

China Unicom  
Corporate Social Responsibility  
Report 2015

Implementing New Ideas to Compose A New Chapter



Add: No. 21, Financial Street, Xicheng District, Beijing,  
100033

<http://www.chinaunicom.com>



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## Report Description

### Time frame:

From January 1 to December 31, 2015. However, there might be some parts the go beyond this time frame.

### Release cycle:

The corporate social responsibility report of China United Network Communications Group Company Limited is an annual report.

### Organizational coverage:

This report covers China United Network Communications Group Company Limited and its subsidiaries. For the convenience of expression, the organizations covered are referred to as "China Unicom", "the Group", "the Company" and "we".

### References:

Program to the State-owned Enterprises Directly under the Central Government on Implementing the Harmonious Development Strategies during the 12th Five-Year Plan Period by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC);

Compilation Guide for "Corporate Social Responsibility Fulfillment Report" by Shanghai Stock Exchange

Compilation Guide for Corporate Social Responsibility Report by General Administration of Quality Supervision, Inspection and Quarantine and Standardization Administration of the People's Republic of China;

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 2015 data referred in this report is the final statistical data, and in case of any discrepancy 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 this 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>.

### Contact us:

Add: Corporate Development Department of China Unicom, No. 21, Financial Street, Xicheng District, Beijing, 100033

Fax: 86-10-66258674

Email: [yangwei3@chinaunicom.cn](mailto:yangwei3@chinaunicom.cn)



## Message from the Chairman

2015 was an extraordinary year in China Unicom's quest for development. We have been actively responding to the macro environment where the market landscape witnessed profound changes, multiple factors intertwined and new challenges emerged in terms of operations and development, and pursuing sustainable development of the economy, society and environment while striving for corporate growth. We have developed a set of development strategies adapted to the new situation, continued to improve our capabilities in providing information and communication services, and launched a series of beneficial services and initiatives, in order to make positive contributions to popular entrepreneurship and mass innovation, the upgrade of traditional industries and the raise of quality and efficiency of China's economy development.

For the purpose of better following through the development principles of innovation, coordination, greenness, openness and sharing, China Unicom conducted an in-depth analysis on the emerging changes in its external and internal development environment, and proposed to fully implement the "Focus Strategies" and make innovations in cooperation and growth based on its strengths in resources. As one of the practical choices for China Unicom to retain striving development, the "Focus Strategies" accommodated the objective divergences in various business scopes, resource conditions and operation capabilities, and put together the resources while highlighting the priorities, to achieve better operation efficiency and development results. As innovation is the primary driving force for development, we have attached core importance to innovation in the overall perspective, and enhanced innovation in technological services, business mode, operation & service and mechanisms while closely following the trends of the new round of technology and industry reform. As cooperation is inevitable in the existing landscape, we have promoted the complementation and in-depth cooperation in resources and innovation with the counterparts in the industry in accordance with the principle of win-win partnership and common development so as to strive for synergy effect in development. As for the industry chain, we have expanded cooperation in the fields of technology, business, resources and capital with an open mind to build up a benign industrial ecology system.

Being a member of UN Global Compact and a large stated-owned enterprise, China Unicom has strictly complied with the 10 principles of the Global Compact while being committed to the stakeholders, and has continued to improve its fulfillment capacities. In 2015, we paid more attention to innovation, transformation and quality benefit, and put together our resources to construct high-speed, secure information infrastructure. We put forth great effort in accelerating the construction of 4G and all-optical network. As a result, all-optical network was deployed in 6 provinces while the integrated unit price of mobile data traffic decreased by 27% and the average rate per unit bandwidth of fixed broadband was down by 49.6%. We effectively implemented the Broadband China strategy, the Internet Plus action plan and the requirement for facilitating faster and more affordable Internet connection, and prominently stimulated the information consumption. In the key areas of vital importance to the national economy and people's livelihood as well as transformation and upgrade of traditional industries, such as the Internet of Things, cloud computing and big data, we launched a wide range of innovative industrial applications, supported the construction of smart cities, and deployed a number of key projects. Besides, we became more focused on collaborative operation and coordinated development, and proactively pushed forward the Belt and Road Initiative and sped up the implementation of "go globe" strategy by setting up overseas companies and promoting the coordinated development of both overseas and domestic services and the fulfillment of social responsibilities overseas. We followed through the strategy for western development drive by offering preferential policies and targeted assistance to the western regions in terms of business development, network construction, funding support and customer services. We also implemented the initiative of deploying optical network in 10,000 towns so as to bridge the digital gap between urban and rural areas and enable the remote and poverty-stricken areas to benefit from the results in information services. We were also committed to the green network environment and disseminated the cyber public

welfare spirits to provide customers with more reliable and convenient services, and to effectively safeguard the consumers' rights and interests. We were more conscious of the importance of resource conservation and environment friendliness. We earnestly carried out the fundamental national policy of resource saving and environment protection, persisted in green development, pushed forward energy saving via technical and management approaches, replaced and eliminated the aging equipment, intensified the reuse and recycling of materials and resources, conducted management of electromagnetic radiation and economized on construction of communication facilities. We attached greater importance to openness and cooperation for mutual benefits and win for all. We conducted in-depth cooperation with China Telecom and implemented the initiative of improving the quality of customer services which featured joint construction and sharing of resources and quality improvement of customer services, to accelerate the improvement of network coverage and quality of service for the customers, especially the 4G network and service, and to provide various enterprises and the whole society with information and communication services of higher quality. We also opened up our platform resources and capacities to promote the in-depth cooperation of the industry chain in the fields of equipment, service, technology, brand and business and create more development opportunities for our partners. We were more committed to our employees' development and sharing with society. We established a multidimensional promotion and motivation system that covered all employees, upgraded the employees' integrated competencies, listened to the employees' opinions and cared for the physical and mental health of employees to promote the joint development and growth of both the employees and the Company. We actively responded to the call of the government to take targeted measures in poverty alleviation, and continued to offer partner assistance to poverty-stricken areas. We also kept providing assistance to the Tibetan area to help the farmers and herdsmen there alleviate poverty and become prosperous, and promote the economic growth and harmonious development of the Tibetan area. We also launched a number of voluntary campaigns aimed at social welfare such as helping the aged and disabled, making financial donations to help education and protecting the ecological environment.

In 2016, China Unicom will take concrete actions to further implement the Internet power strategy, the big-data strategy and the Internet Plus action plan, and fulfill its obligations while conducting production, operation and management tasks. We will persist in the new development ideas in the structural reform of the supply side such as the network, platform and terminal, and will cooperate with various stakeholders to expand the growth space, so as to develop a new industrial ecology system, better bolster the development of social economy and benefit the livelihood, and initiate a new situation of sustained, rapid and sound development for China Unicom.

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

March 2016

# 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 telecom operator in China that listed on the stock exchanges in New York, Hong Kong and Shanghai. China Unicom has appeared on the Fortune Top 500 list for consecutive years.

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 in relation to information and communications businesses. China Unicom launched a full-service brand "WO" on April 28, 2009 to provide a full range of services to the public and group customers. By the end of 2015, China Unicom had 430 million subscribers in total, with corporate assets reaching RMB668.31 billion.

China Unicom has a modern communications network characterized by its nationwide coverage and global reach. 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. In 2015, China Unicom launched "WO 4G+", striving to build an industry-leading fine 4G network. By the end of 2015, the number of 4Gbase stations exceeded 399,000, the number of fixed broadband access ports reached 165 million, and the international roaming service covered 593 operators in 251 countries and regions. In future, China Unicom will implement its "Focus Strategies" in an all-around way, strive for innovative cooperation and development, and accelerate the sharing and doubling of network coverage, so as to provide customers with extremely perfect network experiences.

## Corporate Governance

In 2015, China Unicom strictly abided by the laws and regulations of China mainland, Hong Kong and the United States, learned advanced corporate governance experiences from domestic and overseas enterprises, constantly improved the corporate governance structure while taking into consideration of the Company's actual situation, built effective internal control and risk control systems, regulated corporate operations and improved its corporate governance level. The shareholders, the Board of Directors and the Supervisory Board of the Group and its listed companies convened in strict compliance with the related laws, regulations and the Company's rules, so as to ensure that the decision-making processes are scientific and effective, all the shareholders may regularly exercise their rights and the interest of minority shareholders is legally safeguarded. The listed companies, through the organization of a board of directors with diversified personnel mix and the establishment of Audit Committee, Remuneration Committee, Nomination Committee and other affiliates, effectively regulated the internal control system in relation to the financial statements and brought the specialties of each director to the full play to enhance the duty-performing capability and scientific decision-making. In 2015, 50 meetings were convened, including meetings of the Group, the A share, the shareholders of Unicom Red Chip, the Board of Directors and related committees. Moreover, the listed companies fulfilled the information disclosure obligations in stringent compliance with the requirements of related laws and regulations, and actively conducted communication and exchanges with the investors via meetings, calls, websites, email and other forms of communication to provide investors with opportunities to understand the Company's strategies and the latest development of services.

## Senior Management



**Wang Xiaochu**

Chairman and Secretary of Party Leadership Group



**Lu Yimin**

President, Vice Chairman and Deputy Secretary of Party Leadership Group



**Li Fushen**

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



**Zhang Jun'an**

Director, 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

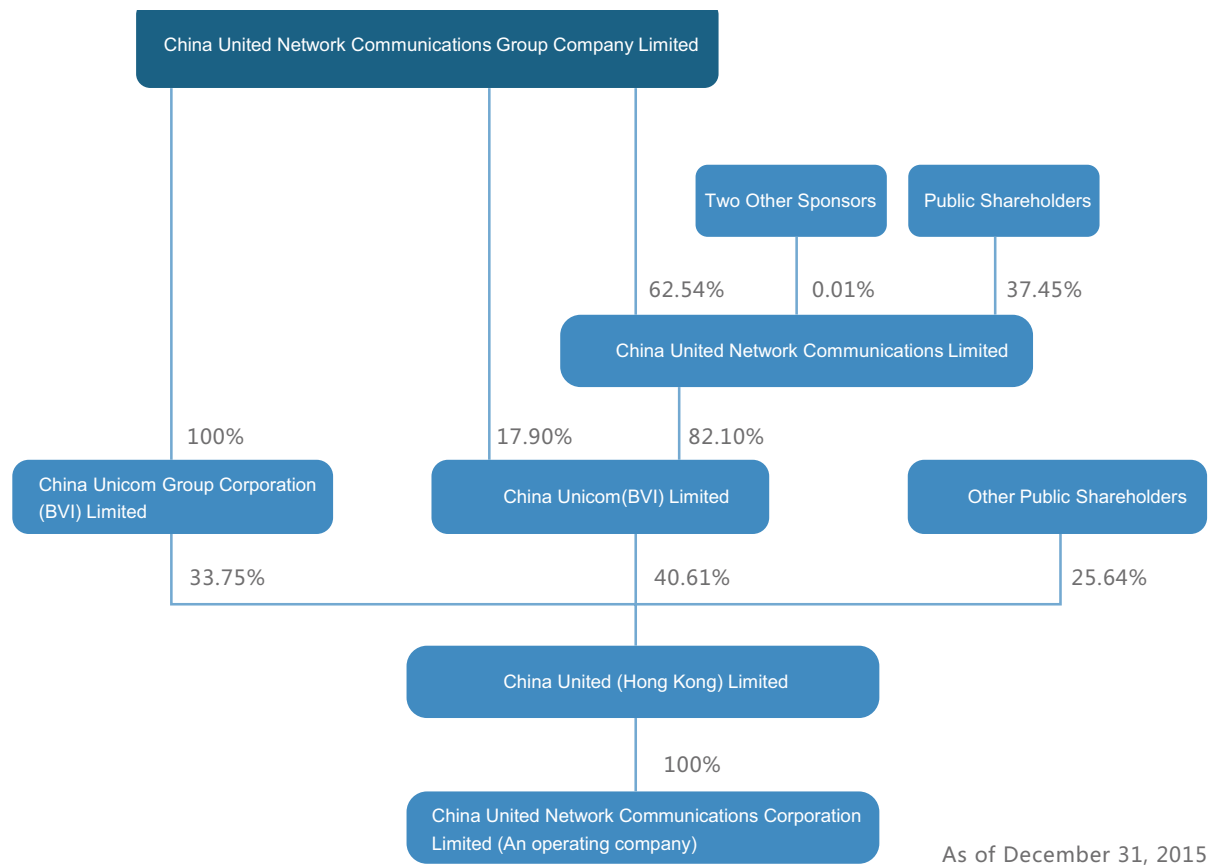


**Xiong Yu**

Vice President, and Member of Party Leadership Group

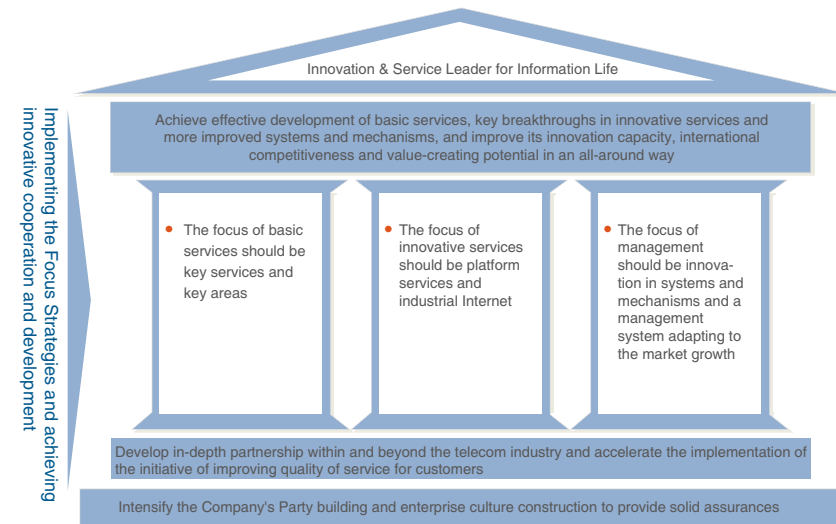
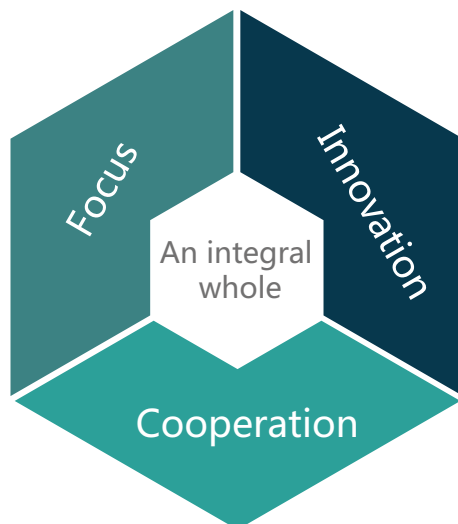


