance to team training for group customer service. In September 2014, the Group Customer Training Institute was established to focus on the personnel training in professional management, technical support, front-end sales and group service for group customers in the forms of on-site teaching, electronic video and self-learning, etc. Twenty-one centralized training classes were organized at the provincial level for the whole year, covering over 1000 participants; The trainings at the provincial and municipal levels covers over 3000 business and corporate salespersons, among which the female employees numbered 1965, accounting for 64.3% and the laid-off and re-employed persons numbered 763, accounting for 24.9%.



## ◆ Carry out skill contests

For the purpose of further improving the quality of employees, arousing their motivation, initiative and creativity and core competitiveness of the company, China Unicom organized skill contests and activities of different types in 2014.

One thousand two hundred employees took part in the Skill Contest on Network Security Protection. By several selections, our contestants won one silver- and five bronze-medal prizes in the contests for centrally administered enterprises and Ministry of Industry and Information Technology; In the "IT Application Supporting Skill Contest" and among 4029 participants, the top three were titled as "National Technical Experts"; In the "Contest of Telephone Operators" as a type of work and among over 20,000 participants, our good contestants selected from rounds of competition won one gold, six silver and two bronze medals in the Skill Contest of Employees under Central Enterprises. China Unicom was awarded the prize of "Outstanding Organizations in the Skill Contest of Employees in Central Enterprises 2014".



### ◆ Upgrade network institute and set up mobile “WO Class”

In the full use of the platform of network institute and mobile “WO Class”, China Unicom takes the staff training as the objective to improve functions and advance on-line course development. Also in the form of on-line training class and setting training segments for departments in the headquarters, the on-line learning is promoted. As of November, 2014, the network institute had added 370 new on-line courses to the total of 2117 involving 3.108 million learners and 1.057 million learning hours. The on-line trainings had been held for 15 times, special learning activities 10 times and on-line examination 813 times involving 235,000 examinees. The mobile “WO Class” had added 88 courses to the total of 334, involving 396,000 learners.



### ◆ Implement the program of optimizing knowledge structure on first-line key staff

We continue to enhance strategic cooperation with universities by formulating the appropriate position management and learning incentive policy so as to encourage employees in their further study. In 2014, 11342 employees from 30 provinces were admitted to four universities related to post and communications. According to the business orientation of the company, five courses for the school-business cooperation program including “Telecommunication IT and Business” with Beijing University of Posts and Telecommunications and “Fundamentals of Telecommunications Business”, “Telecommunications Corporate Customers Marketing”, “Overview of China Unicom” and “Fundamental Telecom Operation Management” with Chongqing University of Posts and Telecommunications have been developed.

## 3. Regulating the labor management for equality-based employment

China Unicom takes the fulfillment of Labor Contract Law (amended) as the opportunity to continue with work on employment optimization and regulated management by formulating and circulating Notice on Issues Related to Carrying Out Temporary Provisions on Labor Dispatch as guidance to oversee the branches and subsidiaries in employment through labor dispatch according to laws. The proportion of labor dispatch continues to drop, which basically realizes same payment for same position with contract staff.

## 4. Improving Administration on Safe Work and Guaranteeing Occupational Safety of Employees

In 2014, China Unicom stepped up the implementation of safe work accountability and there was no accident related to safe work at all for the whole year. First, we followed “double responsibilities for one position and the same responsibilities for positions in the Party and the government” to identify the mandates, objectives and accountability of first responsible person in safe work and include the responsibility objectives of safe work into the annual performance examination of the company. Second, we optimize the information platform of safe work and improve functions of statistical analysis, information publicity and safety warning. Third, we carry out targeted efforts to administer and reorganize a batch of irregularities by troubleshooting over 71570 locations around communications hub buildings, base stations and business outlets as well as the key line facilities at the length of 1.42 million cable kilo meters. Fourth, we carry out the “Safe Work Month” activity. We organize over 200,000 staff to watch the films for the purpose of propaganda and education to learn and implement the gist of speech series by General Secretary Xi Jinping about safe work. Fifth, we carry out the pre-arranged plan management and build the system of emergency response and disposal by formulating the corresponding methods. 4644 items in 12 types of risks have been sorted out and analyzed. 168 cases in point about emergency have been sorted out and 1372 contingency plans have been formulated and revised.

Safe Work Training in 2014

Indicator	Completed	Indicator	Completed
Safe Work Training (times)	32	Coverage of Safe Work Training (%)	99.8%

## 5. Offering Humanistic Care and Establishing Harmonious Labor Relations

### ◆ Organize surveys among grassroots employees

In 2014, China Unicom proposed to “build up the work system in service to employees and improve satisfaction of employees” by organizing “the survey on immediate interests of grassroots employees” in which about 50,000 employees participated. Thus, the issues of interests that are “most direct and practical to and most concerned by the employees” and the practical issues that are “most difficult, painstaking and worrisome” have been preliminarily identified. The company combines the reform and development with service for employees together by establishing the employee service work system and continuously improving the materialistic and cultural life of employees so that the employees can share the achievements in the corporate development and get more benefits and tangible interests.

### ◆ Promote participation in democratic management by employees

To protect rights of employees to know, participate and supervise, the company rolls out the “General Manager On-line” activity in which the on-line communication makes it much easier for employees to express their needs and for the company to put in order the two-way communication mechanism with employees. On the official network of the company kicks off the on-line recommendation activity “Deepen Reform and Hear Demands” open to all the employees and well-received from them. The activity received a total of 4691 pieces of advice. The corporate management level tried to know the situation first-hand and forward their opinions with matters to the competent authority for further measures.

China Unicom Qingdao Branch continues to improve the employees’ congress system and deepen the democratic management and open up the operations to the public. The democratic review is organized to comment on corporate leadership. The proposals from employees are collected with 100% feedback. The representatives of employees can sit in on the office meetings of general manager to attend and oversee the whole process of bidding. The system of “visit reception by corporate leadership” is established in which the corporate management has face-to-face Q&A with employees every month. By means of forum, WeChat group and QQ group, etc., the employees are able to speak out freely. “Considering the low completion rate in the task of 3G net increase, how is 3G business development accelerated and how is effective development rate improved?” this is the question from 70 employees’ representatives when they asked the relevant branch face to face at the 1st employees’ congress held by Qingdao Branch. The employees said: “Through Q&A, we have less doubt but more support towards our management level, so we have full support to this system.” Qingdao Branch was awarded the title “Best Employers in Shangdong Province 2013”.

### ◆ Care about mental health of employees

China Unicom deepens work on career mental health of employees and improves “Happy Mind and Vision Website” to raise the awareness and understanding of employees on mental health. The lectures on mental health were held to help employees master the methods of mental capital. The work on mental check in crisis prevention and control is launched to involve nearly 10,000 employees in the assessment of mental health. Training and team building for EAP specialists and mental-health counselors is organized to enhance their capabilities so as to bring into full play their role in eliminating the emotional disturbance of employees.

### ◆ Improve work and living environment of employees

In 2014, great progress was made in developing the “Five Small” project, which involved the input of RMB 35.78 million. Over 17,000 items of infrastructure like small canteens and small bathrooms were built or renovated. Supplies for daily use like refrigerators, washing rooms and heating devices have been equipped and the small canteens and small bathrooms have been built in all of the county or city-level branches and county-level business sections under the Tibetan Branch, making the living conditions of grassroots employees much better. The “Five Small” project was well received by the employees and got about 172,400 “thumbs-up” in the on-line praise activity concerning “the Five Small” project organized by China Unicom.

### ◆ Build up the long-term help and relief system for employees in need

In 2014, the company carried out heart-warming and care-giving activity. During the New Year’s Day and Spring Festival, the management of group company visited the grassroots to see the first-line employees, worker models and family of employees in need. The special aid funding was arranged and allocated to give support to the employees hit by the serious natural disasters and in the old revolutionary areas, minority group areas, remote regions and poor areas. The activities were organized to offer warmth in winter, health in spring, coolness in summer and kinship in autumn, which won the commandment from general employees. In 2014, the grassroots visits were organized for nearly 1,600 times covering over 7,000 employees in need.

The company continues to offer more help to those employees in need by improving the aid mechanism, broadening the funding channel and innovating the aid method. The Group company consulted with large insurance companies about insurances against serious diseases and accidental injury in the form of group procurement so as to reduce the insurance cost and broaden the service coverage. Right now, the branches in Shangxi, Tianjin, Jiangsu, Hainan and Tibet as well as the Group and the subsidiaries have purchased the group insurances against major diseases and accidental injury for their employees. Some employees have got their compensation from their disease-related insurance.

Indicator	Year 2012	Year 2013	Year 2014
Input for helping employees in need (RMB 10,000)	1142.01	1199.11	2417.01
Input as relief fund (RMB 10,000)	1121.92	1178.02	2215.01



## ◆ Organize diversified public recreational activities



The Air Volleyball Contest of China Unicom Staff was held and participated by over 440 sportsmen in 24 provincial branches. China Unicom won the first in female group and the second in male group at the National Air Volleyball Contest of Communications Staff.



China Unicom's contesters won the championship in both Group A and B at the 5th National Bridge Contest of Communications Staff.



China Unicom Guangxi Branch builds up the platform for employees to keep fit and communication in the forms of "family-building" and clubs. The badminton and air volleyball contests, artistic performance and evening gala and among others truly enrich the recreational and cultural life of employees. A dozen of clubs were also established like football, air volleyball, badminton, yoga, swimming, bicycle, fishing, Tai Chi, photography and hiking, etc., attended by over 270 employees.