## Shareholding Structure



## Development Strategy

Taking into consideration of its own resources and strengths, China Unicom has set up the corporate strategy of implementing the Focus Strategies and achieving innovative cooperation and development on the basis of earnestly studying and implementing the spirits of the Fifth Plenary Session of the 18th CPC Central Committee as well as the Central Committee's Proposal for Formulating the 13th Five-year Plan for National Economic and Social Development, and conducting an in-depth analysis on the emerging changes in its external and internal development environment. The essence of the Focus Strategies lies in that we should remain committed to focusing on key issues, to innovation-driven development, to further cooperation and to CPC leadership, that the focus of basic services should be key services and key areas, that the focus of innovative services should be platform services and industrial Internet, that the focus of management should be innovation in systems and mechanisms and a management system adapting to the market growth. With three to five years of efforts, China Unicom will make significant progress in its strategic transformation, achieve effective development of basic services, key breakthroughs in innovative services and more improved systems and mechanisms, and improve its innovation capacity, international competitiveness and value-creating potential in an all-around way.

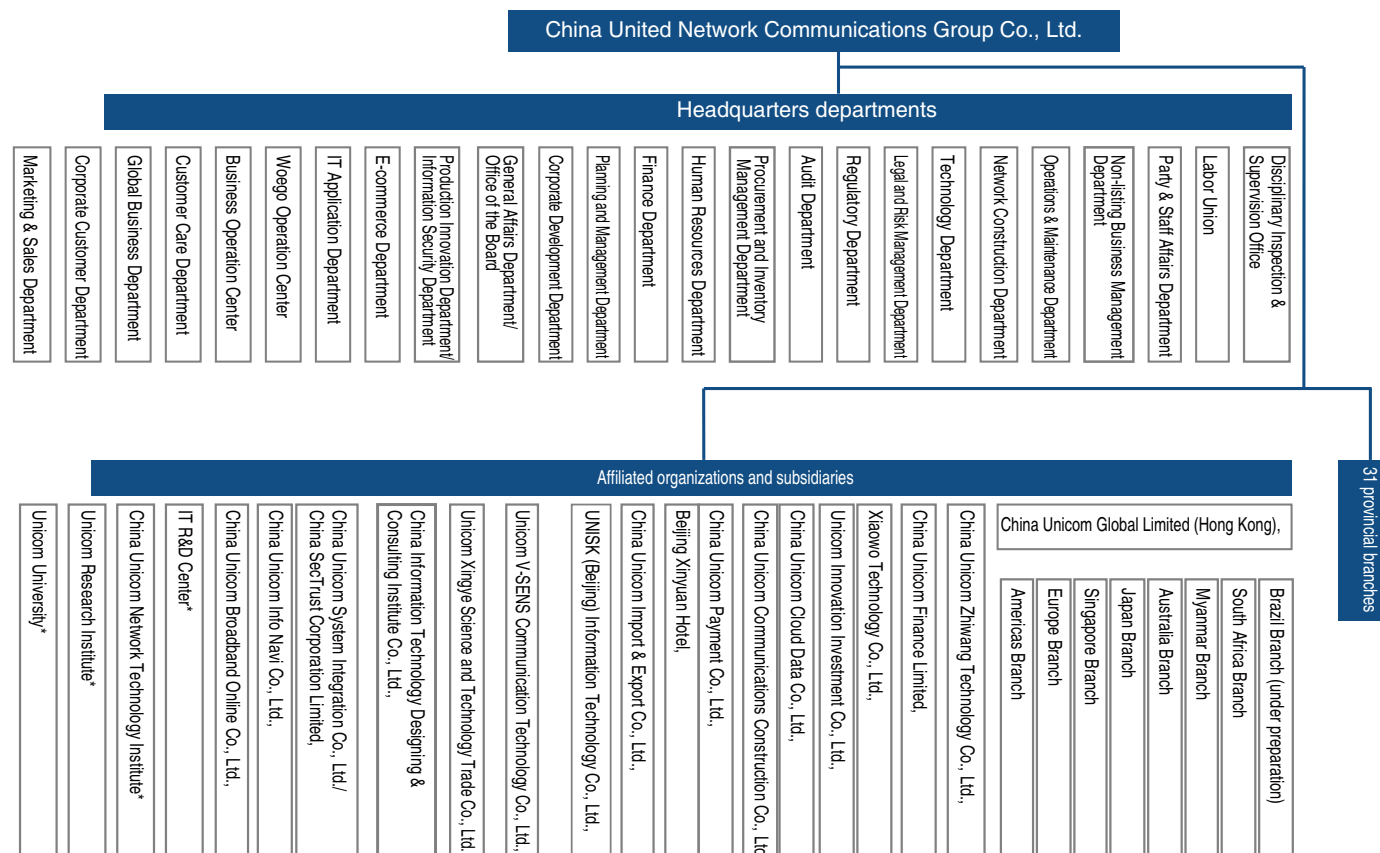


## Organizational Structure

In 2015, China Unicom sped up the construction of a new system adapting to the development of mobile Internet and established a innovative development-enabled organizational structure via the restructuring of the headquarters and affiliated organizations/subsidiaries.

Headquarters: In order to adapt to the development of mobile Internet and facilitate the Internet Plus-featured transformation of the Company's services and products, China Unicom stripped its e-commerce center off the IT Application and E-commerce Department and set up an independent E-commerce Department. For the purpose of further strengthening centralized operation, China Unicom integrated the channel, terminal, financial, information and logistic services within the whole group and established the Woego Operation Center. Moreover, China Unicom Network Branch was withdrawn to further integrate resources.

Affiliated organizations and subsidiaries: The IT Research Center was established in order to improve the independent R&D capabilities of core IT systems. Due to the overall arrangement of international business, China Unicom Global Limited was founded. China Unicom Finance Limited was set up to integrate into the financial market more extensively. In order to be geared to the situation and the needs of rapid development of vehicle IT applications, China Unicom Zhiwang Technology Co., Ltd. was put into place.



Note: \* indicates affiliated organizations.

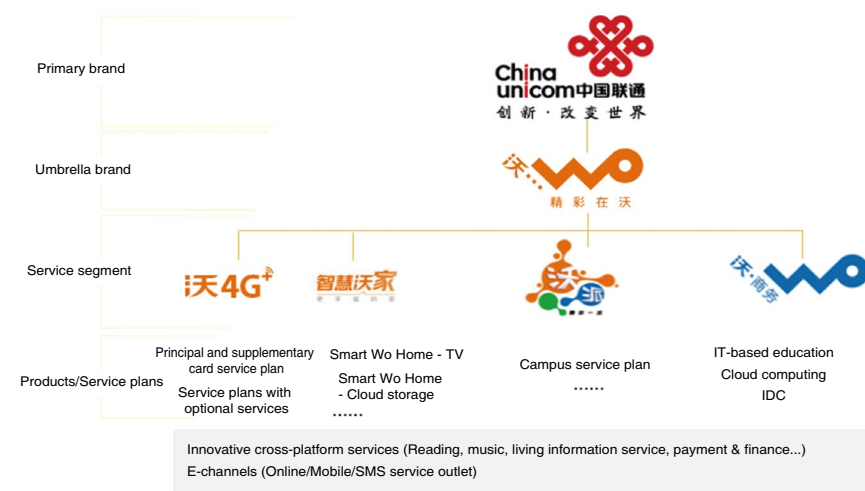


## China Unicom's corporate brand

Holding the proposition of "Innovation Changes the World", China Unicom, as the advocate for innovation spirit, has always played the role as a pioneer. By virtue of its leading communication technologies and the full service-based operating system, China Unicom has been depicting a blueprint for future information life and a grand vision for the integrated information services while putting into practice the innovative ideas with an enterprising and forward-looking spirit. China Unicom profoundly believes that the future will be shaped by innovators and that innovation will change the world.

## Wo brand system

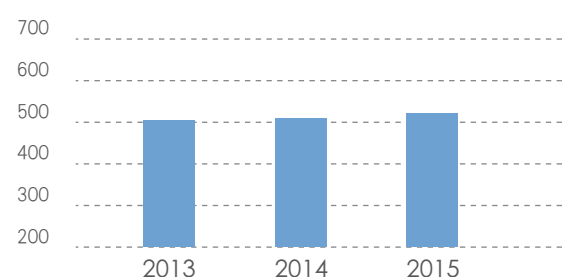
As the core brand of China Unicom to communicate with its customers, the service brand, "Wo", with the design concept of delivering splendid services under the brand Wo, covers all the products, businesses, services and service plans of China Unicom. The brand, Wo, is committed to transforming the communication patterns of individuals by manifesting each customer's unique personality and increasing personal attractiveness, to reforming the life style of families by promoting affection among family members and creating more fun in daily life, and to changing the competition manner of enterprises by assisting them in winning leading position in future.



China Unicom's Brand Architecture

China Unicom has carried out the brand strategy of establishing a full-service brand under the corporate brand. As a result, the enterprise image and brand value has constantly improved. According to the survey results on communication service brands of 2015 China Brand Power Index, the brand power index of China Unicom was 517.4, up by 5.8 points compared to the same period of last year, marking China Unicom as the only domestic telecom operator with its brand power index increasing for three consecutive years

China Unicom's brand power index



## Corporate Social Responsibility (CSR) Management

China Unicom attached great importance to the fulfillment of social responsibilities. Therefore, the Company has strengthened CSR management, integrated its social responsibilities into its routine operations and intensified communication with the stakeholders, so as to facilitate the improvement of the Company's value-creating capabilities and make positive contributions to the sustainable development of the society.



## CSR Development Goal

By constantly improving its capabilities in CSR management and CRS practice, China Unicom will strive to achieve the goal of "high-quality management, robust practical abilities and superior social image" in 2016.

### High-quality management

Develop the responsible enterprise culture and a strategy aiming for sustainable development, and incorporate the social responsibilities in the decision-making process, systems & processes, service operation and routine management, so as to establish a CSR management system characterized by explicit strategies, standard governance, unhindered communication and excellent capabilities.

### Robust practice abilities

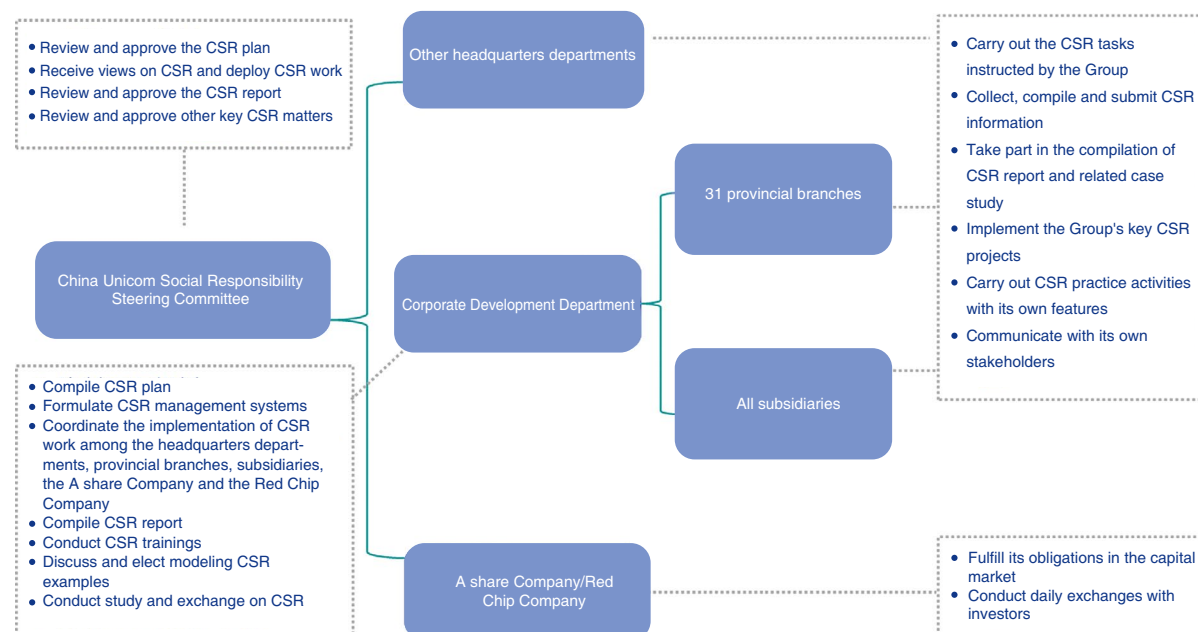
Integrate the CSR concept into the Company's operation system and management system while enhancing the economic benefits, so as to remarkably improve the abilities of retaining and raising values and of creating values for the stakeholders, and to play a key role in guaranteeing and improving people's livelihood, promoting the social development and constructing ecological civilization.