In order to enrich the spare time of employees and facilitate their mental health, China Unicom Broadband On-line Company organized many activities for employees like basketball, badminton, table tennis and swimming, etc., set up hobby groups like travel and food lovers. The festival celebrations were also carried out in the wake of Children's Day and Women's Day, like parent-child and flower-making activities, which motivate the vigor and vitality of employees and develop their friendship.



China Unicom Chongqing Branch celebrated Christmas by sending blessings with each other. Every employee received a beautiful Christmas card, saying "Destiny and sincerity bring us together. It is our luck to work together. The company has the caring heart for you forever unchanged. In the chilly winter, we hope that our warm wishes can expel bitter cold outside. Merry Christmas to you all!" In addition, the lottery and gift-sending activities were organized to make employees get a feeling of warmth and care from the company.



# Promote Partners Management and Establish Responsible Supply Chain for Win-win Cooperation

Stakeholders	Communication Ways	Expectations for China Unicom	Actions in 2014	Plan for 2015
Partners	<ul style="list-style-type: none"> <li>Communication meeting</li> <li>Topic interview</li> <li>Industrial chain conference</li> <li>Tender &amp; bid announcement</li> <li>Build up "Self-Service Portal for China Unicom's Partners"</li> </ul>	<ul style="list-style-type: none"> <li>Wide cooperation fields</li> <li>Fair and open cooperation opportunities</li> <li>Plentiful flexible supporting services</li> </ul>	<ul style="list-style-type: none"> <li>Vigorously promoted the public bidding for procurement and expanded the function of coordinating suppliers by the procurement platform</li> <li>Promoted in-depth convergence of traffic and Internet products and completed cooperation with 173 Internet companies in 16 fields</li> <li>Adhered to the principle of "open-up, fairness and equality" to launch cooperation with terminal vendors and rolled out 185 models of customized terminals.</li> <li>Carried out cooperation with 25 virtual operators to assist them in opening up businesses, took the lead in releasing numbers in large-scale, increased the number of pilot cities for virtual operators and encouraged large-scale development</li> </ul>	<ul style="list-style-type: none"> <li>Continue the standardization of public bidding system and promote the procurement model of engineering materials featuring single settlement portal to enhance transparency and working efficiency</li> <li>Integrate the core capabilities of operators and the advantageous resources of Internet enterprises to promote the in-depth convergence of data traffic and Internet-based products</li> <li>Further expand cooperation in terminals to provide customers with a wide range of mobile terminals with excellent customer experience</li> <li>Offer extended services and support service innovation by applying for special number resale by virtual operators, opening 4G network to virtual operators and improving the dynamic regulation mechanism of resale prices as well as the price system</li> </ul>

At the Partners Conference of China Unicom on March 18, 2014, China Unicom raised the cooperation strategy of "open-up, cooperation and win-win result" by opening up the platform and capabilities, complimenting each other's advantages with partners and interacting with the industrial chain in joint efforts to promote the innovative development of mobile broadband network age. In 2014, China Unicom further strengthened cooperation with terminal vendors, equipment manufacturers, information and content suppliers and platform system service providers in the industrial application by innovating various cooperation model, opening cloud incubation and coordinating and expanding the market in a bid to work together for the new prosperity in the industrial application.



On December 12, 2014, China Unicom Shanghai Branch and Shanghai East Radio Co., Ltd. jointly held the opening ceremony for "WO • Achimedes Data Lab", which marked the first in-depth cooperation of big data and new media. The lab will output three smart services beneficial to citizens: first, the "WO • Achimedes" index so that the lab will mine and analyze the big data targeting the livelihood of people to reveal the behavior distribution and changes in the daily life of citizens; second, by means of Achimedes app, an entertaining program called "WO Radio" was launched to reflect the mobile Internet age; third, the lab and the cloud service platform of smart livelihood by China Unicom Shanghai Branch can work together to grow and strengthen "E-Governance for Citizens".

China Unicom signed a strategic agreement with Tesla on in-depth cooperation by utilizing China Unicom's business units nationwide to set up charging spots for Tesla's cars so that China Unicom's users can search the location of these spots on line and reserve the charging time as well as get free web surfing in the business outlets of China Unicom during the charging time. In November, 2014, China Unicom Shanghai Branch set up the first charging spot for Tesla in Songjiang business outlet. In the future, the super charging stations will be launched in 20 cities nationwide and charging spots will also be established at 400 business outlets of China Unicom at 120 cities.





## 1. Joining hands with equipment suppliers to create fair and efficient supply chain

China Unicom follows the principle of rules preceding execution to make public tendering for its national IP MAN equipment, IT devices, computer terminals and supporting general goods regarding the standard, behavior and scope of unified procurement. We take advantage of centralized procurement to ensure the procurement process be capital-intensive and efficiency-enhancing. Over the years of rolling centralized procurement, the close coordination between the company and suppliers or upstream supply chain has been advanced, which saves lots of trading and procurement costs in the segments of supply chain.

In order to further promote electronic procurement, the company upgrades the e-commerce platform and internal e-shopping mall. The open electronic information of procurement, bidding and tender, order coordination make the procurement work more convenient and fast and the procurement process more transparent, thus offering a fair opportunity for suppliers of various types to participate. Currently 100% of the public bidding information is available on "China Unicom's Procurement and Tender Network" for classified search. 62% of the orders can be sent and received on line electronically. The headquarters and 23 provincial branches of China Unicom can issue and respond the bidding through CA electronic certification, which saves much trading time and document printings and truly renders cost cutting, efficiency gains, low carbon and environmental protection.

China Unicom's partner self-service portal interconnects with the website of National Administration for Code Allocation to Organizations. With information verification via interface, it is guaranteed that the supplier's registration information be authentic and accurate. We continue to move forward the green procurement system by stating the energy consuming standards and energy saving requirements in the technical specification of equipment procurement and assessing the key procurement indicators including equipment energy consumption, energy-efficient product certification and radioactivity, etc. These energy-consuming indicators constitute an important part in the overall cost assessment.

### Centralized and Electronic Procurement by China Unicom in 2014

Proportion of Centralized Procurement (%) 注①	93.7%
Proportion of Electronic Procurement (%) 注②	62.0%

Note: ① Refers to the amount proportion of construction goods for communications projects through the centralized procurement by the Group and at the provincial level.  
② Refers to proportion of orders sent on line and received on line by suppliers in the total.

## 2. Working with content suppliers to create safe and green supply chain

In 2014, China Unicom integrated core capabilities of operators and advantages of resources for Internet enterprises to create good business cooperation environment, promote in-depth convergence of traffic and Internet products and complete cooperation with 173 Internet companies in 16 fields. In order to guarantee safe and green application contents offered by content suppliers, the company kept strict standard on multi factors of partners such as resource integration, credit, business relativity and authority of authorizers and denied access of those unqualified according to requirements. In daily operation, a strict control mechanism was set up with regards to channel, promotion and terminal built-in. The dynamic change in business declaration and content updates will be followed continuously so that problems can be solved off-line on a timely basis if they occur and users' legitimate rights and interests will be protected effectively.

## 3. Getting together with terminal suppliers to create legal and compliant supply chain

China Unicom adheres to the principle of openness, fairness and justice to launch cooperation with terminal suppliers by respecting terminal suppliers, accepting good suggestion of terminal suppliers and improving accordingly in a bid to work together to offer varied terminals and good experience of mobile Internet for users and promote the sound development of WCDMA and 4G industry. In 2014, a total of 185 terminal models were rolled out and distributed among different tiers of package plans, which effectively drove the corporate development in mobile business.

In order to build up a responsible industrial chain, China Unicom requires a complete after-sale service system with good market performance for every vendor candidate. All partners of customized terminals are required to sign Letter of Commitment on Customization where they must promise their customized terminals free of applications against the national laws and regulations such as malicious sucking of fees. In the process of pre-installment testing on customized terminal business, China Unicom adds the self-owned business application to the record so as to ensure all the pre-installed self-owned business applications of China Unicom on the customized terminals comply with the national regulations. All the vendors that become partners of China Unicom after January 1, 2013 have signed the Letter of Commitment on Testing. All the self-owned business applications pre-installed on the 185 terminals customized by China Unicom in 2014 have been put on the records under Ministry of Industry and Information Technology, which meets the requirement of national regulations.

## 4. Working together with virtual operators to create friendly and mutual-help supply chain

China Unicom follows active and proper principles to promote the pilot work on mobile resale business. As the first basic operators out of three, we opened up this business with complete services and best results. China Unicom takes the lead to have a resale business model featuring centralized operation and unified services, which realizes one-point access, one-point service and one-point settlement for virtual operators and build up the institution to guarantee operation and service in an all-around manner. Regarding the unfamiliarity of virtual operators with telecom operation, China Unicom exerts its own influence and capability to help virtual operators solve actual difficulties. Other operators are coordinated to address the issue of resale interconnectivity and financial institutions like banks and large Internet websites are coordinated to solve the problems with identification of resale numbers. Virtual operators are offered some extended services like recharge cards and some help to deal with customer complaints. In 2014, we worked with 25 enterprises to grow the on-line users of resale business to 1.79 million, with the total revenue exceeding RMB 47 million, marking double top within the industry in terms of resale user base and settlement revenue. The virtual operators and media all commended China Unicom for our cooperative attitude and advanced business model.