### Superior social image

Actively develop and implement characteristic practice activities of profound social impact while significantly improving the performance in social communication and the operation transparency, so as to build up a widely recognized social image as a responsible enterprise.

## CSR Organizational Structure

China Unicom set up a specialized CSR department and defined its organizational structure and mandate in the *Administrative Measures for Corporate Social Responsibility of China Unicom*.



## CSR Topics

China Unicom drew up a selection process for CSR topics based on the principle of "keeping in step with the Dow Jones Sustainability Indices, updating on a regular basis and achieving sustained improvement". The Company has conducted the study on CSR topics every three years since 2014, to determine the list of CSR topics and CSR development goals.



China Unicom's Core CSR Topics

## Communication on CSR

In 2015, China Unicom has conducted targeted communication with different stakeholders based on the substantial CSR topics.

Substantial topics	Stakeholders	Communication method	Expectations for China Unicom
Strengthen the internal management to achieve sound and steady development	Investors	<ul style="list-style-type: none"><li>Results announcement meetings</li><li>General Shareholders' Meeting</li><li>Exchange meetings of investors</li></ul>	<ul style="list-style-type: none"><li>Timely and transparent information access</li><li>Steady long-term ROI</li><li>Corporate governance and risk control</li><li>Compliance with law and uncorrupted operation</li></ul>
	The government and regulatory authorities	<ul style="list-style-type: none"><li>Face-to-face communication</li><li>Meetings</li></ul>	<ul style="list-style-type: none"><li>Fair market competition order</li><li>Efficiency increase and cost reduction</li><li>Online information security</li></ul>
	The public and media	<ul style="list-style-type: none"><li>Calls and discussions</li><li>Weibo and websites</li></ul>	<ul style="list-style-type: none"><li>Timely access to the information on the Company</li><li>IT-based interaction with the Company</li></ul>
Lay a solid foundation for obligation fulfillment by establishing a green, secure, unhindered leading network	Customers	<ul style="list-style-type: none"><li>Service hotline</li><li>Weibo and Wechat</li><li>NPS survey</li></ul>	<ul style="list-style-type: none"><li>High-speed and highly-connected network</li><li>Network of ubiquitous availability</li><li>Innovative and forward-looking communication technologies</li><li>Secure and healthy online environment</li></ul>
Bridge the digital divide to provide customers in rural areas with equivalent services to that in urban areas	Customers in remote areas	<ul style="list-style-type: none"><li>Interviews</li><li>Activities</li></ul>	<ul style="list-style-type: none"><li>High-quality network covering remote areas</li><li>Diversified IT applications in relation to agriculture, farmers and rural areas</li><li>Convenient information service channels</li></ul>
Upgrade the service capabilities to offer diversified, affordable, reliable and satisfactory services	Customers	<ul style="list-style-type: none"><li>NPS survey</li><li>In-depth interview</li><li>Continuing experience of major products by customer experience experts</li><li>Meetings, interviews</li><li>Large-scale activities for customers</li></ul>	<ul style="list-style-type: none"><li>New services that could upgrade the quality of life</li><li>Favorable and transparent tariff policies</li><li>Convenient and efficient service channels</li><li>Fast and effective complaint settlement</li><li>Secure and confidential personal information</li></ul>
Persist in the people-oriented principle to foster a community of common destiny for the Company and its employees	Employees	<ul style="list-style-type: none"><li>Survey and discussions</li><li>Conferences of representatives of employees</li><li>Democratic life meetings</li><li>Online interview</li><li>Online waiting by GMs</li></ul>	<ul style="list-style-type: none"><li>Guaranteed legal rights and interests</li><li>Training and career development potential</li><li>Opportunities to take part in democratic management</li><li>Better working environment</li><li>Secure production and working environment</li></ul>
Promote partner management and establish a responsible supply chain characterized by win-win cooperation	Partners	<ul style="list-style-type: none"><li>Fund-raising conferences</li><li>Announcement on bid invitation and bid winning</li><li>Self-service portals of partners</li><li>Meetings and discussions</li></ul>	<ul style="list-style-type: none"><li>Wide cooperation fields</li><li>Cooperation opportunities featuring fairness and openness</li><li>Diversified and convenient supporting services</li></ul>
Pursue green and low-carbon development to contribute to the ecological civilization featuring harmonious coexistence	Ecological environment	<ul style="list-style-type: none"><li>Meetings</li></ul>	<ul style="list-style-type: none"><li>Green, environment-friendly operation</li><li>Reuse and recycling to mitigate pollution</li></ul>
Devote to public welfare to jointly build a beautiful homeland	Community	<ul style="list-style-type: none"><li>Meetings and discussions</li><li>Partner assistance while stationed in rural areas</li></ul>	<ul style="list-style-type: none"><li>Continuing and effective donations</li><li>Escalated efforts in poverty alleviation and assistance</li><li>Voluntary activities aiming for public welfare</li></ul>

## Business Operation in Line with Laws and Regulations

China Unicom has considered standardized corporate governance as the foundation to ensure sustained and steady development of the Company. In 2015, we intensified comprehensive risk management, followed through the principle of corporate governance in alignment with laws and regulations, stepped up efforts in combating corruption and advocating integrity, strengthened internal audit and supervision, and improved workplace safety management, so as to achieve lasting prosperity of the Company through standardized and effective management systems.

In 2015, the Company actively communicated with the media and the public to disseminate its development updates.

- Gave publicity to the Company by planning a series of interviews on All Optical Network Replacement in Shandong Province, Internet Plus in Henan Province and 4G Plus in Guangdong Province as well as press conferences on the Company's Focus Strategies and 4G Plus Strategies, and drafting and publishing the news release and special issue of the Company's news.

- Paid close attention to the public opinion trends, and drafted and published the Daily Report on Public Opinion Monitoring and the Special Issue on Public Opinion.

- Conducted interactions via the official Weibo account, the annual views of which exceeded 700 million. Over 40,000 complaints and consulting inquiries were forwarded to related departments by the official Weibo.



Stakeholders	Expectations for China Unicom	Communication method	Measures taken in 2015	Measures to be taken in 2016
Investors	<ul style="list-style-type: none"><li>Timely and transparent information access</li><li>Protection of rights and interest of minority shareholders</li><li>Steady long-term ROI</li><li>Effective risk control</li><li>Business operations in line with laws and regulations</li><li>Steady development</li></ul>	<ul style="list-style-type: none"><li>Results announcement meetings</li><li>General Shareholders' Meeting</li><li>Exchange meetings of investors</li></ul>	<ul style="list-style-type: none"><li>Disclosed the Company's information in time</li><li>Provided convenience for the minority shareholders to express their opinions by way of on-site vote, online vote and reception area for individual shareholders</li><li>Continued to pay dividend to shareholders since the foundation of the Company and conduct effective communication with investors</li><li>Improved the assessment model of comprehensive risks and prevent operation risks</li><li>Drew up working plans on legal affairs, value the intellectual property rights and safeguard the rights and interest of consumers</li><li>Implemented several special audit projects, and announce the issues detected and instruct rectification</li></ul>	<ul style="list-style-type: none"><li>Enable the investors to get access to the Company's information in a timely and convenient way</li><li>Improve the communication channels with minority shareholders</li><li>Continue to carry out the consistent, reliable and foreseeable cash dividend policies</li><li>Upgrade the experience-based risk management to professional risk management, which will further evolve into the value-oriented risk management</li><li>Highlight the emphasis on compliance culture construction, and improve the systems of law study and application</li><li>Give pre-warning on and monitor the issues that restrain the Company from growing via IT-based audit methods</li></ul>
Regulatory authorities	<ul style="list-style-type: none"><li>Intensified CPC organization construction</li><li>Uncorrupted operation</li></ul>	<ul style="list-style-type: none"><li>Face-to-face communication</li><li>Meetings</li></ul>	<ul style="list-style-type: none"><li>Conducted training sessions for senior management of party membership, review the report of Party Committee Secretaries on their performance of leading frontline party organization construction, and organize "morality lectures"</li><li>Reformed the discipline inspection and supervision system, stepped up efforts in combating corruption and upholding integrity, and conducted rectification of issues detected by the Central Leading Group for Inspection Work</li></ul>	<ul style="list-style-type: none"><li>Persist in the Party's leadership by simultaneously strengthening party organization construction and corporate reform &amp; development, and intensify efforts in morality lectures and spiritual civilization construction</li><li>Proceed with the inspection and long-term rectification, fulfill the related obligations, and enhance management of letter-inquiring-and-accusing work and discipline inspection</li></ul>
The Public	<ul style="list-style-type: none"><li>Timely access to Company information</li><li>IT-based interactions with the Company</li></ul>	<ul style="list-style-type: none"><li>Calls and discussions</li><li>Official Weibo</li><li>Official website</li></ul>	<ul style="list-style-type: none"><li>Communicated and conducted discussions with journalists, experts and opinion leaders</li><li>Replied the private messages and remarks via the official Weibo, and published news on the official website</li></ul>	<ul style="list-style-type: none"><li>Effectively communicate with journalists, experts and opinion leaders</li><li>Continue to interact with the official Weibo account's followers and release news on the official website</li></ul>
Media	<ul style="list-style-type: none"><li>In-time news release on the Company</li><li>On-site interviews</li></ul>	<ul style="list-style-type: none"><li>News release</li><li>Press conference</li><li>Interviews on special topics</li></ul>	<ul style="list-style-type: none"><li>Published news release</li><li>Organized press conferences and interviews</li></ul>	<ul style="list-style-type: none"><li>Proceed with accurate and timely news release</li><li>Organize press conferences and discussions with the media as appropriate</li></ul>
Employees	<ul style="list-style-type: none"><li>Secure production and working environment</li><li>Effective safeguard of personal safety</li></ul>	<ul style="list-style-type: none"><li>Democratic life meetings</li><li>Video conference</li></ul>	<ul style="list-style-type: none"><li>Improved the emergency management system on workplace safety</li><li>Conducted surveys on occupational health and organized training sessions on occupational security</li></ul>	<ul style="list-style-type: none"><li>Further strengthen the construction of secure production environment</li><li>Establish and improve the guarantee system for occupational health</li></ul>

## Party Organization Construction

China Unicom has persisted in the principle of attaching sufficient importance to both the party organization construction and business operation, and made innovations in the frontline party organization construction work, to ensure the sustained and sound development of the Company from the political aspect.

- We conducted training sessions for the senior management of party membership and continued to launch the special educational campaign of "three stricts and three honests", namely being strict in morals, power and disciplining oneself; being honest in decisions, business and behavior, by way of special lectures about Party affairs, special seminars, democratic life meetings & organizational life meetings, and concrete rectification and implementation measures. Moreover, we held four training sessions on improvement of fulfillment capacities for Party Committee Secretaries of the prefectural and municipal branches, and offered online trainings for frontline organizations and departments.

- We implemented pilot programs of reviewing and assessing the report of Party Committee Secretaries of the Company's branches and subsidiaries on their performance of leading frontline party organization construction in 7 provincial branches including Beijing Branch and Shanghai Branch and China Information Technology Designing & Consulting Institute Co., Ltd., where the Party Committee Secretaries of these branches and subsidiary should be supervised and assessed by the Party organization, Party members and the public after the on-site report.

- In order to further upgrade the moral cultivation of the officials and employees, the Company organized 279 sessions of morality lectures in 2015.

The Party Committee of China Unicom Anhui Branch held the annual review meeting 2015 to assess the report of Party Committee Secretaries of the municipal branches on their performance of leading frontline party organization construction, attended by 55 participants including the Party Committee Secretary, Secretary of Commission for Discipline Inspection, Party Committee members and some representatives of Party member officials and employees of China Unicom Anhui Branch. Party Committee Secretaries of the 16 municipal branches of China Unicom Anhui Branch all participated in the meeting. During the meeting, each performance report was followed by questions and assessment. The questions raised by the Party Committee members of Anhui Branch targeted at concrete issues and involved both the shortages of 2015 and the promises for 2016. The reporting Party Committee Secretaries of the municipal branches directly responded to the questions with substantial measures. At this meeting, Party Committee Secretaries of the 16 municipal branches executed the letter of undertaking for fulfillment of obligations in relation to leading frontline party organization construction in 2016.



## Risk Control

China Unicom has continued to improve its internal control and risk management system and promoted the integration of risk management in routine operation and management.

- We built up an internal control and risk management system composed of the Board, Internal Control and Risk Management Committee, general administration department and related functional departments.

- We further implemented the comprehensive risk management system characterized by combination of routine comprehensive risk management and dynamic key risk management, and optimized the comprehensive risk assessment model featuring multiple-level description and management by layers.

- We conducted annual and interim comprehensive risk assessment, special risk assessment and self-testing on internal control.

In 2015, the Company witnessed no significant risk event and detected no material flaws or loopholes in relation to construction and implementation of internal control. The Company's risk management was recognized by SASAC.

Compliance Trainings			
CSR KPI	2013	2014	2015
Number of compliance training sessions	1536	1567	1596
Number of participants of compliance training	222941	226463	231549

## Corporate governance in alignment with laws and regulations

China Unicom strived for corporate governance in line with laws and regulations, honest business operation and scientific development by adhering to the principle of incorporating legal system education in practices on rule of law, and incorporating legal management in business operation management.

- We formulated the new Five-year Plan for Legal Work and drafted the Manual for Compliance Operation.

- We carried out law publicity activities via special issues on dissemination of legal knowledge, Day of Law Publicity, and contests and lectures on legal knowledge.

- We lawfully applied the intellectual property rights (IPRs) of other parties by way of conducting initial-round of IPRs retrieval and standardizing the IPR terms of contracts. Meanwhile, we also optimized our IPR management system and explored the conversion of independent IPRs into applications.

- We continued to take effective measures to ensure the implementation of the laws, regulations and rules on consumer protection, strengthened the protection of customers' private information, and avoided false or misleading publicity.

### Maintenance of market competition order

Committed to establishing a well-conditioned market economy order, China Unicom has paid attention to compliance operation and rational competition, and vigorously strengthened communication within the industry.

- Strictly complied with the laws and regulations in relation to standardized operation during the process of service development.
- Studied, abided by and applied the regulatory policies for the telecom market.

- Proactively prevented and suppressed unfair market competition to promote the sound and orderly development of the telecom market.

With the common efforts of the senior management and the employees of the Company, a series of improper acts such as wrongful and slandering publicity, sacrifice sale, presentation of high-value gifts irrelevant with telecom services, misappropriation of communication facilities and resources and illicit construction of local network facilities were regulated, thus further safeguarding the market competition order.

In 2015, China Unicom was ranked level A in the SASAC's assessment on the achievement of the third Three-year Goal for Legal Work Implementation by central enterprises as there have been no material lawsuit arising out of unfair competition and monopoly conducts or administrative penalty caused by breach of laws and regulations on environment protection.



Fighting Corruption and Upholding Integrity

In 2015, the Company continued to strengthen the construction of systems for fighting corruption and upholding integrity.

- We reised and improved the decision-making systems and facilitated the realization of democratic, transparent and scientific decision-making jointly conducted by the senior management and experts through the system-based arrangements such as setting up a decision-making committee.
- We formulated and implemented a series of regulatory framework including the Seven Disciplines for Headquarters Staff of China Unicom in Relation to International Cooperation, and the Administrative Measures for Remuneration for Obligation Fulfillment and Business Expenditure of the Senior Management of China Unicom, so as to regulate the exercise of power and control the corruption risks.
- We established and implemented the mechanism for responsibility commitment to itemize the principled requirements to concrete restrictions.
- We pushed forward the implementation of the "one job, dual responsibilities" principle by listing the obligatory responsibilities in relation to fighting corruption and upholding integrity of China Unicom's leadership at all levels in the form of corporate regulatory framework, so as to provide basis for implementation, inspection and accountability.
- We strengthened the inspection and supervision work and conducted special inspection on 12 provincial branches. Meanwhile, we also ramped up efforts to deal with the violation of related regulations and disciplines to create an enterprising and honest development atmosphere.

Taking into consideration of the features of telecom industry, the Company has launched targeted educational campaigns on fighting corruption and upholding integrity and unveiled the website of discipline inspection and supervision of China Unicom that integrated the features and functions including publicity & education, information announcement and letters, visits & whistle-blowing, so as to give publicity to the latest requirements and disciplines, working updates and typical cases in relation to anti-corruption work. As a result, this website became a widely viewed publicity and educational base for anti-corruption.



Audit and Supervision

In 2015, the Company conducted audit and supervision work targeting at the significant issues and potential risks in relation to production and operation, and particularly punished the acts of violation of financial disciplines and the acts causing loss of the Company's benefits. Besides, a host of special audits, such as management and control of general fund and advertising fees, benefit tracking of frontline functional unit and network unit, off-office auditing, internal control auditing and investment & construction management, were carried out at several

provincial branches, subsidiaries and engineering projects. The Company also announced the issues detected by the audit and instructed the related party to rectify. The Company's two cases on auditing work, "Establishing a risk-oriented audit model + Promoting corporate development based on value analysis", and "Case of the special audit and inspection on mobile communication network project", were recognized as the Top 100 outstanding audit cases by China Institute of Internal Audit.

Workplace Safety

In 2015, China Unicom focused on the implementation of the system for workplace safety accountability, intensified the workplace safety responsibility system characterized by the principle that the leadership shall bear both the responsibilities of the position together with workplace safety responsibilities and the Party and business leadership shall shoulder the same responsibilities, strengthened the fundamental management of workplace safety and pragmatically fulfilled the primary responsibility for workplace safety. As a result, no incident in relation workplace safety responsibility took place in 2015.

- We formulated the measures for emergency management and plan management as well as the general emergency plan.
- A series of campaigns such as the "Month of Workplace Safety" and the "Tour on Workplace Safety" were organized in the whole group.
- We conducted surveys on occupational health conditions. Moreover, several provincial branches including Qinghai Branch, Yunnan Branch and Tibet Branch drew up the workplace protection measures based on the local frequently-occurring occupational diseases.

KPI	2013	2014	2015
Number of training sessions on workplace safety	32	32	32
Coverage of workplace safety training (%)	98	99.8	100

Innovative Development for A Better-quality and More-efficient Economy

Innovation has played a primary role in social development. Therefore, China Unicom has been committed to an innovation-oriented enterprise. In 2015, we successfully accomplished the national investment missions and other missions that aimed at ensuring steady growth, accelerated the innovation-oriented transformation, further implemented the Internet Plus action, continued to facilitate faster and more affordable Internet connection, steadily upgraded the quality of service and guaranteed unhindered communication. With our efforts, the technical innovation has become a main driving force for the corporate development. We have made great contributions to popular entrepreneurship, mass innovation, and economic and social transformation and upgrading.



Stakeholders	Expectations for China Unicom	Communication method	Measures taken in 2015	Measures to be taken in 2016
Investors	<ul style="list-style-type: none"><li>• New products that could improve the quality of life</li><li>• Definite brand system and value</li><li>• High-speed network</li><li>• Ubiquitous highly-connected network</li><li>• Innovative, forward-looking communication technologies</li><li>• Convenient and efficient service channels</li><li>• Superior customer relationship and experience</li><li>• Efficient and effective complaint settlement</li><li>• More satisfactory quality of service</li><li>• Satisfactory service channel experience</li><li>• Wide-ranged terminals</li><li>• Diversified IT applications and services</li><li>• IoT solutions</li><li>• Gig data applications</li><li>• Innovative services that could upgrade living standard</li></ul>	<ul style="list-style-type: none"><li>• Advertisement/PR publicity</li><li>• Marketing &amp; promotional activities</li><li>• Press conferences</li><li>• Customer awareness surveys</li><li>• Service hotline</li><li>• Meetings and discussions</li><li>• VIP customer activities</li><li>• Customer NPS surveys and in-depth customer interviews</li><li>• Constant experience on major products by customer experts to collect information on customer awareness</li></ul>	<ul style="list-style-type: none"><li>• Launched the Principal and Supplementary 4G Card service plan, WO Bank, Smart WO Home and Home Internet service.</li><li>• Focused on strengths of core services in publicity to enhance public attention and service impact.</li><li>• The overall number of 4G base stations reached over 399,000. Households connected to FTTH increased by 70.25 million. The All Optic Network constructed covered 117 cities in 6 provinces. The international roaming service extended to 593 operators in 251 countries and regions.</li><li>• Successfully provided communication service support for the significant events such as the military parade in memory of the 70th anniversary of a triumphant end to World War II, the World Internet Conference and the ship-sinking incident in Jianli, Hubei Province, and during the flood season as well as for disaster-stricken areas.</li><li>• Established a technical innovation system to study emerging technologies and conduct tests, and introduced 8 ITU-T standards.</li><li>• Improved the electronic service capabilities of Internet and provided support for O2O Internet services.</li><li>• Carried out customer experience activities to collect information on serious problems in relation to customer awareness and resolve them.</li><li>• Tracked and measured the indices of customer awareness, loyalty and satisfaction.</li><li>• Promoted chained operation of terminals.</li><li>• Provided more diversified terminal models in chain stores.</li><li>• Developed a series of standardized application services such as 3iKids, Smart Construction and Lanxin Corporate-level mobile working platform.</li><li>• Developed a leading M2M platform to provide customers with connection management solutions.</li><li>• Provided specialized data supporting service integrating data plans, data generation, application R&amp;D hosting and operation.</li><li>• Opened Wo+ service capabilities, and operated directional traffic, backward traffic and bundled package of music and traffic services.</li><li>• Blocked offensive websites and conducted dialing test on key services.</li></ul>	<ul style="list-style-type: none"><li>• Optimize and upgrade products, diversify the customer experience with products and pay back the customers through brand activities.</li><li>• Intensify publicity of the network, business and services focusing on mobile services to improve customer awareness.</li><li>• Complete the fiber optic transformation in the primary northern region by the end of 2016 to enable 100M bandwidth access in urban areas and village access to optical fibers in rural areas; accelerate 4G+ network upgrade to raise the downlink peak rate to over 300M; and push forward the construction of IP MAN and intensify efforts in backbone network capacity development.</li><li>• Continue to strengthen the equipment of emergency response facilities and the routine emergency response drill to improve the supporting ability.</li><li>• Strengthen the overall planning of technology R&amp;D, define the management process of technology R&amp;D projects, and further promote the research on key technologies such as SDN&amp;NFV, 5G/LTE and IoT.</li><li>• Continue to escalate the Internet electronic service capabilities and further develop the O2O operation system.</li><li>• Conduct in-depth customer experience activities to improve customer awareness.</li><li>• Take NPS as the key indicator and focus on the improvement of touch-point services frequently contacted by customers but of poor awareness.</li><li>• Fully promote the chained operation and further optimize the marketing service environment in the service outlets.</li><li>• Carry out the marketing of full-range terminal models.</li><li>• Set up a specialized operation team to provide diversified IT applications and services.</li><li>• Expand the development of M2M applications to provide end-to-end integrated IoT solutions for customers.</li><li>• Focus on risk control products, targeted marketing products and customer profile scrubbing products and improve the operation support and product R&amp;D capabilities.</li><li>• Focus on the innovation of capabilities of WO+ service, traffic service, big data service and channel development.</li><li>• Continue to refine the cyber environment and carry out special activities such as porn-purging campaign.</li></ul>



Responsible Operation

China Unicom has conscientiously implemented the significant arrangement of the government for telecom enterprises, and actively undertaken the tasks and missions aiming at promoting the information-based social development. In 2015, the Company sped up the development of 4G, broadband and other key services. As a result, the number of 4G subscribers reached 44.16 million and the number of fixed broadband customers totaled up to 72.33 million with a year-on-year increase of 5.1%; the FTTH customers reached 38.37 million households, increased by 18.05 million households compared to the end of last year and accounting for 53.1% of all broadband customers; the operating revenue was RMB 234.28 billion yuan while the rate of value preservation and increment of state-owned capitals reached 102.3%. Meanwhile, the Company also followed through the Broadband China Strategy and other requirements on Beijing-Tianjin-Hebei integration and facilitating faster and more affordable Internet connection by a host of concrete measures such as upgrading the broadband speed for free and allowing the customers to rollover the unused data each month. We vigorously carried out the pilot programs of mobile communication resale, which resulted in the industry-leading customer base and revenues from settled accounts. In compliance with the requirements raised by MIIT for authentic mobile subscriber identity, the Company conducted a special campaign to regulate the subscription without authentic identification, and met the target for the percentage of authentic subscriber identity. We also intensified efforts in rectifying unhealthy industry trends and complaint management. As a result, our customer complaint reached the minimum across the industry and the complaint rate ranked the second place.

New services launched in 2015



Principal and supplementary 4G card service plan: The supplementary card may share the data traffic volume and voice resources of the principal card while local calls between the principal and supplementary card are free of charge.



Wo Bank targeting at customers of all of the three operators (China Mobile, China Unicom and China Telecom): Subscribers may inquire, earn, conserve, transfer, recharge and convert the data traffic volumes.



Smart Wo Home: This integrated service not only supports broadband, voice, data sharing and one-bill-for-all service, but also offers a wide range of value-added products such as Internet TV, cloud storage and security monitoring.



Internet application services covering IPTV, smart home, health care, entertainment and education, which provides universal IPTV services for the rural and remote areas.

## Publicity of mobile

In 2015, China Unicom intensified efforts in the publicity of 4G brands and focused on the mobile service brands of the Company. Centering on the feature of supporting two kinds of network modes with the peak rate both exceeding 100M and on the back of the unique resources of the national table tennis team as well as a series of opportunities such as the 2015 World Table Tennis Championship in Suzhou, the kick-off meeting for the program of rural terminal market, the online shopping festival on May 17, joint promotion of iPhone6S with Apple and the WO 4G Carnival, the Company launched a wide range of publicity campaigns on the highly-connected and widely-covered WO 4G network, the principal and supplementary card service plan of great value, the dual mode-supporting terminals, the WO 4G+iPhone6S partnership that could show customers a splendid world and on the reliable international roaming service, so as to improve the customer awareness on the differentiation advantage of WO 4G. In order to build up a customer-recognized brand image, China Unicom officially unveiled a new brand image of WO 4G+ on December 8, 2015, which started from the 4G+ network upgrade and industrial cooperation in resources and gave publicity to the doubled network speed, optimized experiences, more favorable service plans and fully open terminals.

It has been three cooperation periods ever since the establishment of a strategic partnership between China Unicom and Chinese Table Tennis Association in December 2015. By making full use of the table tennis-related resources, the Company has successfully implemented various campaigns and activities on brand publicity, service promotion and customer relationship maintenance, which well integrated the essence of the Company's corporate culture and the spirit of table tennis. By virtue of a series of marketing activities such as inviting the table tennis champions as the brand image spokesman, advertising the brand at sports venues, holding amateur table tennis championships and development of derivative services and products from table tennis, and the great impact of table tennis and the superstars, the Company effectively raised the brand awareness and recognition, which in turn significantly facilitated the brand image upgrade and on-the-spot promotion of various products and services.