# Develop in a Green and Low-carbon Way and Make Contribution to Harmonious Co-existing Ecological Civilization

Stakeholders	Expectations for China Unicom	Actions in 2014	Plan for 2015
Actions in 2014 Plan for 2015	<ul style="list-style-type: none"> <li>Environment-friendly green operation</li> </ul>	<ul style="list-style-type: none"> <li>Purchased green and energy-efficient equipment in the construction phase of projects so as to fend off energy-intensive equipment from the beginning.</li> <li>Promoted mature energy-saving technologies and renovate existing assets so as to bring down energy consumption.</li> <li>Organized energy conservation campaigns to promote low-carbon life-style.</li> <li>Co-construction rate (with Tower Company) in 2014 reached 84.46%, and 3.226 billion yuan of project investment has been saved by co-construction and sharing.</li> <li>Integrated energy consumption, energy-efficient product certificate and radiation level of the equipment into the criteria for procurement.</li> <li>Improved the management of recyclers and the disposal of obsolescent materials to standardize the materials recovery process.</li> </ul>	<ul style="list-style-type: none"> <li>Promote the application of energy-conserving technologies to network, enhance the coverage rate of energy-conserving applications and effectively restrain the increase of energy consumption</li> <li>Intensify efforts in energy-efficient measures and lay a solid foundation for underlying management to effectively avoid failures in energy consumption management</li> <li>Publicize energy conservation concepts and advocate low-carbon living styles</li> <li>Closely cooperate with China Communications Facilities Services to strengthen the joint construction and sharing of communication infrastructure</li> <li>Give priority to energy-conserving products in procurement</li> <li>Intensify recycling work by putting up efforts in recycling of obsolescent materials</li> </ul>

## 1. Strictly enforcing energy conservation and emission reduction measures in major energy consuming links

China Unicom has accelerated energy conservation and emission reduction through the application of energy-saving technologies. It invested a total of 800 million yuan in the year in energy conservation and emission reduction projects, and promoted suitable and effective energy-saving technologies that generate quick effect in key areas including base stations and telecom machine rooms to increase the coverage of the energy-saving technologies and ensure energy conservation. By the end of 2014, the total energy consumption amount accumulated to 2.0625 million tons of standard coal, down by 1.06% year on year; the comprehensive energy consumption per TB of information flow accumulated to 15.89 kg of standard coal, down by 39.4% year on year; the comprehensive energy consumption per the comprehensive energy consumption per RMB 10,000 yuan of operating revenue accumulated to 0.0707 tons of standard coal, up by 3.36% year on year; the comprehensive energy consumption per RMB 10,000 yuan of added value accumulated to 0.1538 tons of standard coal, down by 17.13% year on year

### ◆ Promoting the wide application of energy-saving technologies

In 2014, China Unicom focused on promoting energy-saving technologies including fresh air conditioner, heat pipe exchanger and heat reflective and thermal insulation coatings, and mainly promoted energy-saving air conditioner with dual cycle cooling system and airflow organization optimization in telecom machine rooms and IDC rooms. The company carried out centralized testing and purchasing of 11 energy saving products including intelligent fresh air conditioning, heat pipe exchanger, switching power supply module sleep, and heat reflective and thermal insulation coatings. The coverage rate of energy saving technologies in base stations reached 57%, and the figure for telecom machine rooms was 52%, with energy efficiency greatly enhanced.

China Unicom Cloud Data Co., Ltd. promoted green and energy saving technologies, and adopted multiple energy conservation measures. The company built energy-efficient machine rooms that qualify for Level A according to the National Standards in Hohhot, Langfang, Gui'an, Wuxi, Deqing and Harbin. The PUE of these machine rooms is no more than 1.5. CO<sub>2</sub> emission was cut by 94 tons a year by installing solar photovoltaic systems on the roof of each building. Amorphous alloy dry-type transformers were used to replace ordinary ones to reduce energy consumption. And amorphous alloy can be degenerated and then recycled with zero environmental pollution and low noise. The adaptive system was adopted for CRAC in machine rooms of IDC, EDC and cloud computing center to have brought down the energy consumption by over 10%. Energy-efficient self-control system was adopted for the concentrated refrigerating station to have brought down the energy consumption by over 20%.

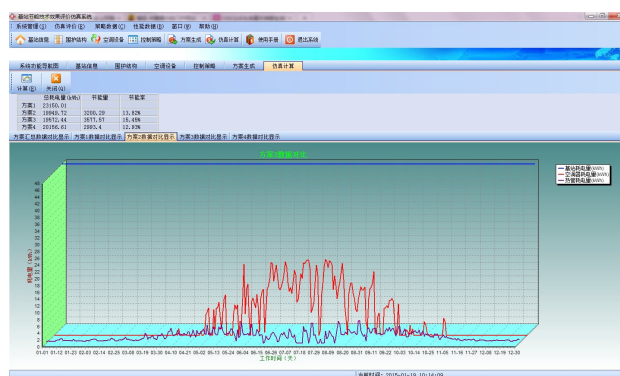


Refrigerating Unit



Low-voltage switch box

To evaluate the effect of energy-saving ventilating and refrigerating technologies for base stations in different regions, China Information Technology Designing & Consulting Institute Co., Ltd. developed the “base station energy conservation evaluation system”. They use computers to model a certain energy-saving ventilating and refrigerating technology and apply different regions, environments and equipment configurations to analyze the corresponding amount of power saved. The results are then put to the evaluation system to evaluate whether the energy-saving technology is feasible and available under a certain circumstance.



### ◆ Reinforcing the management of energy-saving measures

The Company has constantly reinforced the management of energy-saving measures. Taking the energy conservation and emission reduction plan as its mandatory guideline, and bringing energy consumption growth into control as its goal, the Company launched several campaigns including network streamlining and renovating, direct power supply to base stations and power tariff settlement for IDC machine rooms. It also improved its appraisal, reward and punishment mechanism for energy conservation and emission reduction, and stepped up the comparison of energy consumption indexes with the benchmarks to ensure efforts put into energy conservation and emission reduction generate actual effect.

The Hohhot Branch of China Unicom strengthened management and control of energy consumption and energy expenses. It initiated benchmarking management of energy consumption of base stations, picking out 9 base stations as energy consumption benchmark and acquire basic data through power environment monitoring and manual meter reading. By doing so, the Branch discovered 25 base stations with abnormal energy consumption in 2014 and helped the sub-branch of Tuo County to reduce RMB 1.05 million yuan in power tariff. The Branch also replaced old lighting in the office building with 160 energy-efficient LED tubes, and upgraded the switches in 3 communication center buildings and 2 office buildings into sound-control ones. The Branch followed the principle of frugality in office supplies, and only change or buy new ones when necessary, so as to peel the consumption to the core.

### ◆ Carrying out energy conservation campaigns

In 2014, the Company held Energy Conservation Week and sent short messages about energy conservation to advocate energy-saving and low-carbon life; organized energy-deficient experiencing activities to initiate low-carbon transportation; and spread energy-saving knowledge to raise the staff's energy-saving awareness. The Company also organized an essay competition under the theme of energy conservation and emission reduction, as well as a suggestion-soliciting activity named “My Idea For Energy Conservation”.

### ◆ Paying attention to ecological environmental protection

On December 26th, an activity themed “Communication Base Station Construction and Environmental Protection” sponsored by the Communication Administration Bureau of Guangxi Autonomous Region and organized by the Guangxi Branch of China Unicom was held in Nanning. During the activity, our colleague from the Guangxi Branch introduced equipment in the base station and relevant information, and showed user representatives around the iron tower base station. Through the specialized knowledge explained by the technical personnel and on-site radiation check in the base station, user representatives came to understand that the actual radiation of base stations is below the national standard level for electromagnetic radiation, thus their misgivings about the radiation hazards was dispelled. The activity was well received.



## ◆ Pushing forward with the co-construction and sharing of communications infrastructure

In 2014, the Company continued to push ahead the co-construction and sharing of communications infrastructure, with a total of 9,515 newly built iron towers in the year, among which 8,027 were co-constructed (including the 1254 towers that were built by China Unicom but reserved capacity for other operators), and that translates to a co-construction rate of 84.46%. A total project investment of RMB 3.226 billion yuan has been saved through co-construction and sharing in 2014.

China Unicom Infrastructure Co-construction and Sharing

Index		2012	2013	2014
Iron tower (%)	Co-construction rate	70.10	77.87	84.46
	Sharing rate	88.57	91.55	95.27
Base station (%)	Co-construction rate	64.53	68.74	74.96
	Sharing rate	88.30	89.93	93.93
Indoor distribution system (%)	Co-construction rate	53.81	58.60	64.56
	Sharing rate	95.76	96.99	98.19
Pole line (%)	Co-construction rate	50.55	60.62	71.46
	Sharing rate	95.50	88.50	94.79
Channel (%)	Co-construction rate	82.63	89.08	83.90
	Sharing rate	84.34	83.09	92.55
Current investment saved for the enterprise through co-construction and sharing (Unit: RMB 100 million yuan)		36	26.5	32.26

## 2. Deepening the recycling use of materials to build a resource-saving enterprise

China Unicom has standardized the management of obsolescent materials. The management of recyclers and e-process of the disposal of obsolescent materials have been delivered through an electronic platform for materials. China Unicom regularly organized relevant department to check and evaluate the obsolescent and idle materials in stock and gave information on available materials and assets to relevant department for its reference when recycling. Meanwhile, the Company communicated with relevant department actively, plug up all possible loopholes and take all the obsolescent materials that had finished due procedures to the materials management department. The Company also improved its account-keeping mechanism for obsolescent materials that can be recycled, and the materials that cannot be reused will be recycled at the current price. All the waste and old materials are disposed by recycling companies that have relevant qualifications so as to reduce the pollution generated during the recycling process of the materials. In 2014, the Company recovered 270 million through recycling and disposing obsolescent materials.

Since the second half of 2014, Jiangsu Branch of China Unicom stepped up supervision over the recycling of de-installed equipment so as to deliver maximum sustainable utilization of the equipment within its life cycle. Firstly, Jiangsu Unicom enhanced the standardized management of the de-installation process of off-lease equipment to ensure that the equipment is recycled as soon as the lease is terminated by a client. Secondly, Jiangsu Unicom stepped up the reutilization of recycled equipment, and encouraged its sub-branches to use more recycled equipment so as to maximize the utilization efficiency of the equipment within its service life. Within 3 quarters, the Company recycled 340 units of equipment that worth RMB 400,000 yuan. Reutilization rate stood at 51%, which helped it save over RMB 200,000 yuan in investment.



## Devote to Charity to Co-build a Beautiful Homeland

Stakeholders	Communication Ways	Expectations for China Unicom	Actions in 2014	Plan for 2015
Community	<ul style="list-style-type: none"> <li>Meeting and convention</li> <li>Field research</li> <li>Collect ideas from poverty-stricken areas</li> </ul>	<ul style="list-style-type: none"> <li>Continuing and effective donations</li> <li>Aid Tibet</li> <li>Escalated efforts in poverty alleviation</li> <li>Volunteer public-welfare activities</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated outward donations of RMB 21.724 million yuan</li> <li>Sent several cadres to work in Gê'gyai County of Ngari Prefecture of Tibet, helping with infrastructure construction projects including low-income housing. Increased input into communication infrastructure construction to improve the communication network in Tibet.</li> <li>Helped Kangbao County, Guyuan County and Raohe County to accelerate their IT development and improve their education infrastructure.</li> <li>Launched various public service activities to help young entrepreneurs to start business, make donations to poor students and to philanthropic causes, protect ecological environment, and care for handicapped children and elderly.</li> </ul>	<ul style="list-style-type: none"> <li>Give priority to donations in relation to aiding Tibet project, poverty alleviation, disaster relief and educational, scientific, cultural &amp; health undertakings</li> <li>Strengthen supervision on aiding Tibet project to meet the standards in terms of quality and quantity. Help farmers and herdsmen there to increase their income. Continue to improve the communication network construction in Tibet to facilitate Tibet's ICT development</li> <li>Further intensify efforts in poverty alleviation by means of communication services and education assistance</li> <li>Continue to organize charitable public welfare activities in areas of public concern and social demand</li> </ul>

Following the donation principles of acting according to one's capability, clear distinction between powers and responsibilities, and honest and faithful, China Unicom continued paying back to society. The Company donated RMB 21.724 million yuan outward throughout the year, of which RMB 11.336 million yuan was for public welfare, and RMB 10.388 million yuan for non-public welfare relief.

Statistics of China Unicom's Outward Donations in 2014

Donation Program	Amount (Unit: 10 thousand yuan)
Disaster-stricken areas	7.2
Designated areas for poverty alleviation	346.4
Tibet	599.4
Other designated areas for assistance	11.0
The disabled cause	1.6
Education	975.2
Culture and sports cause	23.5
Environmental protection cause	1.5
Energy conservation and emission reduction cause	1.0
Social public facility construction	52.0
Other public relief and welfare services	76.7
Enterprise philanthropic foundation	0.1
Other donations	77.4

# 1. Paying attention to people's livelihood in poor areas and assisting in the economic development of less-developed regions

## ◆ Aiding Tibet

During the 12th Five Year Plan period, China Unicom undertakes the “broadband communication promotion project” and the “mobile communication network coverage project” in the Tibetan area. By the end of 2014, a total investment of RMB 1.65 billion yuan had been put into place, playing a crucial rule in improving the communication status of the area. Meanwhile, the Company took an active part in the rescue and relief work, donations, consolation visits and “army-mass” cooperation activities organized by different regions in the Tibetan area. In addition, the Company actively answered to the call of the government of Tibetan Autonomous Region, and invested lots of fund and personnel into stability maintenance work, which contributed to the stability of Tibet.

On the principle of “orienting to the grassroots and giving prominence to people's livelihood”, China Unicom established one-to-one assistance relation with Gê'gyai County of Ngari Prefecture of Tibet, providing funds for the County and sending several cadres to work there to help with the development of the County. China Unicom's assistance to the production and people's life in the County helped many low-income family to find employment, increased the income of farmers and herdsman, thus accelerating the poverty alleviation and pushing forward regional economic growth and economic restructuring. The reconstruction and expansion of Gê'gya County's kindergarten made up for the inadequate kindergarten resource and solved an important livelihood issue of great concern to the public and with high social attention. Roads were completed in Yagra Town and Wenbudangsang Town, complementing municipal functions and accelerating the urbanization of pastoral areas.

China Unicom's Ongoing Projects to Aid Tibet

Project category	Project name	Time of completion (year)	Total investment (Unit: RMB 10 thousand yuan)
Support for agricultural and pastoral areas	Gê'gyai County's low-income housing project in 2014	2014	666
Education development	Reconstruction and expansion of Gê'gyai County's kindergarten	2014	350
Municipal infrastructure	Road construction in Yare Town of Gê'gyai County	2014-2015	532
	Ground hardening in Yanhu - a small town of Gê'gyai County	2014-2015	450
Social development	Construction of the service center for centralized support for households enjoying the five guarantees in Linzhou County of Lhasa	2014-2016	958
Total			2956

## ◆ One-to-one poverty alleviation

At the same time as China Unicom carried forward its own performance, the Company also actively responded to the call of the Party Central Committee and the State Council to alleviate poverty by helping Kangbao County, Guyuan County and Raohe County of Hebei Province. In 2014, China Unicom proceeded from long-term economic and social benefits, fully capitalized on its resource advantage as a major player in the communication industry to increase science and technology input in poverty alleviation, accelerating the application of information technologies in agriculture, so as to help the three counties and the people there. China Unicom built a remote video conferencing system for the training of agriculture related technologies, and improved education infrastructure. The Company also helped Kanbao County to establish MAN and “Banbantong”, facilitated the “Intelligent Raohe” strategy, boosting the development dynamic of the poor areas.

## ◆ Assisting people in poor areas

The Gansu Branch of China Unicom actively carried out poverty alleviation work. It raised 2349.6 thousand yuan of support fund in 3 years, provided broadband access to 3 village committees and 3 primary schools, and purchased satellite TV receiving equipment for 128 families living below the poverty line. Meanwhile, the Branch also renovated dangerous bridges, constructed new buildings for village committees and culture stations, hardened 12.6 miles of village road, and built 400 hectares of Piteguo (a kind of fruit) production base and Chinese herbs production base.



Cattle and sheep breeding facility



Chinese herbs production base

The Xinjiang Branch of China Unicom participated in a campaign to visit local people, help with their lives and build solidarity. The Branch invested over 400 thousand yuan to the village to repair road surface, install surveillance, drill wells, renovate the village committee building and build sites for culture activities of villagers.



The Dezhou Branch of China Unicom dispatched designated person to stay in the assisted villages and towns for 3 consecutive years and invested a total of nearly 1 million in the area. The Branch helped the area to integrate adjacent villages and launch online marketing, benefiting over 4,500 local households. Local villagers spoke highly of China Unicom's deeds, and sent a silk banner that expressed people's gratitude for getting information highway into their households and helping them get rich.



## 2. Caring for the safety of people in disaster-stricken areas and strongly supporting the post-disaster reconstruction

Hainan Province was hit by Typhoon Rammasun on July 18th, 2014, the intensity of which hadn't been seen for the past 4 decades. Due to the typhoon, power supply was suspended in many areas and many mobile phone users couldn't get their phones charged. Although the typhoon was ruthless, China Unicom cared about the affected people. The Hainan Branch of China Unicom made it free for users to charge their phones at cellphone charging stations and provided unconditional emergency startup service to meet the communication needs of customers.



After an earthquake hit Ludian County of Yunnan Province, the Yunnan Branch of China Unicom set up 10 disaster relief service outlets in the earthquake-stricken area, provided 48 cellphones, 100 chargers, 3 sets of laptops and wireless network access cards to provide free communication services for people in the area. The 10010 hotline was used to provide "zero downtime" service for 240,000 users and free service of locating family members. The phone bills for August of 15,400 local people were exempted.

In 2013 and 2014, Guanting Village and Gushan Village of Guanshan Town of Guanshankou City suffered from floods. The Party Committee of the Hubei Branch of China Unicom donated a total of RMB 800 thousand yuan of assistance funds to the two villages, helping the villagers to restore their normal life and production in the shortest time possible.



Damaged road



Restored road

## 3. Enthusiastic in volunteer activities for public welfare to contribute to the construction of beautiful and harmonious communities

The Shanghai Branch of China Unicom and the Volunteer Association of the city jointly launched a n "intelligent public welfare" service platform, providing dedicated service for volunteer registration. The platform is enabled by cloud computing and big data technology, and uses Apps on mobile phones to demonstrate various volunteer activities in Shanghai. The platform provides one-stop service featuring "content + interaction + privilege" for almost 2 million volunteers, building a mobile service community for volunteers around the city with functions like social networking, rich media sharing and points accumulating. The platform aims to inform more citizens about voluntary activities and to bring them in through radiation effect.





## ◆ Helping young people to start their own businesses

The Guangxi Branch of China Unicom established “Wo Chuangfu”, an O2O platform that provides young entrepreneurs with a startup model that requires “0 threshold, 0 input and 0 cost” as well as all resources needed from capital, marketing, management and technologies. By the end of 2014, “Wo Chuangfu” organizations amounted to over 3,000, helping over 40,000 entrepreneurs. And the monthly business growth under the “Wo Chuangfu” program contributed to 30% of the total e-commerce business volume.