## Providing faster and more affordable network connection

### Construction of faster network

Seizing the opportunity of implementing the national strategies such as "Broadband China Strategy" and "Internet Plus action plan", China Unicom accelerated the network capacity upgrade aiming at improving customer awareness.

- We funneled a majority of our resources to 4G network constructions so as to build up a premium 4G network. In 2015, the planned investment on 4G network exceeded RMB 33.5 billion yuan and the number of 4G base stations reached over 399,000.
- We began carrying out the special project of optical network transformation. The number fiber optic broadband ports increased by 47.40 million and the households covered by FTTH increased by 70.25 million. The all optical network constructed by China Unicom were extended to 117 cities in 6 provinces. The 20M and higher-speed ports accounted for 80% in urban areas, and in rural areas, the 4M and higher-speed ports accounted for 95%.
- We introduced the 400G routing platform equipment and 100G large-bandwidth deployment to proceed with the direct backbone NAP construction, enhance the connectivity and raise the bandwidth.
- We strengthened the network interconnectivity, raised the interconnection bandwidth among the Internet entities, coordinated the interconnection between other Internet entities at the newly-added direct backbone NAPs, and assisted the regulatory authorities in optimization of interconnection architecture. As a result, the quality of interconnection was escalated steadily. In 2015, the Company successfully developed an interconnection mode of the telephone network characterized by dual-node and dual-route internetworking, which effectively guaranteed the security of interconnection.



On December 28, 2015, China Unicom Henan Branch successfully accomplished the "All Optical Network Henan Project", delivering whole province coverage of optical network. Ever since the commencement of the all optical network transformation in 2014, the total investment made by China Unicom Henan Branch exceeded RMB 5 billion yuan, the length of backbone and leading-in fiber optic fiber increased by more than 90,000 cable kilometers, and the optical network transformation was accomplished in 35,000 urban residential communities, 42,000 administrative villages and 23,000 government departments and enterprises. Meanwhile, China Unicom Henan Branch raised the network speed for optical broadband customers for free when carrying out the "All Optical Network Henan Project". As a result, the network speed was upgraded to 8M at minimum and 50M at maximum. As of the end of 2015, the number of customers provided with free-of-charge speed upgrade service reached 6.5 million in total.



The Weishan Sub-branch of China Unicom introduced a series of products and services including fiber optic broadband, IPTV, fiber optic voice and 3G/4G mobile communications for over 1,700 households of fishermen in Gaolou Village, Weishan County. Due to the coverage of optical network in the fishing village, the communication bottleneck featuring no telephone access on lake, and no network access in village was finally broken. At present, the Smart Wo Home service was ubiquitous in Weishan Lake area, where the fishermen could log on fiber optic broadband and access to optical TV service either on the boat or at the fish farm.

The Heze Sub-branch of China Unicom in Shandong Province actively developed optical broadband to facilitate the implementation of the popular entrepreneurship and mass innovation strategy and drew large amount of outgoing migrant workers to start up businesses in hometown. In June, 2015, the optical broadband of Heze Sub-branch covered the all of the urban and rural areas in this city, and a large number of outgoing migrant workers and graduates went back to their hometown. The Daji Town in Cao County, which firstly accomplished the all optical network transformation in Heze City, witnessed exponential growth of e-commerce and was dubbed as "China's Taobao Town" by Alibaba Group. In this town, over 2,500 outgoing migrant workers and 160 college graduates voluntarily returned to their hometown and started up businesses. At present, there were more than 10 businesses with the annual e-commerce sales exceeding RMB 10 million yuan, and nearly 500 businesses employing more than 5 employees. In the first half of 2015, the e-commerce sales of the whole county reached RMB 750 million yuan.

### Tariff reduction

China Unicom conscientiously implemented the government's requirement for providing faster and more affordable Internet connection, and considered it as the most important in the corporate innovation and transformation work. Besides, the Company undertook that the integrated unit price of mobile data traffic shall be reduced by 20% at least and the fixed broadband price per unit bandwidth shall decrease by 30% compared to the same period last year. The Company set up a special office to push forward the work in relation to speed upgrade and tariff reduction, established a three-level (the Group, the provincial branches and the municipal branches) joint-effort mechanism with clearly defined responsibilities and individual accountability. As of the end of 2015, China Unicom met the goals promised to the public with the integrated unit price of mobile data traffic down by 27.0% and the fixed broadband price per unit bandwidth down by 49.6%.



## Policies unveiled in 2015 aiming at providing faster and more affordable connection

### Mobile broadband tariff reduction

- Led the customers to turn to 4G service plans to enjoy preferential tariff.
- Opened up its 3G/4G network and offered high-speed mobile broadband service.
- Introduced various data plans to reduce the unit price of mobile data.
- Launched a new service to transfer unused mobile data traffic to the following month.
- Introduced the WoPai RMB 60 yuan service plan with 200 minutes of free-of-charge inter-province outgoing calls and 2GB free-of-charge inter-province data traffic.
- Launched a new service, "Data Traffic Bank", enabling transfer, sharing and exchange of data traffic in forms of data traffic monetization.
- Lowered the tariff for international roaming and roaming in Hong Kong, Macau and Taiwan. Adjusted the international roaming service tariff in over 100 countries and regions by setting the international data roaming tariff for more than 80 countries and regions at RMB 5 yuan per 3M/5M, and introducing RMB 26 yuan (and higher priced) daily data service plans that covered nearly 70 countries and regions.

### Fixed broadband tariff reduction

- Increased the speed to 4Mbps free-of-charge for fixed broadband customers with an access rate of less than 4Mbps.
- Increased the broadband speed to a next level free-of-charge for the existing customers, that is, 10Mbps to 20 Mbps, 20 Mbps to 50 Mbps and 50 Mbps to 100 Mbps.
- Comprehensively lowered the price of 20 Mbps, 50 Mbps and 100 Mbps broadband access products.
- Launched the Smart Wo Home service to lower the broadband tariff through favorable bundled service plans.

## "Internet Plus" Action

In response to the government's Internet Plus action plan, in 2015, China Unicom strived to promote the integration of Internet with traditional industries, continued to speed up the capacity construction in relation to the Internet of Things, cloud computing/IDC, big data and open platform, and made overall arrangement for various sectors such as manufacturing, environment protection, automobile, education, healthcare, agriculture, logistics, governance, SMEs and household, so as to promote the growth and sustainable development of the social economy via the in-depth integration of innovation results of Internet into various economical and social areas.

### Internet of Things

China Unicom officially unveiled its Internet of Things (IoT)/M2M platform at the 10th China Unicom International Partners Meeting held in Shanghai on July 14, 2015. In compliance with the principle of separation of human and things, one-layer architecture, designated use and overlay networking, and by applying the world-leading Jasper IoT platform technologies, China Unicom successfully deployed its own IoT M2M platform in China, to provide automated cellular network connection management services characterized by self-management and self-service for IoT corporate customers across the country. With China Unicom's IoT M2M platform, customers could easily get access to nationwide service by only one click. In addition, China Unicom activated a special machine number, 10646, set up a designated department and established an integrated specialized operation supporting system, so as to provide focused and efficient supporting service for the development of IoT services.



In accordance with the principle of being committed to providing customized customer services, China Unicom provided customers with the following values by helping customers effectively mitigate the complexity of Internet equipment management and enabling automated management of connected equipment.

- Reliable connection services which could maximize the customer experience
- Flexible life cycle which could lower the operating expenses
- Customized tariff plan enabling independent control of usage
- Unique separated billing scheme which offers innovative business mode
- Powerful expansion capacity which could accelerate service expansion

Ever since the official launch of China Unicom's IoT M2M platform in July 2015, over 1,000 corporate customers have been served in the transportation, energy, finance and healthcare industry. Besides, China Unicom also brought great impact on the IoT business such as IoV, finance, energy and consumer electronics.

Ever since the official launch of China Unicom's IoT M2M platform in July 2015, over 5 million accesses have been activated, which provided services for over 1,000 corporate customers in the transportation, energy, finance and healthcare industry. Besides, China Unicom also brought great impact on the IoT business such as IoV, finance, energy and consumer electronics.



China Unicom was granted the Best Showcase Award at the 6th China International Internet of Things (Sensor Network) Expo in 2015.

### Cloud computing/IDC

Cloud computing/IDC service is a new strategically innovative service provided by China Unicom. In the recent years, China Unicom has been committed to independent R&D and development of economic scale in the field of cloud computing/IDC. As a result, a unique competitive advantage has been developed and China Unicom has become a key force in China's public cloud service sector.

• By keeping pace with the international standard on IDC operation and maintenance and centering on centralized monitoring, operation & maintenance, management and scheduling, we developed a system characterized by flat and vertical operation & maintenance, unified resource management, integrated customer service response and end-to-end services. The quality of operation & maintenance, quality of service, management efficiency and operating profits of the IDC base continued to improve.

• The independently owned and advanced cloud platform capacities of flexible scale, smart control and security & reliability has been strengthened. The Wo cloud platform, with more than 100 functions, has evolved into Version 4.0. In addition, we have deployed the Wo cloud platform in the two bases located in Hohhot, Inner Mongolia and Langfang, Hebei, and in 25 resource pools, and launched a series of services such as flexible cloud host, block storage, file storage, object-based storage, flexible load-balance, virtual private cloud (VPC), dedicated private cloud and Wo cloud storage.

• China Unicom manifested outstanding independent R&D capabilities by developing tens of IaaS products including docker, big data and RDS, as well as the Wo cloud storage, joining Openstack and other standard organizations, obtaining 52 pieces of software copyright, and being granted a host of high-level certification such as ISO27001, ISO9001 and Trusted Cloud. An independent R&D system characterized by market orientation, independent R&D, fast evolvement and innovative cooperation has been established preliminarily.

• The product line became more and more diversified while the impact of Wo cloud brand was upgraded significantly. Five service blocks including IDC, cloud computing, CDN, big data and security and seven product systems including IDC, public cloud, private cloud/hybrid cloud, CDN, big data and cloud security were put in place.

- The Northwest (Hohhot) Cloud Data Center was recognized as a 5A data center in terms of security and reliability and a 3A data center in terms of service capabilities.
- The North China (Langfang) Cloud Data Center was recognized as a 5A data center in terms of security and reliability and a 4A data center in terms of service capabilities.





China Unicom Shandong Branch launched the cloud platform for wearables, "Wo Health", which was a health management platform featuring data statistics + data analysis. The platform collected information on customers' ECG, blood pressure, blood sugar and other physical signs with various portable physical sign data collectors, then sent the data to smart terminals and cloud servers to generate an analysis report, and gave warnings on any abnormal conditions. Customers could examine their physical conditions via smart phone, PAD or TV terminal, and the back-end professional doctor team could present a health report on a weekly, monthly or quarterly basis.

## Big Data

Committed to becoming a leading data collector and generator, a key industrial application technology owner and a key application creator, China Unicom, on the back of the unique features of an operator's data in terms of authenticity, diversity, consistency and integrity as well as the wide coverage of its services in government departments, state-owned enterprises and leading corporations, developed and opened up a number of data products in relation to various areas such as credit investigation, smart city, smart travelling and RTB advertising (RTB, short for Real Time Bidding, is a means of online advertising by which instantaneous auction is made on a per-impression basis.).

### China Unicom's big data platform capabilities

#### Industry-leading cloud-based big data platform

- We established the next-to-the-largest cloud-based data platform in China except for the ones built by BAT in a hybrid mode;
- The overall storage capacity of the platform reached 20PB, among which, the data asset deposit reached 9PB. The distributed mass data processing capacity could support over 120,000 processing tasks per day, with the daily data disposed reaching nearly 40TB;
- We set up a favorable environment for capacity opening-up to enable opening-up and sharing of hardware resources, data platform and related data in the multiple-lessee form at the initial stage.

#### Data management platform characterized by multi-level joint effort

- We designed and established a two-level (the Group level and the provincial branch level) joint-effort system, enabling the consistency of data in the horizontal and vertical direction. We concentrated on the construction of data quality management system, to enable the centralized control and dynamic monitoring of ETL, unified management of metadata, and dynamic refresh of genetic connection and models;
- We also designed and set up a prevention system of data security integrating management with technology, enabling the review and approval of data demands by strictly following the processes, guarantee of the whole data processing process with desensitization technologies, and automated review and approval of data output.

• **Introduction of risk control product.** In order to deal with the Internet finance risks, the Company explored the big data risk control applications first in the finance and credit investigation area, and set up a four-dimension security guarantee mechanism that guaranteed qualification, redline, authorization and contract. With the authorization of the customers to get access to the data on customer attributes and activities, we delivered the product in the form of a model and index while keeping the confidentiality of customer information. At present, the Stage I of the product was launched and Stage II was under R&D. In addition, an experimental field model training mechanism was developed. Currently, China Unicom entered into partnership with various quasi-personal credit investigation institutes such as Ant Financial and QianhaiZhengxin Credit and the third-party payment agencies.

• **Introduction of "Magic Data Cube".** The "Magic Data Cube", a model integrating various big data information based on the personalized demands of customers, was designed for systematic collection of and comprehensive analysis on market demands of different customer categories, rivalry products, the integrated and segmented consumer behavior and other information, so as to help the customers to identify and seize market opportunities. In-depth application of this product was seen in the fields of automobile, terminal, APP and fast moving consuming goods.