Press conference on the commercialization of “Wo Chuangfu” startup platform



Launching ceremony of “Wo Chuangfu” program

The Shaanxi Branch of China Unicom launched an Internet-enabled socialized direct marketing platform “Wo Alliance”. Social network stars would open stores online and share their products on the network to attract people in their social circle to buy. The products would all be distributed and delivered by China Unicom’s e-logistics channel, and then these stars would collect their commission. College students, young entrepreneurs, private business owners and small and micro agents can become vendors of China Unicom’s contracted terminals, SIM cards, wireless network cards and data traffic packages by registering online. With the “Wo Alliance” platform, the Branch launched the first “Wo Alliance” Business Plan Competition in 91 colleges in Shaanxi Province. The Competition provided startup funds for participants, allowing them to start-up their business at 0 cost, and offered iPhone 6 and smart phones of about RMB 1000 yuan as rewards.



## ◆ Helping poor students

The Nanchang Sub-branch of Jiangxi Company set up “1% Caring Service Outlets” on many campuses to help students in need. The Branch launched “Wo Pai 16” cards that target young users, and devote 1% of the revenue from these cards to public welfare activities. In 2014, these campus outlets donated a total of RMB 70,000 yuan. These outlets also launched public fundraising activities to help poor people. The Jiangxi Company initiated “Caring Unicom” activity to assist poor students, and established “Hope Project of Caring Unicom” Education Fund. For years the Fund has donated RMB 1 million yuan to Jiangxi Youth Development Foundation as education fund, which was designated to benefit college students excellent in character and learning that come from impoverished family.



The Zhongwei Sub-branch of Ningxia Company and the Ningxia Volunteer Association went to Nanchangtan Primary School to help students there, attending the flag-raising ceremony and playing football with the students.



For 10 consecutive years, the Shijiazhuang Sub-branch of Hebei Company has been donating to Yu Bingbing, a poor student whose mother suffers from disability and serious illness and father works as a manual labor in the city.



## ◆ Protecting the ecological environment



The Jinhua Sub-branch of Zhejiang Company organized volunteers to collect garbage along the river.



The Suzhou Sub-branch of Jiangsu Company joined the "Caring for Sanitation Workers" Coalition and provided rest area for sanitation workers.



Volunteers from the Zhangjiagang Sub-branch of Jiangsu Company participated in "Beautify the City" activity.



The Hengshui Sub-branch of Hebei Company launched a stair-climbing activity themed "Devote Love and Care, Challenge Yourself". 218 people participated.



The Wuxi Sub-branch of Jiangsu Company organized a hiking to promote healthy, green and low-carbon lifestyle.

## ◆ Caring for handicapped children



The 7<sup>th</sup> Division of Beijing Unicom showed the teachers and students from Peizhi Central School of Dongcheng District of Beijing a tour of communication technologies.



The Shanghai Branch of China Unicom initiated a volunteer program named "Sunshine House" in Xuhui District, launching public welfare activities under the theme "Caring for Disabled Children". On each and every holiday, the volunteers would go to visit disabled children, and play and study with them to bring warmth and care to them.



## ◆ Organizing donations

The Guangzhou Branch of China Unicom made the largest charitable donation with the money raised from orange auction. The money was used to build the first batch of lavatories for children. The lavatories would be built in busy streets or in and around crowded business districts to meet the needs of children. 100 children lavatories officially landed at Children's Day.



The Dongying Sub-branch of Shandong Company set up donation sites at service outlets and extensively promoted charitable donations through the website of information port, the company's official Weibo and WeChat accounts. The campaign brought in thousands of pieces of clothes and quilts that filled 76 large stuff bags, which were then sent to poor mountainous areas as a token of love and care.



The Wujiang Sub-branch of Jiangsu Company actively participated in a public welfare activity to contribute their efforts to improve the education and living conditions of primary school students and the living conditions of mothers in impoverished areas.



The Wenzhou Sub-branch of Zhejiang Company has been organizing the "Donating One Day's Income" activity for several years. The activity encourages each employee to donate their one-day's income to help vulnerable families with disabled family members, orphans and widows, and those on subsistence allowances. In 2014, 1,078 employees participated in the donation, and donated a total of RMB 42,973 yuan.

## ◆ Showing solicitude for the elderly



The Shanghai Branch of China Unicom and Shanghai Senior Citizens Foundation co-organized a show tour in communities to show solicitude for the elderly. 100 performances were delivered throughout the year, and the volunteer team was sent to serve the elderly on many occasions, covering the cultural centers and nursing homes of all streets, counties, towns and communities in Shanghai, benefiting 150,000 person-time of senior residents.



The Weifang Sub-branch of Shandong Company organized Youth League members to visit lonely elderly people show solicitude for them.



The Fujian Branch of China Unicom went to welfare houses to visit lonely elderly people, talking with them and performing shows for them.



## Live up to Social Responsibilities in Both Local Communities and Overseas Markets

Stakeholders	Communication Ways	Expectations for China Unicom	Actions in 2014	Plan for 2015
Employees at overseas operation sites	<ul style="list-style-type: none"> <li>• Open recruitment</li> <li>• Staff interviews</li> <li>• Meetings</li> <li>• Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Equal opportunity for employment</li> <li>• Fair remuneration scheme</li> <li>• Opportunities to assume management posts</li> </ul>	<ul style="list-style-type: none"> <li>• Stuck to democratic, open, competition-oriented and merit-based recruitment, and specified post and payment in recruitment</li> <li>• Strictly followed local laws and regulations in employment management</li> <li>• Adopted fair, open, transparent incentive mechanisms that uphold the principle of more pay for more work</li> </ul>	<ul style="list-style-type: none"> <li>• Optimize employment management in our business locations by authorizing employment of certain posts and enhancing employment efficiencies</li> <li>• Determine employees' salaries based on the local payment practices and the company's operation conditions while persisting in people-oriented principle</li> <li>• Optimize the operation evaluation plans and employee advancement system of the overseas branches</li> </ul>
Suppliers at overseas operation sites	<ul style="list-style-type: none"> <li>• New business promotion conferences</li> </ul>	<ul style="list-style-type: none"> <li>• More cooperation opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• All overseas companies actively adopted localized purchase, and the Hong Kong Company has realized 100% localization in purchase.</li> </ul>	<ul style="list-style-type: none"> <li>• Further raise the local procurement proportion</li> </ul>
Ecological environment of overseas operation sites	<ul style="list-style-type: none"> <li>• Green ecological environment conferences</li> </ul>	<ul style="list-style-type: none"> <li>• Energy-efficient and environment-friendly communication equipment</li> <li>• Engagement in ecological environment protection</li> </ul>	<ul style="list-style-type: none"> <li>• Equipment purchased by the Hong Kong Branch met environmental protection and energy efficiency related requirements.</li> <li>• Overseas branches stepped up efforts in daily energy saving and emission cutting, and actively took part in local environmental protection and public welfare activities.</li> </ul>	<ul style="list-style-type: none"> <li>• Encourage the overseas branches to procure equipment in compliance with environment protection requirements</li> <li>• Raise employees' awareness on environment protection by intensifying publicity and training efforts and encourage them to engage in more local environment protection activities</li> </ul>
Communities where overseas branches operate	<ul style="list-style-type: none"> <li>• Communication meetings</li> <li>• Interviews</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with local laws and regulations</li> <li>• Support for public welfare activities</li> </ul>	<ul style="list-style-type: none"> <li>• Organized employees to receive training on local laws and regulations</li> <li>• Employees of the Hong Kong Branch of China Unicom voluntarily participated in public welfare activities like peaceful general election and "the last stand".</li> </ul>	<ul style="list-style-type: none"> <li>• Pay close attention to the developments of local laws and regulations and make appropriate adjustments in the company's rules and stipulations</li> <li>• Actively host and engage in public welfare activities in communities where we operate</li> </ul>

All the overseas companies of China Unicom have been strictly following the laws and regulations in the host country and local area. For issues like environmental protection, license regulation, labor standards, product and service safety, tax payment, intellectual property, consumer privacy and cybercrime, they even promulgated corporate policies that are stricter than local laws, operating businesses with higher standards.

To accelerate the integration of China Unicom's brand into local communities, overseas companies of China Unicom enhanced brand promotion by means of product promotion conferences, mainland business cooperation communication meetings, etc. The Hong Kong Company provided an one-stop comprehensive service platform, established an online store locally, complemented its online services, comprehensively upgrading the overseas service capacity and international influence of the Company. In 2014, the Hong Kong Company won multiple awards including the "Powerful Brand Award for International Telecommunication Service Provider" and "Best Business Partner for SMEs" presented by Economic Digest and "Best Cross-border Communication Service Provider" presented by Golden Overseas IT Brand Review.



Group photo of representatives of Hong Kong Company and the Organizer



"Best Cross-border Communication Service Provider" presented by Golden Overseas IT Brand Review

## 中國聯通(香港)跨境通訊服務

連接中港商機 覆蓋全球機遇

“

致力在企業的每個發展階段，  
提供一站式跨境通訊解決方案。

”



中國聯通(香港)運營有限公司商企客戶部總經理尚海龍

Economic Digest reporting Hong Kong Company of China Unicom awarded "Best Business Partner for SMEs" title in 2014

## 1. Localization of Resource Purchase

All overseas companies of China Unicom require excellent social responsibility performance on the part of local equipment suppliers in their local purchase process. They also exercise strict product quality check in accordance with local laws and regulations. All purchases of the Hong Kong Company are localized.

## 2. Localization of Employment

Overseas companies of China Unicom pay high attention to the localization of employment. They adhere strictly to local laws and regulation in labor management, put people first, protect the legitimate rights and interests of employees, and adopt fair, open, transparent incentive mechanisms that uphold the principle of more pay for more work. They provide job orientation training to ensure local employees embrace the corporate culture. The total number of overseas employees of China Unicom is 349 in 2014, among which 125 are female employees, and 36 are senior management (department head or above). 19 out of the 36 senior managers are local employees.

## 3. Local Green Operation

All overseas companies of China Unicom promoted environmental protection and made instruction manuals to save office paper. Business managers communicated with clients to promote the use of e-bills. As a result, many clients switched from paper bills to e-bills.

## 4. Participation in Local Public Welfare Activities



The Hong Kong Company Participating in “the Last Stand”







# 2015 Outlook

2015 Outlook ..... 66





Substantial topics	Expectations for China Unicom	Plan for 2015
<b>Topic I:</b> Strengthen compliance management to achieve sustainable development	<ul style="list-style-type: none"> <li>● In-time and transparent information access</li> <li>● Protection of rights and interest of minority shareholders</li> <li>● Steady long-term ROI</li> <li>● Continuously improving performance</li> <li>● Effective risk control</li> <li>● Compliance operation</li> <li>● Uncorrupted operation</li> <li>● Stable and sound development</li> </ul>	<ul style="list-style-type: none"> <li>● Strictly comply with the principle of openness, fairness and impartiality in information disclosure, so as to allow the investors to access to corporate information in a timely and convenient manner</li> <li>● Further improve the communication with minority shareholders</li> <li>● Continue to implement the stable and predictable cash dividend policies and ensure the openness and transparency of the policy</li> <li>● Thoroughly implement the strategy of "leading mobile broadband and integrated innovation" to strengthen economies of scale</li> <li>● Further intensify the construction of a comprehensive risk management system and improve KRI key risk warning management</li> <li>● Highlight the key areas of compliance operation and promote legal culture and risk management culture development targeting at specific groups</li> <li>● Steadily push forward punishment &amp; prevention system construction, corruption-combating education and efficiency supervision by focusing on investigation and supervision of specific cases</li> <li>● Put up efforts in auditing work based on risks and problems to implement the rule of law and enforce strict corporate disciplines</li> </ul>
	<ul style="list-style-type: none"> <li>● Fair market competition order</li> <li>● Active promotion of taxation reform</li> </ul>	<ul style="list-style-type: none"> <li>● Conduct legal operations and enforce strict disciplines to promote the sustainable development of China's telecom industry</li> <li>● Continue to implement the reform program to replace the business tax with a value-added tax so as to further optimize management mode and enhance management standard</li> </ul>
<b>Topic II:</b> Lay a solid foundation for obligation fulfillment by establishing a green, secure and highly-connected leading network	<ul style="list-style-type: none"> <li>● High-speed and highly-connected network</li> <li>● A network of ubiquitous availability</li> <li>● Innovative, forward-looking communication technologies</li> <li>● Secure and sound network environment</li> </ul>	<ul style="list-style-type: none"> <li>● Enable continuous coverage of 3G/4G network in cities, counties' downtown areas, fully developed towns and key scenes and accelerate the construction of all-optical network</li> <li>● Continuously upgrade network capability and quality by improving the techniques; and continue to improve emergency system construction</li> <li>● Continue to focus on next-generation communication technologies and conduct studies in key areas; strengthen the transfer and sharing of excellent technical innovation results by conducting result promotion training sessions and experience exchange activities</li> <li>● Firmly sanitize network environment by improving the technical measures and establishing a long-term mechanism</li> </ul>
<b>Topic III:</b> Bridge digital divide to ensure that various groups all benefit from the convenience of information technology	<ul style="list-style-type: none"> <li>● High-quality network coverage in remote areas</li> <li>● A wider range of agriculture-related ICT applications</li> <li>● Convenient information service channels</li> </ul>	<ul style="list-style-type: none"> <li>● Expand 4G network coverage to townships and 3G network to villages and ensure that the population coverage rate of 3G network is no less than 95%. Continue to implement the "Village Coverage" project</li> <li>● Further develop the ICT applications for farmers in urgent demand</li> <li>● Provide more convenient services to enhance the service standards of telephones and Internet in remote areas</li> </ul>
<b>Topic IV:</b> Upgrade service capability to offer diversified, economical, reliable and satisfactory services	<ul style="list-style-type: none"> <li>● New products that could improve quality of life</li> <li>● Explicit brand system and value proposition</li> <li>● Reasonable and simple tariff plans</li> <li>● Transparent tariff system that supports inquiry at any time</li> <li>● Diversified ICT application services</li> <li>● Convenient service channels</li> <li>● Good customer relation experiences</li> <li>● Rapid and efficient escalation system</li> <li>● Security and confidentiality of personal information</li> </ul>	<ul style="list-style-type: none"> <li>● Speed up product development to provide more diversified information services</li> <li>● Optimize the WO brand system and its core value based on the objectives of brand planning</li> <li>● Continue to optimize the service plans and cut down service charges</li> <li>● Continue to standardize bill inquiry service to enable customers to get to know real-time consumption details</li> <li>● Proceed with the construction of smart cities by developing a wide range of ICT applications that could meet the demands for social development</li> <li>● Vigorously push forward the construction of Internet-based channels and centralized operation of E-channels to enable innovative e-commerce cooperation mode</li> <li>● Conduct comprehensive evaluation on customer perception to facilitate the improvement of service standard</li> <li>● Continue to enhance the capability to handle customer complaints by further improving management measures, optimizing management process and strengthening ICT-enabled management</li> <li>● Establish a mobile Internet and cloud computing-oriented information security system to improve the operation reliability of information systems</li> </ul>



Substantial topics	Expectations for China Unicom	Plan for 2015
<b>Topic V:</b> Persist in the principle of putting people first to build the best platform for human resource development	<ul style="list-style-type: none"> <li>● Safeguarded legal rights</li> <li>● Great potentials in career development</li> <li>● Effective vocational skill education</li> <li>● Equal employment and “equal pay for equal work”</li> <li>● Opportunities of democratic involvement</li> <li>● Better working and life environment</li> <li>● Effective employee assistance mechanism</li> <li>● Safe working environment</li> </ul>	<ul style="list-style-type: none"> <li>● Further standardize labor contract, pay for employees' social insurance in time and in full, and ensure welfare including physical examination and various leaves</li> <li>● Further improve the post management system and dual-channel construction</li> <li>● Strengthen the construction of training system by integrating training resources and conducting training sessions on leadership and vocational skills</li> <li>● Focus on the standardization of non-contractual employment management and put the principle of equal pay for equal work in effect</li> <li>● Strengthen the workers' congress system and continue the in-depth implementation of “General Manager Online” program</li> <li>● Continue to resolve the most practical benefit problems as well as the most difficult actual problems of the greatest and most direct concern to employees</li> <li>● Further improve the employee assistance mechanism by expanding the assistance fund sources and exploring innovative assistance measures</li> <li>● Further improve employees' working environment by strengthening accountability management and rectification in relation to work safety</li> </ul>
<b>Topic VI:</b> Promote partners management and establish responsible supply chain for win-win cooperation	<ul style="list-style-type: none"> <li>● Wide cooperation fields</li> <li>● Fair and open cooperation opportunities</li> <li>● Plentiful flexible supporting services</li> </ul>	<ul style="list-style-type: none"> <li>● Continue to expand the space of cooperation with industry chain partners, and explore various innovative cooperation mode</li> <li>● Continue the standardization of public bidding system and promote the procurement model of engineering materials featuring single settlement portal to enhance transparency and working efficiency</li> <li>● Integrate the core capabilities of operators and the advantageous resources of Internet enterprises to promote the in-depth convergence of data traffic and Internet-based products</li> <li>● Further expand cooperation in terminals to provide customers with a wide range of mobile terminals with excellent customer experience</li> <li>● Offer extended services and support service innovation by applying for special number resale by virtual operators, opening 4G network to virtual operators and improving the dynamic regulation mechanism of resale prices as well as the price system</li> </ul>
<b>Topic VII:</b> Develop in a green and low-carbon way and make contribution to harmonious co-existing ecological civilization	<ul style="list-style-type: none"> <li>● Environment-friendly green operation</li> </ul>	<ul style="list-style-type: none"> <li>● Promote the application of energy-conserving technologies to network, enhance the coverage rate of energy-conserving applications and effectively restrain the increase of energy consumption</li> <li>● Intensify efforts in energy-efficient measures and lay a solid foundation for underlying management to effectively avoid failures in energy consumption management</li> <li>● Publicize energy conservation concepts and advocate low-carbon living styles</li> <li>● Closely cooperate with China Communications Facilities Services to strengthen the joint construction and sharing of communication infrastructure</li> <li>● Give priority to energy-conserving products in procurement</li> <li>● Intensify recycling work by putting up efforts in recycling of obsolescent materials</li> </ul>
<b>Topic VIII:</b> Devote to charity to co-build a beautiful homeland	<ul style="list-style-type: none"> <li>● Continuous and effective donations</li> <li>● Aid to Tibet</li> <li>● Escalated efforts in poverty alleviation</li> <li>● Volunteer public-welfare activities</li> </ul>	<ul style="list-style-type: none"> <li>● Give priority to donations in relation to aiding Tibet project, poverty alleviation, disaster relief and educational, scientific, cultural &amp; health undertakings</li> <li>● Strengthen supervision on aiding Tibet project to meet the standards in terms of quality and quantity. Help farmers and herdsman there to increase their income. Continue to improve the communication network construction in Tibet to facilitate Tibet's ICT development</li> <li>● Further intensify efforts in poverty alleviation by means of communication services and education assistance</li> <li>● Continue to organize charitable public welfare activities in areas of public concern and social demand</li> </ul>
<b>Topic IX:</b> Live up to social responsibilities in both local communities and overseas markets	<ul style="list-style-type: none"> <li>● Equal opportunity for employment</li> <li>● Fair remuneration scheme</li> <li>● Opportunities to assume management posts</li> <li>● More cooperation opportunities</li> <li>● Energy-efficient and environment-friendly communication equipment</li> <li>● Engagement in ecological environment protection</li> <li>● Compliance with local laws and regulations</li> <li>● Support for public welfare activities</li> </ul>	<ul style="list-style-type: none"> <li>● Optimize employment management in our business locations by authorizing employment of certain posts and enhancing employment efficiencies</li> <li>● Determine employees' salaries based on the local payment practices and the company's operation conditions while persisting in people-oriented principle</li> <li>● Optimize the operation evaluation plans and employee advancement system of the overseas branches</li> <li>● Further raise the local procurement proportion</li> <li>● Encourage the overseas branches to procure equipment in compliance with environment protection requirements</li> <li>● Raise employees' awareness on environment protection by intensifying publicity and training efforts and encourage them to engage in more local environment protection activities</li> <li>● Pay close attention to the developments of local laws and regulations and make appropriate adjustments in the company's rules and stipulations</li> <li>● Actively host and engage in public welfare activities in communities where we operate</li> </ul>