• **Launch of the big data product system, "Wo Index".** Based on China Unicom's customer information, this product system offered real-time processing of mass data. This product system, "Wo Index", was composed of two elements, industrial index and market insight. The industrial index, a comprehensive index reflecting the industry's features and dynamic trends from various aspects, provided not only the basis for the decision-making process that guided industrial development, but also the guidance for the public to select appropriate livelihood services. The market insight, an integrated model of various big data information developed based on customers' personalized demands, supported systematic collection of and comprehensive analysis on the market demands of different customer categories, rivalry products, the integrated and segmented consumer behavior and other information.

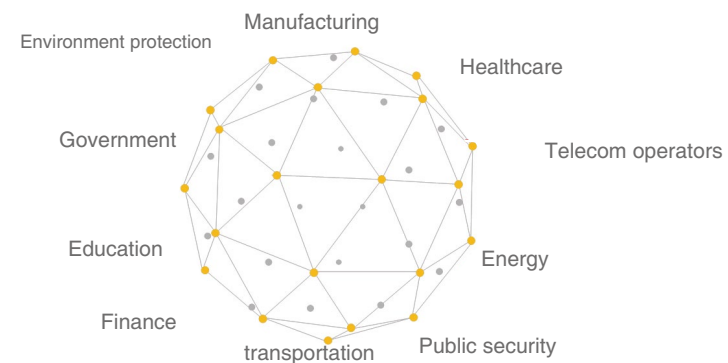


The big data project of China Unicom was granted the Annual Excellence Award 2015 by the TeleManagement Forum (TMF).

• **Management of data security.** While tapping the potential value of big data, China Unicom promulgated the Administrative Measures for Data Service Security and conducted unified management of customer data, so as to ensure the security of customers' private data. The Company guaranteed the security of customer data in a systematic way by establishing an accountability system that defined responsibilities of each person, drawing up regulations and rules in line with the customer privacy protection provisions in the related national laws and regulations, and establishing an advanced security management platform.

## Industrial Internet

In response to the Internet Plus plan action, China Unicom vigorously promoted the development of industrial Internet and pushed forward specialized operation centering on the key industries such as manufacturing, environment protection, healthcare, agriculture, education, transportation & logistics, government affairs and tourism to achieve development of economic scale. Moreover, the Company also promoted the shift of business mode of six service categories, vehicle service, smart metering, wireless POS, mobile media, production & environment monitoring and smart wearables, towards B2B2B and B2B2C.



## Internet plus education

On the back of the powerful interconnected broadband network and cloud service platform, China Unicom, committed to the goal of "access to broadband network by every school, access to high-quality education resources by every class and access to online study space by every person", delivered abundant high-quality education resources and teaching applications to every class. With the IT methods, China Unicom successfully pushed forward the education reform, facilitated education equity and improved the quality of education. At present, the "Class Access Service" provided by China Unicom covered 400,000 classes in 120,000 schools of all provinces, autonomous regions and municipalities with nearly 10 million teachers and students benefiting from this service.



China Unicom Heilongjiang Branch developed the "Class Access Service" for the Ninth Middle School of Heilongjiang Province, and provided 100M broadband accesses in the computer classrooms and 10M broadband accesses in each class, enabling the coverage of wired broadband and WIFI in the whole campus. The comprehensive education quality of this middle school was effectively upgraded in three aspects, firstly, the teachers could provide more diversified teaching schemes; secondly, personalized education was delivered to students; and thirdly, parents could participate in their children's study management.



### Internet plus environment protection

Based on its wireless and broadband resources of nationwide coverage as well as its strengths in services, China Unicom designed and set up a dynamic environment monitoring system centered on GIS, GPS, cloud computing and IoT technologies and consisting platforms, networks and terminals, which enabled all-weather and all-dimension dynamic monitoring of various ecological elements including energy, minerals, water and atmosphere, the sharing of information on resource and environment monitoring and the construction of sustainable ecological society.



China Unicom Zhejiang Branch developed a river-length information management platform, which not only offered real-time monitoring of the pollution conditions of key rivers, drain outlets and reservoir gates within the province, which enabled centralized and modular management of river length of the province, city and county-level, but also effectively facilitated the public participation in the deliberation and administration of government affairs and created a new situation of water management characterized by government guidance, joint efforts of different departments and public participation.



Online monitoring and command center of the pollution conditions of the whole autonomous region



Front-end pollution source data monitoring booth

China Unicom Inner Mongolia Branch constructed an environment protection monitoring platform, which was the first environment protection IoT monitoring platform and the first centralized environment data center in China, and the first environmental data sharing service platform in Inner Mongolia, and delivered management of the monitoring facilities including nearly 800 front-end monitoring sites, 140 sets of equipment that monitored operation of pollution control facilities, 258 sets of video surveillance equipment, 12 sets of high-altitude video surveillance equipment monitoring urban atmosphere, and 90 sets of collection equipment of various monitoring data on environment quality.

### Internet plus tourism

China Unicom attached great importance to cooperation with the tourism industry in the ICT field. Taking into consideration the features of tourism industry, China Unicom developed an IT-based solution, Smart Tourism, and set up the tourism industry service team of four levels, the Group level, the province level, the municipal and prefecture level and the district and county level, so as to respond to the demands for ICT development of the tourism administrations, tourist attractions and tourism enterprises of various levels. At present, China Unicom entered into strategic cooperation agreement with China National Tourism Administration and tens of provincial-level tourism administrations to assist the tourism administrations in construction of IT-based tourism platform. Besides, China Unicom also cooperated with several renowned tourist attractions such as Songshan Mountain (Henan Province), Wuzhen (Zhejiang Province), Changlong (Guangdong Province) and Qingyan Ancient Town (Guizhou Province) in construction of smart tourist attractions.

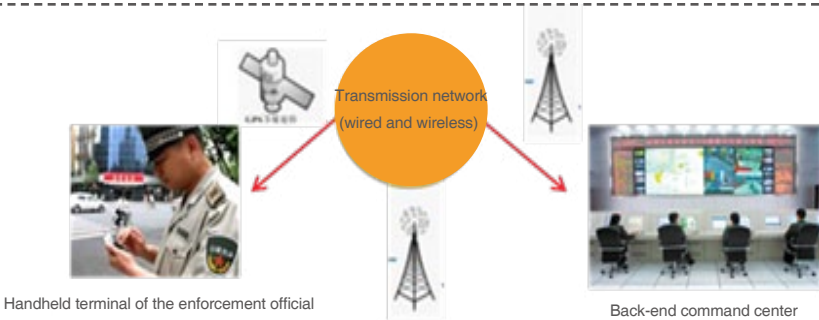


On July 9, 2015, China National Tourism Administration, Guizhou Provincial People's Government and China Unicom executed a strategic cooperation agreement on tourism big data based on offsite backup of basic tourism database. This agreement aimed at jointly promoting the development of tourism cloud industry by relying on the secure, reliable and customized tourism cloud service of China Unicom, establishing a data (disaster backup) center for China National Tourism Administration based on cloud computing, and jointly developing cooperation in big data to open up and share the tourism data resources and related data interfaces, and accelerate development of big data in tourism industry.

### Internet plus government affairs

China Unicom Fujian Branch cooperated with the local government and set up remarkable examples in leading the process towards e-governance and smart city.

- Smart e-government, China's first provincial-level e-government mobile platform, was put in application by over 20 departments and bureaus under the provincial government as well as 5 municipal and prefectural-level governments in Fujian Province.
- Smart custom, which was the first island-surrounding surveillance system, contributed to the commencement of free trade with Taiwan Province, and allowed the Pingtan Island of Fujian Province to pass the joint examination of eight Ministries and become the first area implementing preferential policies toward Taiwan approved by the State Council.
- Smart legal affairs, a solution aiming at facilitating administrative affairs of the provincial-level court, became a modeling example among China's judicial system which enabled the citizens to participate in the judicial proceedings, promoted the development of E-office of the courts and allowed for open trial proceedings.
- Smart urban management, a system aiming at upgrade urban management. 170 functional departments in Fuzhou City made concerted efforts in dealing with urban management issues via this system, with a monthly processing capacity reaching over 100,000 cases.



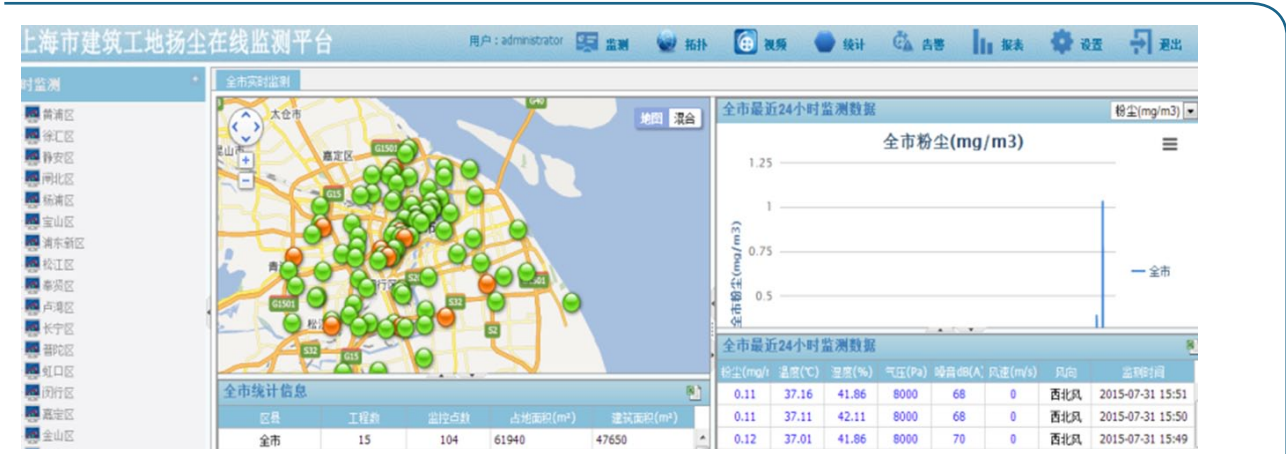
In order to resolve the problems concerning urban management enforcement such as difficult evidence collection, nontransparent enforcement and poor enforcement supervision, the Jinzhou Sub-branch of China Unicom Liaoning Branch designed a IT-based solution for the City Urban Administrative and Law Enforcement Bureau of Linghe District, Jinzhou City based on the mobile Internet and IoT technologies. This solution connected the front-end law enforcement officials with the back-end administrative officials, and allowed for rapid, efficient, and well-conceived enforcement management.

### Internet + Healthcare



Shanghai Unicom launched the country's first O2O health management service platform "Medlinker". This project is based on the integrated mobile healthcare service solution over smartphones to enable Registration/Appointment, hospital indoor map navigation, query and interpretation of test reports, intelligent triage, bill inquiry, special zones for different diseases, health management and other services for customers' convenience. In 2015, 38 tertiary-level hospitals were connected to this platform, and the number of Medlinker APP download users exceeded 550,000, registered users totaled 23692, and the service was used 9329 times. The project won the Dubai International Award for Best Practices 2015.

Smart Construction Site



Shanghai Unicom launched the Smart Construction Site project to help government departments and enterprises with construction site environmental protection. The Dust & Noise Monitoring System enables centralized, automated and convenient environmental monitoring, enhances the regulatory capacity of the government and the management over the environmental indicators; site video surveillance system enables real-time monitoring of the construction site by construction companies and regulatory authorities. In 2015, the project covered nearly 100 construction sites in 17 regions and counties in Shanghai.

E-commerce

In 2015, China Unicom embraced the "Internet +" concept, and integrated e-commerce into various fields, including customer service, business development and business management, aiming to create value for users and provide richer, convenient, and preferential electronic services.

Optimize Internet self-service functionality, launch self-service query functions for broadband installation, relocation and repair to enable self-service query in business offices, online booking, online invoice mailing and other services; for the issue of latency in SMS sending and receiving mostly complained, carry out special rectification of SMS and MMS services to optimize the functionality in terms of promptness, accuracy and standardization and significantly shorten SMS response time.

In response to the call for speed raising and tariff reduction, provide users with more favorable communication products; reduce costs through a series of campaigns, including 517 online shopping festival, iPhone6s premiere, and "Double Eleven" promotion, getting star cellphones for free, traffic package discount, tariff refund with top-ups and other preferential measures.



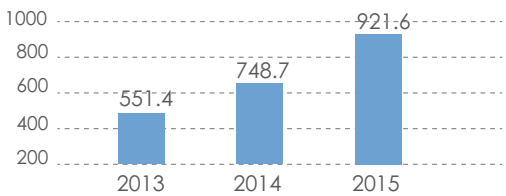
Progress query for broadband installation,



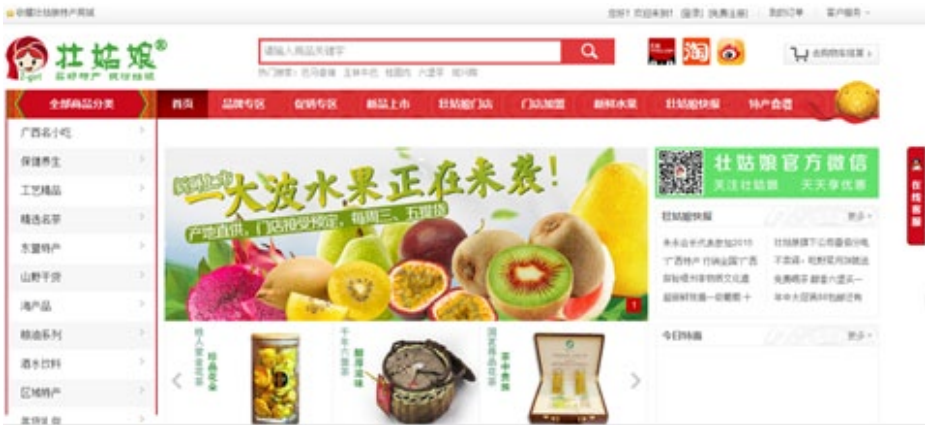
Online appointment for business office queuing relocation and repair

Provide O2O Internet service supporting, to enable convenient electronic service for offline users. WOStore service has covered 10 000 key accounts, Mustgo service brings a new sales model of "scan + order-placing over cellphone + home delivery" and online-offline integrated marketing capability. Wolianmengis a cross-regional marketing platform with low entry threshold for the individual agents to get high yields with zero input.