# Appendix



Key Performance .....	70
Awards .....	72
Organizations .....	73
Indicator Index .....	74
Feedback .....	78





# Appendix

## Key Performance

Category	Indicator	Unit	2012	2013	2014
Operation and development	Total assets	RMB 100 millions	5760.7	5745.6	6010.1
	No. of mobile subscribers reached	10,000 households	23931.2	28098.3	29909.9
	of which, mobile broadband subscribers	10,000 households	7645.6	12260.0	14910.5
	No. of local telephone subscribers	10,000 households	9195.7	8764.3	8205.6
	No. of subscribers with access to broadband	10,000 households	5854.0	6464.7	6879.0
	Labor productivity	RMB 10,000 /Person/ year	73.25	84.98	86.75
Network capability	No. of mobile broadband network base stations built	10,000	33.1	40.7	56.5
	Fixed-line broadband access point	10,000	10646	11907	13480
	Broadband coverage rate of administrative villages in ten Northern provinces	%	93	93	93
	Broadband coverage rate in urban areas with bandwidth over 20M	%	53	63	68
	Broadband coverage rate in rural areas with bandwidth over 4M	%	65	76	78
	WCDMA connection rate	%	98.12	98.15	98.16
	Switched telecom network connection rate	%	98.66	98.70	98.67
	3G mobile network call drop rate	%	0.17	0.28	0.15
Priority support efforts	Times of emergency communication support	times	329	374	386
	Number of emergency communication vehicles dispatched	10,000 vehicle-time	13.5	10.4	10.6
	Number of emergency communication devices utilized	10,000 set-time	14.8	11.2	10.8
	Number of staff deployed	10,000 person-time	43.1	31.8	40
Independent innovation	Investment in scientific innovation	RMB 10,000	28.1	28.3	29.3
	No. of R&D staff	1 Person	3224	3366	3323
	International standard essays	1 Piece	600	601	495
	Industrial standards	1	208	225	204
	Patent applications	1	380	409	526
	Granted patents	1	68	110	141

Category	Indicator	Unit	2012	2013	2014
Eliminating digital gap	No. of unincorporated villages getting access to telephone lines attributable to the "Village Coverage" project	1	305	400	201
	No. of administrative villages with broadband coverage attributable to the "Village Coverage" project	1	4247	2551	1711
	Number of channels in rural areas and remote and poverty-ridden areas	10,000	—	30	31
E-commerce	E-commerce turnover	RMB 100 million	358.5	551.4	748.7
Customer service	Annualized complaint rate per month	Person-times/one million customers	6.48	5.58	2.81
	Waiting time by the counter at service outlet	Minutes	18	10	9
	Queuing time at service outlet	Minutes	20	15	15
People orientation	Proportion of male and female employees	Male vs. female	1.42:1	1.46:1	1.48:1
	Proportion of ethnic minority employees	%	6.49	6.47	6.59
	Proportion of female in senior management	%	11.8	11.3	11.5
	Employee training investment	RMB 10,000	26400	28385	31045
	Online University visitors	10,000 person-times	85	218	256
	Total duration of online study	10,000 credit hours	41	107	127
	Training sessions on work safety	1	32	32	32
	Coverage rate of trainings on work safety	%	95%	98%	99.8%
	Investment in assistance to employees in need	RMB 10,000	1142.01	1199.11	2417.01
	Consolation fund	RMB 10,000	1121.92	1178.02	2215.01
Low-carbon development	Special fund for energy conservation and emission reduction	RMB 10,000	7.8	7.6	8
	Energy consumption per unit information flow	Kg standard coal equivalent /TB	45.4	26.28	15.89
	Gasoline consumption	10,000 tons	7.34	6.71	6.27
	Diesel fuel consumption	10,000 tons	2.38	2.44	1.8
	Natural gas consumption	10,000 cubic meters	1167.9	1162.2	1076.95
	Power consumption	100 million KWH	117.2	130.33	134.34
	Water consumption	10,000 tons	2474	2575.5	2462.67
	Emissions of greenhouse gas	10,000 tons	479.48	519.69	511.68
	Energy savings	10,000 tons of standard coal equivalent	58.37	88.71	76.49
Cyclic utilization	Proceeds from obsolescent materials	RMB 100 million	3.8	1.90	2.7
Compliance management	Training sessions on compliance	1	1437	1536	1567
	Participants of training sessions on compliance	Person	204050	222941	226463
Community responsibility	Credit rating	Level	AAA	AAA	AAA
	Total tax payment	RMB 100 million	118.6	158.2	160.3
	Employment opportunities	Person	20780	14445	13407
	Total amount of donations	RMB 10,000	1977.5	2207.9	2172.4

Note: The financial data for 2014 was extracted from the flash report, which has not been audited.



-  China Unicom was selected as one of the Best State-owned Listed Companies with Excellent CSR Performance in 2013.
-  China Unicom was granted the titles of Top Ten Most Influential New Media Account of China's Enterprises/ Central Enterprises of 2013. The WeChat public account "China Unicom" ranked No.1 in terms of its influence on WeChat while the official Weibo account "China Unicom" won the third place in the influence ranking of Weibo.
-  China Unicom was selected as one of the Most Preferred Service Suppliers of China's SMEs.
-  China Unicom was selected as one of the Top 100 Best Employer of China's College Graduates of 2014.
-  China Unicom was granted the honor of the Model Central Enterprise in Operation Performance Evaluation in 2014.
-  China Unicom's app, Mobile Service Outlet, was awarded the honor of the Most Influential Operator Service Apps among China's mobile Internet applications for 2013-2014 by iResearch Awards.
-  China Unicom Guangdong Branch's wealth management product, Wo Bai Fu, was granted the mobile Internet innovation award.
-  15 branch offices of China Unicom, including the Liaoyang Office of China Unicom Liaoning Branch, were recognized as the Communication Enterprises of Great Customer Satisfaction for 2014.
-  5 branch offices of China Unicom, including China Unicom Xiamen Office, were granted the honor of China's Model Companies in Implementing Customer Satisfaction Project for 2014 by China Association for Quality.
-  The "Smart Wangkui" project launched by China Unicom Heilongjiang Branch was granted the Gold Award for China's Outstanding Achievements in Communication and ICT applications.
-  China Unicom Shanghai Branch was recognized as the Highly-skilled Talent Training Base of Shanghai.
-  Hebei and Henan Branch of China Unicom were granted the honors of Model Companies in Green Operation by 2014 China Green Communication Conference.
-  Beijing and Henan Branch of China Unicom were honored with the 2012-2014 China Internet Contribution Award for Self-Discipline.



Organizations	Membership
UN Global Compact	Full member
China Enterprise Confederation, China Entrepreneur Association	Mr. Chang Xiaobing, China Unicom's Chairman, serves as the Vice Chairman
China Enterprise Reform and Development Society	Mr. Chang Xiaobing, China Unicom's Chairman, serves as the Vice President
China Federation of Industrial Economics	Mr. Chang Xiaobing, China Unicom's Chairman, serves as the President of the Presidium
China Association of Work Safety	Council member
China Group Companies Association	Executive member of the Council
China Center for International Economic Exchanges	Council member
China Mobile Communications Association	Council member
China Cloud Computing Technology and Industry Alliance	Council member
Internet Society of China	Council member
Association of Communications Across the Taiwan Strait	Vice Presidency member
China Communications Standards Association	Corporate member
China Institute of Communications	Corporate member
International Telecommunication Union (ITU)	Corporate member
Global System for Mobile Communications Alliance (GSMA)	Corporate member
Open Data Center Alliance (ODCA)	Corporate member
The Green Grid	Corporate member
Tele Management Forum (TMF)	Corporate member
World Wide Web Consortium (W3C)	Corporate member
Cloud Security Alliance (CSA)	Corporate member
ONEM2M	Corporate member
Global Certification Forum (GCF)	Corporate member
Cooperative Organization for the Banking Industry IT Outsourcing	One of the founders
China Tendering and Bidding Association	Council member
Working Committee of Virtual Operation Service under the Internet Society of China	Vice executive committee member
Virtual Operation Association under China Association of Communications Enterprises	Vice presidency member
Global TD-LTE Initiative	Corporate member