E-commerce business volume (RMB 100 million)



Guangxi Unicom created the "Internet + business platform", with young entrepreneurs as the main player, agricultural products as the carrier, large e-commerce service providers as the platform to boost youth entrepreneurship and innovation and introduce the bulk of local agricultural products in Guangxi to the country's most highly trafficked and most cost-effective platform. Guangxi Unicom also created agricultural products QS information service system, providing fifty per cent discount for network usage and other benefits to young entrepreneurs. This platform has already gathered thousands of young e-commerce service providers in Guangxi, where "Z-girl" recorded sales of over RMB 100 million, and the sales of "BearKids" exceeded RMB 40 million.



API

China Unicom's WO+ platform is designed to establish a new, open model of innovation through the integration of network resources, IT resources, application resources, service resources, user resources and marketing resources within the company and open to third parties, and provide Internet application service providers, industry applications, SMEs, small development teams, individual developers with the support for innovation through capability exposure. The WO+ platform adopts Internet mode of operation and one-stop service, and removes entry threshold to encourage the access of more innovative, entrepreneurial partners.





• "WO + WO-Pass" is a unified account system for users, with mobile phone numbers used as ID to login partner sites and enabling full access; It also opens up different levels of authentication, real-name verification, recycled SIM card and other phone number related capabilities. WOPass reduces the complexity of user account management and the risk of account abuse, and provides users with convenient login experience, all-round security and thoughtful privacy settings.



• **WO Pay** is China Unicom's integrated mobile payment product. In 2015, the Company developed new electronic coupons, scan to pay and other products, and cooperated with nearly 100 online and offline businesses including Jingdong, PetroChina, Sinopec, Wumart, and Victory Supermarket, to provide customers with convenient payment experience. WO Pay integrates shopping, bus taking, financial planning and payment in one cell phone; expands wealth management services, including basic balance management product "Xiaocaishen (Little God of Wealth)" and the high-yielding low-risk fixed period financial planning series "Fixed-term Planning" as well as fund financial supermarket, in order to meet the investment needs of various customers.

## Improve Customer Perception

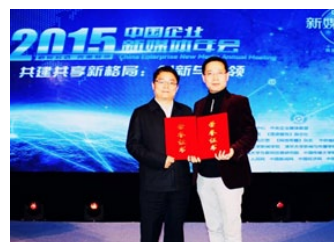
### Innovative Services

Weibo, Wechat, QQ, Baidu have already become the main contacts of life. In order to provide better Internet services, China Unicom strived to build a customer-centric all-round Internet service system, implemented the service concepts of "users are always served wherever they are" and "enhance user experience and the sense of participation", and constantly improved the internet e-service capabilities, to provide users with more convenient, more personalized and more thoughtful interactive platform.

### Enhance Weibo and Wechat Service Capabilities

Wechat subscription account "China Unicom Customer Service" has become the core of information technology life for most users and was among the Top Ten SOE New Media ranked by SASAC in 2015, and provide a wide range of information services in conjunction with 46 Internet media including Baidu Travel, PConline, Leiphone, GD.QQ.com, and Mobile China Media, and life services in cooperation with Coolpad, Huawei Honor, DiDi Taxi, Yunmai electronic scale, Benlai.com and other businesses.

China Unicom official Weibo "@China Unicom" has become a platform worth more than RMB 30 million through independent operations and played a significant role in news distribution, business promotion, customer service, information management and control, etc.



China Unicom won the 2015 "China's Most Influential New Media Account" and the "Most Influential New Media Account Among SOEs".

### Create Fans Platform



Baidu "China Unicom" Postbar (Tieba) brings together users with topics of interest, and provides mutual-help customer service by building hierarchical Tieba fans management system and creating a platform that enables common growth, profound engagement and interactive communication. In 2015, the number of daily active fans in China Unicom Postbar exceeded 100,000. China Unicom Postbar maintained the top position among the IT industry in Baidu Post Bar and became the main platform for interaction. In 2015, a number of well-received activities were organized that boasted extensive coverage and great impact and that gave users strong sense of engagement. Among them, 517 Online Shopping Festival called for participation in and support for China Unicom's "Flash In Creating the Guinness World Record" activity and inspired the Unicom Fans' sense of honor and sense of participation.

### Create Open Intelligent Knowledge Platform



In 2015, China Unicom created an open universal-sharing intelligent knowledge platform, enabling internal and external knowledge sharing and mutual-help among users. An open self-service and mutual-assistant search portal was introduced over the online business office to enable search for China Unicom-related issues through knowledge matching and to improve consulting efficiency and enhance user experience regarding customer service.

Create knowledge marketing products together with Baidu based on Baidu Knows, Baidu Baike, and Baidu Wenku.



China Unicom won Baidu Award of the Baidu Knows Best Expert Enterprise 2015; Baidu China Unicom Postbar won The Global Mobile Internet Excellence Award granted by the Global Mobile Internet CEO Summit.

## Enhance Service Capabilities

### Business Office Service Transformation

The Company carried out business office sales transformation, introducing unified brand and retail store image, and unified device supply chain system, cross-regional and cross-store product allocation and transfer, and sales management and inventory management. Through the implementation of the device chain management, the device category was expanded, and on-site experience regarding the device supply and information consumption were improved dramatically.

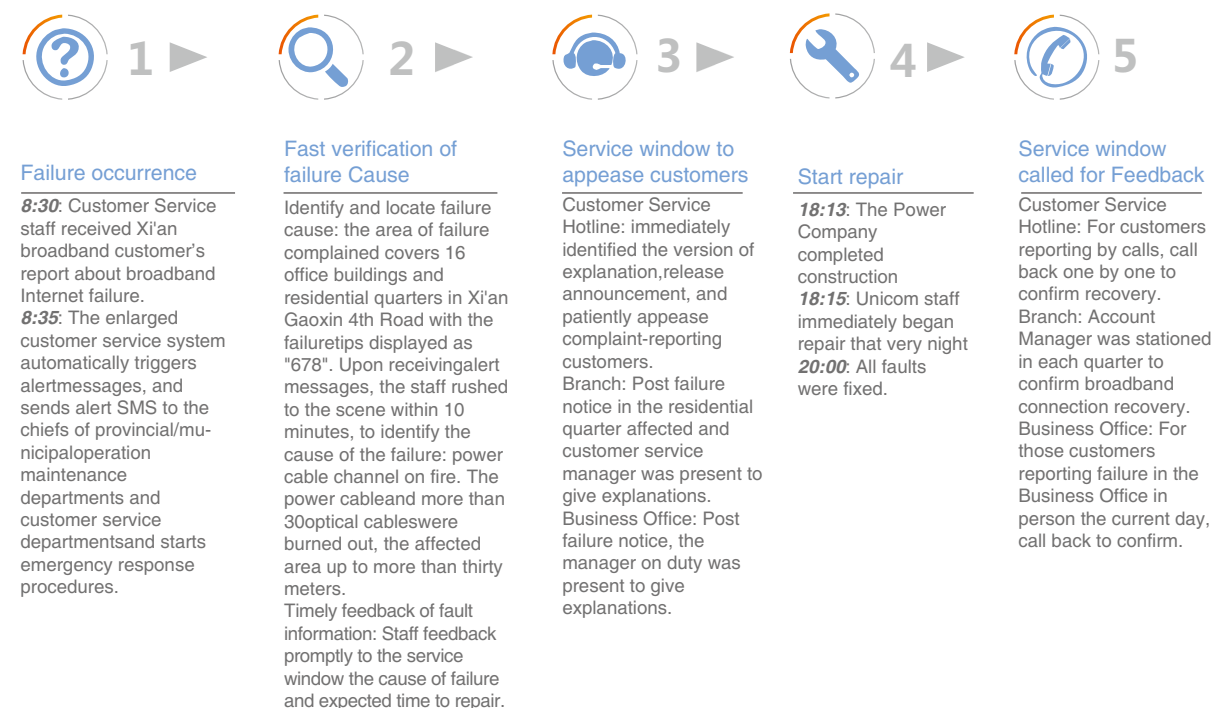
### QoSControl

- Implement three service enhancements, i.e., customer service hotline immediate commitment, broadband transparency, and business office queuing appointment service.
  - > In terms of hotline immediate commitments, give a definite response to the problem-solving time-frame and standards and compensation measures to unresolved problems.
  - > As for broadband transparency, most of the provincial companies provide proactive process tracking and process-push services.
  - > In terms of business office appointment, some business offices have implemented remote queuing reservation through online business office and mobile business office.
- The customer satisfaction management tool NPS (Net Promoter Score) was introduced for continuous customer-centric tracking and measuring of customer perception, loyalty and satisfaction.

### Settlement of Customer Complaints

To properly resolve customer complaints, the Company adheres to the principles of first-person responsibility and limited handling time, and effectively resolves customer complaints by stepping up complaint settlement standards, manager involvement in complaint handling, improving the customer complaints solving capability of first responders, implementing similar complaints management, and strengthening enlarged customer service system.

The customer perception was effectively improved by normalizing the mechanism of "optimizing processes and rules, improving customer perception", focusing on solving and closed loop management of complaints about the daily operations/problems against which a large number of complaints were filed and problems seriously affecting customer perception, to ensure timely detection and analysis of problems, accelerate and improve the quality of problem solving.



- China Unicom won the Innovation in Quality of Service Award in the Quality Promotion 2015 sponsored by China Association for Quality Promotion.
- Beijing Shunyi District Branch, Xiamen Branch, Yueyang Branch were awarded the National Customer Satisfied Project implementation Corporation in the National Customer Satisfied Project implementation Promotion organized by China Association for Quality.

## Strengthen the real-name system management

In order to further implement the user real-name registration, the Company launched the "unregistered card governance" initiative targeting some marketing channels.

- Shut manual entry of user identity information, and implement automatic entry system;
- Further regulate social marketing channels, and implement channel QR code management;
- Strengthen the network marketing channel management, and strictly enforce certificate verification requirements and 100% callback;
- Facilitate existing users with their registration, and activate self-help registration function over online Business Office and Wechat;
- Carry out comprehensive supervision and inspection, and urge all Branches to make timely rectification;
- Further the promotion of real-name system, deal with illegal channels in a timely manner, and deactivate non-real-name "unregistered card"
- Increase training, and raise the level of professional skill and legal awareness of sales staff
- Increase accountability assessment efforts, and hold those concerned responsible for poor implementation resulting from lack of attention.

On March 15, 2015, CCTV Gala reported irregularities in the real-name system management of Changde Unicom in Hunan. China Unicom Group attached great importance and instructed Hunan Branch to conduct immediate investigation. Some sales staff of Changde Unicom Western outlet violated the relevant provisions of the Company on the real-name system management, accepted subscription through Wechat application and manual entry and activated the card without strict check of the relevant certificate, the investigation found. And the General Manager and Deputy General Manager in charge of the matter in question of Changde Unicom were given demoted; and the Assistant General Manager directly responsible for the incident in Changde Unicom, the personnel in charge in the account department and the Marketing Manager of the Western outlet were relieved from their posts.

China Unicom Group also instructed the Hunan Branch to carry out province-wide self-examination and special rectification:

- Carry out investigation of channels and marketing outlets, to ensure the strict implementation of real-name system.
- More rigorous implementation of data entry with second-generation ID card reader.
- Organize special inspection personnel and third-party companies to carry out secret investigation into various outlets.
- Establish real-name system supervision and reporting hotline to accept public supervision.

In the future, China Unicom will firmly promote the implementation of the real-name system, and strengthen user identity protection, to provide consumers with high quality, efficient, secure communications services.

## Ensure Security and Customer Confidence

- To further regulate tariff management, China Unicom set up Product and Brand Management Committee, responsible for the consideration and decision-making regarding the company's overall tariff policies, tariff framework, significant structural adjustment programs and major settlement policies, improved the approval process management in terms of tariff packages, promotion policies, publicity and tariff announcement. All packages and usage information were made available through online Business Office, mobile Business Office, SMS Business Office, and local business offices.



- To ensure informed consumption, the Company continued to improve the accuracy and transparency of the billing system.
  - > Unify bill format, standardize bill data, and provide clear and accurate billing data for users of different channels, transparently displaying the usage of respective service.
  - > Carry out check and testing of various network elements and billing systems to improve the accuracy of the billing system.
  - > Establish a reporting and assessment mechanism in terms of billing accuracy; strengthen the management of billing accuracy to allow safe and informed consumption.
- In order to make clearer the value-added services used, the Company revised the China Unicom Value-Added Business Management Approach to strengthen the charging and subscribing process of value-added services, requiring strict implementation of double confirmation during the subscription of value-added services, to ensure informed consumption.
- Carry special rectification regarding the unclear deductions, including:
  - > Strengthen billing system testing;
  - > Regulate undesirable mobile applications;
  - > Thoroughly investigate the charging malpractice of malicious software;
  - > Strengthen the management of agreement signing and compliance;
  - > Increase penalties for on-standard development of value-added services.