## 1. CASS-CSR3.0 Telecommunication service industry indexes

Indicator	Page	Indicator	Page	Indicator	Page	Indicator	Page
Part I. Preface (P series)		G1.3	P16-17	M1.1	P7	M2.24	P26
(P1) Report specifications		G1.4	P12	M1.2	P7	M2.25	P26
P1.1	P13	(G2) Governance		M1.3	P7	M2.26	P31
P1.2	P1	G2.1	P13	M1.4	P21	M2.27	P31
P1.3	P1	G2.2	P20、23、29、32、44、50、52、55、61	M1.5	P21	M2.28	P29
P1.4	P1	G2.3	P13	M1.6	P70	M2.29	P29
P1.5	P1	G2.4	P13	(M2) Customer responsibility		M2.30	P29
(P2) Reporting process		G2.5	P13	M2.1	P40-43	M2.31	P70
P2.1	P13	(G3) Integration		M2.2	P40	M2.32	P29
P2.2	P14	G3.1	P13	M2.3	P43	M2.33	P71
P2.3	P16	G3.2	P50-51	M2.4	P34	M2.34	P42
(P3) Message from CEO		(G4) Performance		M2.5	P34	M2.35	—
P3.1	P2	G4.1	P13	M2.6	P40-42	(M3) Value chain responsibility	
P3.2	P2-3	G4.2	P13	M2.7	P33	M3.1	P50
(P4) Company profile		G4.3	P12	M2.8	—	M3.2	P21
P4.1	P6	G4.4	P43	M2.9	P26-27	M3.3	P22
P4.2	P8	(G5) Communication		M2.10	P23-24	M3.4	—
P4.3	P9	G5.1	P16-17	M2.11	P23-24	M3.5	P50
P4.4	P6	G5.2	P16-17	M2.12	P70	M3.6	P50-51
P4.5	P71	G5.3	P20、23、29、32、44、50、52、55、61	M2.13	P70	M3.7	P51
P4.6	P73	G5.4	P13	M2.14	P24	M3.8	—
P4.7	P9	G5.5	P40	M2.15	P70	M3.9	—
(P5) Annual progress		G5.6	P3	M2.16	P28	M3.10	P51
P5.1	P13-14	(G6) Capability		M2.17	P28	M3.11	P51
P5.2	P12	G6.1	P14	M2.18	P28	M3.12	P50
P5.3	P72	G6.2	P14	M2.19	P28	(M4) Scientific technology and ICT	
Part II. Responsibility governance (G series)		G6.3	P14	M2.20	P28	M4.1	P24
(G1) Responsibility strategy		G6.4	P13	M2.21	P28-43	M4.2	P70

Indicator	Page	Indicator	Page	Indicator	Page	Indicator	Page
G1.1	P12	Part III. Market performance (M series)		M2.22	P28	M4.3	P70
G1.2	P3	(M1) Shareholder responsibility		M2.23	P26	M4.4	P25
M4.5	P24	S2.14	P71	S3.7	—	(E3) Green operation	
M4.6	P22	S2.15	—	S3.8	P63	E3.1	P53
Part IV. Social performance (S series)		S2.16	—	S3.9	P55	E3.2	P39
(S1) Responsibility to government		S2.17	P47	S3.10	P57	E3.3	P53
S1.1	P21	S2.18	P47	S3.11	—	E3.4	P71
S1.2	P21	S2.19	P47	Part V. Environmental performance (E series)		E3.5	P52
S1.3	P22	S2.20	—	(E1) Environment management		E3.6	P51
S1.4	P22	S2.21	P48	E1.1	P52	E3.7	—
S1.5	P71	S2.22	P44	E1.2	P52	E3.8	P51
S1.6	P21, 22, 24	S2.23	P47	E1.3	P73	E3.9	—
S1.7	P46	S2.24	P45	E1.4	P52	E3.10	P51
S1.8	P71	S2.25	P45-47	E1.5	P53	E3.11	P54
(S2) Responsibility to employees		S2.26	P47	E1.6	—	E3.12	—
S2.1	P44	S2.27	P48	E1.7	P71	(E4) Environment friendliness	
S2.2	P44	S2.28	P48	E1.8	P71	E4.1	P52
S2.3	P48	S2.29	P49	E1.9	P52	E4.2	—
S2.4	P48	S2.30	P48	E1.10	P71	E4.3	P71
S2.5	P48	S2.31	P48	E1.11	—	E4.4	P53
S2.6	—	S2.32	—	(E2) Green network		E4.5	P36
S2.7	P47	(S3) Community involvement		E2.1	P52	E4.6	P59
S2.8	—	S3.1	P53	E2.2	P52	Part VI. Report appendix (A series)	
S2.9	P44	S3.2	P53	E2.3	P54	(A1)	P68-69
S2.10	P44	S3.3	P58	E2.4	P52	(A2)	—
S2.11	P44	S3.4	P63	E2.5	P52	(A3)	P74-77
S2.12	P48-49	S3.5	P63	E2.6	P52	(A4)	P78
S2.13	P71	S3.6	P57-60	E2.7	P52		



## 2. GIR index

Ref. No.	Page	Ref. No.	Page	Ref. No.	Page
Strategy and analysis		G4-29	P1	G4-EN5	P71
G4-1	P2	G4-30	P1	G4-EN6	P52-53
Company profile		G4-31	P1	G4-EN7	P52-53
G4-3	P6	G4-32	P76-77	Water	
G4-4	P608	G4-33	—	G4-EN8	P71
G4-5	P1	Governance		G4-EN9	—
G4-6	P6	G4-34	P13	G4-EN10	—
G4-7	P6	Business ethics and integrity		Biodiversity	
G4-8	P6	G4-56	P21-22	G4-EN11	P29
G4-9	P6071	Management method disclosure		G4-EN12	—
G4-10	P71	G4-DMA	P20, 23, 29, 32, 44, 50, 52, 55, 61	G4-EN13	—
G4-11	—	Economy		G4-EN14	—
G4-12	P50-51	Economic performance		Waste gas emission	
G4-13	P9	G4-EC1	P70	G4-EN15	—
G4-14	P21	G4-EC2	P52	G4-EN16	P71
G4-15	P2, 73	G4-EC3	P44	G4-EN17	—
G4-16	P73	G4-EC4	—	G4-EN18	P71
Definite substantial content and aspect boundaries		Market performance		G4-EN19	—
G4-17	P1	G4-EC5	—	G4-EN20	—
G4-18	P1	G4-EC6	P63	G4-EN21	—
G4-19	P16-17	Indirect economic effect		Polluted water and wastes	
G4-20	P16-17	G4-EC7	P23-24, 29	G4-EN22	—
G4-21	P16-17	G4-EC8	P31-32, 50, 55	G4-EN23	P54
G4-22	—	Procurement behavior		G4-EN24	—
G4-23	P16-17	G4-EC9	P63	G4-EN25	—
Stakeholder involvement		Environment		G4-EN26	—
G4-24	P16-17	Materials		Product and service	
G4-25	P14-15	G4-EN1	—	G4-EN27	P52-54
G4-26	P20, 23, 29, 32, 44, 50, 52, 55, 61	G4-EN2	P54	G4-EN28	P54
G4-27	P16-17	Energy		Compliance	
Report description		G4-EN3	P71	G4-EN29	—
G4-28	P1	G4-EN4	P71	Transportation	

Ref. No.	Page	Ref. No.	Page	Ref. No.	Page
G4-EN30	—	G4-LA15	—	G4-SO3	P22
Overview		Escalation mechanism of employment issues		G4-SO4	P22
G4-EN31	P52	G4-LA16	P48	G4-SO5	P22
Supplier environment evaluation		Human rights		Public policy	
G4-EN32	P51	Investment		G4-SO6	P55
G4-EN33	P51	G4-HR1	—	Anti-competition behavior	
Escalation mechanism of environment issues		G4-HR2	P47	G4-SO7	P22
G4-EN34	—	Non-discrimination		Compliance	
Society		G4-HR3	P47, 63	G4-SO8	P21
Labor practice and decent work		Freedom of association and collective negotiation		Evaluation on supplier's social impact	
Employment		G4-HR4	—	G4-SO9	—
G4-LA1	P44	Child labor		G4-SO10	P50-51
G4-LA2	P47	G4-HR5	P44	Escalation mechanism of social effect issues	
G4-LA3	P44	Forced and compulsory labor		G4-SO11	P42
Labor relations		G4-HR6	P44	Product responsibility	
G4-LA4	P44	Security measures		Customer health and safety	
Occupational health and safety		G4-HR7	P47	G4-PR1	P28, 43
G4-LA5	—	Rights of indigenous peoples		G4-PR2	—
G4-LA6	—	G4-HR8	P61	Product and service logo	
G4-LA7	P47	Evaluation		G4-PR3	P33-43
G4-LA8	P48-49	G4-HR9	—	G4-PR4	—
Training and education		Human right evaluation on suppliers		G4-PR5	P40
G4-LA9	P47	G4-HR10	—	Market promotion	
G4-LA10	P45-47	G4-HR11	—	G4-PR6	P51
G4-LA11	P45	Escalation mechanism of human right issues		G4-PR7	—
Diversification and equal opportunity		G4-HR12	—	Customer privacy	
G4-LA12	P71	Society		G4-PR8	P43
Equal pay for men and women		Local community		Compliance	
G4-LA13	P47	G4-SO1	P61	G4-PR9	P21
Evaluation on supplier's labor practice		G4-SO2	—		
G4-LA14	—	Anti-corruption			



## Feedback

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This is China Unicom's eighth Corporate Social Responsibility (CSR) Report released in public. We are looking forward to your opinions and suggestions, which will help us do better in the future. We'll be highly appreciated if you could complete the following feedback form and send back to us at:

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