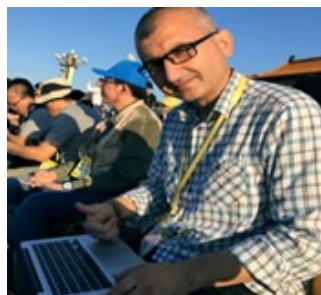
## Reliable Communications Support

### Emergency response and safeguard

China Unicom adhered to the guideline of "Providing services in peacetime, and make response during emergencies and wars", promoting emergency equipment to create a nationwide emergency communications system, strengthening routine emergency drills to improve rapid response capabilities and support capabilities.

#### Communications Support to the Military parade to commemorate the 70th anniversary of the victory in the Chinese People's War of Resistance Against Japanese Aggression

The Military parade to commemorate the 70th anniversary of the victory in the Chinese People's War of Resistance against Japanese Aggression was held in the morning on September 3 in Beijing. China Unicom, with a high sense of responsibility, ensured the communications and network information security during the event with excellent user perception, intensively monitored the 1048 base stations, 1096 Circuits and 172 websites in the key protected areas, provided 1873 services for the parade headquarters, and 3213 circuits, 45 Internet and IDC services to 56 customers including Xinhua News Agency, CCTV, Ministry of Public Security. During the period of intensive protection, Beijing Unicom sent more than 3,000 security personnel, nearly 400 vehicles. During the military parade, thousands of guests present continuously shot and uploaded videos and pictures, and 4G traffic peak stood at more than 20 times over ordinary days, but the Company managed to ensure the transmission of images about 10M within 5 seconds.



Foreign reporters at the reviewing stand highly of China Unicom's services



stand Install fixed-line telephone and broadband network on the reviewing stand



Satisfy communications needs of reporters on the spot

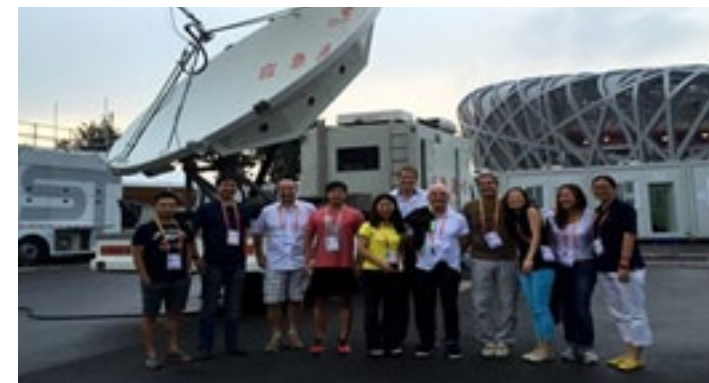


Consecutive 15-hour's working; we can only seek a nap

#### Communications Support for the World Athletics Championships

The World Athletics Championships were held 22-30 August in Beijing, China. Unicom laid 74 optical cables at the scene and expanded the surrounding 22 4G base stations and 333G base stations near the National Stadium, in order to meet the communications needs during the event, and carried out intensified monitoring over 492 base stations that directly served the World Championships and thus required supreme protection to ensure efficient operation with zero failures, deployed three emergency communications vehicles to ensure complete 3G/4G coverage, secured 1096 communications circuitry of 13 major clients from the media, government, finance and civil aviation and provided secured communications to nearly 700 VIP customers from the Party, government, and military and more than 3,000 major customers. China

Unicom sent support personnel 12366 person-times, including 1602 live supports, and vehicles 1791 vehicle-times.



#### Communications Support for the Second World Internet Conference

The 2nd World Internet Conference was held in Wuzhen, Zhejiang on December 16 to 18, 2015. Compared to the first World Internet Conference, this conference was larger, at a higher standard and required smoother communications and more secure network connection. During the Conference, Zhejiang Unicom organized 48 professional security teams totaling 432 staff, 48 recovery and repair vehicles, and

conduct list-based management over 1071 base stations and circuits. Jiaxing Branch, as the operator in the host city, built 504 sets of base stations and indoor distribution systems, making a total of 423 2G base stations, 579 3G base stations and 2104G base stations in Wuzhen scenic area and the surrounding region. The Branch adopted 7\*24 double-watch double-post mechanism to ensure the smooth progress of the Internet Conference.



#### Communications support to the rescue and relief after the shipwreck in Jianli, Hubei Province

In June 2015, continuous heavy rainfall in Sichuan caused floods, devastating landslides, mudslides and other disasters, and the Branches in 21 cities and prefectures were affected to some extent by the rainstorm and floods. Sichuan Unicom contributed nearly RMB 4 million worth of flood control materials, dispatched rescuers 576 person-times, emergency vehicles 246 vehicle-times and generators 737 unit-times, and helped generate electricity 736 times and restored 1398 base stations. Meanwhile, the Branch sent three disaster relief teams to the affected areas and allocated RMB 130,000 of special relief funds for the disaster frontline employees, affected employee families and agents.

## Communications Support for Snowstorm Fighting

In June 2015, continuous heavy rainfall in Sichuan caused floods, devastating landslides, mudslides and other disasters, and the Branches in 21 cities and prefectures were affected to some extent by the rainstorm and floods. Sichuan Unicom contributed nearly RMB 4 million worth of flood control materials, dispatched rescuers 576 person-times, emergency vehicles 246 vehicle-times and generators 737 unit-times, and helped generate electricity 736 times and restored 1398 base stations. Meanwhile, the Branch sent three disaster relief teams to the affected areas and allocated RMB 130,000 of special relief funds for the disaster frontline employees, affected employee families and agents.



## Cybersecurity

In March 2015, heavy snowfalls hit Nyalam County and Gyirong County located at China-Nepal border in the southwest of the city of Shigatse in the Tibet Autonomous Region. Some lines were broken and poles collapsed, 19 base stations out of service, nearly 10 disruptions in the optical cables which were mainly concentrated around halfway up the hill with deeper snow and thus made it difficult to repair. "Nyalam" in Tibetan means the elephant neck, and is often translated as "the road to hell" due to its steep mountains and rugged and wild roads. It is located in the Himalayas region, with an average altitude of 4300 meters. Every heavy snowfall often seals the mountain passes. Tibet Unicom repair personnel risked their lives crossing the snow-capped mountains against the wind and cold, and shouldered the communications cables and equipment to each interrupted base station. They fought the hardships day and night and finally restored operation of those base stations.



## Cybersecurity

China Unicom always bore in mind that "no cybersecurity, no national security", and stuck to the principles of "network security, operation security, application security, data security."

- Enhance network security. Deploy intrusion detection device at the key nodes of the Group-wide DCN network, online behavior auditing and traffic control equipment at the national office Internet gateway, and DDOS and traffic guard at EDC gateway.
- Prevent leakage of personal data and billing information. Deploy data gateway at the big data platform to strictly examine the data related to user's personal and billing information, and encrypt and conduct follow-up audit on offline data; deploy various protective systems to block viruses and Trojan attacks, use more advanced encryption calculation to protect user information.
- Regulate the calling number delivery for voice private line users, standardize voice lines, and intensify the management of international incoming

Caller ID.

- Guarantee 10010 website security. Establish 10010 security access controls and detect and analyze, report and block phishing 10010 sites.
- Raise public awareness about network security. Organize Intranet security training and skills competitions.

Accreditation of China Unicom Security Service capabilities

ISO27001

Information security protection service evaluation qualification

Communications network security service assessment qualification

Information system security service qualification



Transformation of the three-in-one (110, 119 and 122) police platform

For unauthorized hiding or illegal change of the delivered Caller ID, or defrauding or illegal publicity activities by making calls using transformed public service hotlines like 110 and 10010, Shanxi Unicom carried out special rectification under the theme of "eliminating violations in private line calling number delivery". First, screen and rectify private line number passthrough; second, conduct data specification inspection for network maintenance process; Third, support police platform technology optimization and transformation, strictly control the delivery of specific numbers at the source. All of the local special service hotlines within the network will be displayed in a standard format when placing calls.

China Unicom System Integration Co., Ltd. was awarded the "Network Security Advisory Partner", "Technical Support Corporation for the Commemoration of the 70th Anniversary of the Victory of the World Anti-Fascist War" and "Technical Support Corporation for the Security Service for Beijing 2015 World Athletics Championships" by the Network Security Safeguard Team of the Beijing Municipal Public Security Bureau.

## Promote Technological Innovation

### Development of Scientific and Technological Innovation System

China Unicom established a technological innovation system composed of the Chief of Group Department of Technology, R&D bases, post-doctoral workstations, and application development subsidiaries. The company has one member of the Chinese Academy of Engineering, ten New Century Talent Project national candidates, 81 State Council Experts for Special Allowance, 4 experts recruited through the Recruitment Program of Global Experts, and more than 30,000 professional and technical personnel. R&D bases include: China Unicom Research Institute, Network Technology Research Institute, Institute of Software, and China Information Technology Designing & Consulting Institute. China Unicom post-doctoral research workstation has recruited and trained more than 40 post-doctoral researchers, and was rated "excellent" in 2015 in the National Postdoctoral Workstation Assessment held by the Ministry of Human Resources and Social Security and the National Postdoctoral Management Committee. The application development subsidiaries include: Information Navigation Company, System Integration Company, Unicom Xingye Corporation, China Unicom Broadband Online Corporation Limited, China Unicom Payment Corporation limited, etc.





## Development of New Technologies

China Unicom focused on the development of those technologies that could affect the Company's long-term network evolution targets, the research on technical route and key technologies, and conduct new technology trials.

- Prepare three-year SDN/NFV special planning, and study the network evolution objectives affected by SDN/NFV, technology development strategy and planning, and software-based network architecture and new R&D cooperation mechanism.
- Study key technologies including MANO and controller, make research, develop standards and carry out testing on vCPE, SDN-based IP RAN, data center, vEPC, vIMS and the like.
- Continue to develop and test new technologies in terms of fixed-line access and transmission and mobile network, and promote follow-up studies on 5G.

In 2015, China Unicom implemented such national projects as the MIIT "New generation wireless broadband mobile communications network 03 Project" and "CHI 01 Project", and "863 Project", and Industrialization Project of the National Development and Reform Commission.

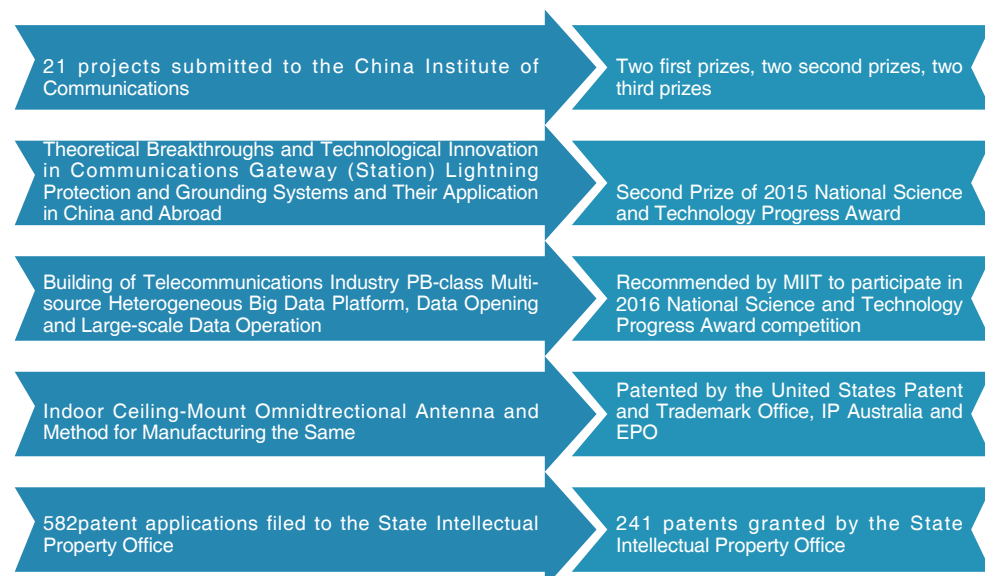
### Tips:

- SDN: Software Defined Network, enables flexible control of network traffic and makes the network smarter.
- NFV: Network Function Virtualization, enables multi-purpose software processing, and reduces the cost of network equipment.
- MANO: A functional module, responsible for NFV management and orchestration, enables management and monitoring of infrastructure layer resource, VNF lifecycle management, virtualization resource management and monitoring, and automated management.
- Controller: logical unit responsible for network control in SDN architecture that enables strategy control and automated management of the network.
- vCPE: Virtual customer premise equipment, can integrate service-related functions of the home gateway, enterprise gateway, STB and other premises to the common platform on the network side.
- SDN-based IP RAN: SDN-based IP mobile backhaul networks.
- vEPC: NFV-based virtual Evolved Packet Core, in which EPC CN elements are deployed on common hardware platform in the manner of NFV.
- vIMS: NFV-based virtual IMS, in which IMS elements are deployed on the common hardware platform in the manner of NFV.

## Development of Standards

In 2015, the Company submitted 647 contributions on International standards, published 8 ITU-T standards, completed the proposal of 11 ITU-T standards, and took positions in GSMA, ONOS, ODCA, W3C, OMA, ITU-T and other important international organizations. It started the implementation of relevant standards in carrier aggregation, intelligent terminal user experience, cloud computing, SDN, IoT, MAN integrated services, information security and other standardization areas it had an edge, and made attempts and initiatives in emerging open source community fields including SDN, cloud computing and NFV.

China Unicom has been actively involved in the development and revision of industry standards with long-term commitment to promote the development of the communications industry, and in 2015 led and took part in 247 industry standard development projects, with four employees served as TC Chairman/Vice Chairman in CCSA, 18 as team leader/vice team leader. China Unicom has an important influence and voice in terms of industry standards and is one of the main facilitators of the communications standards.



Technology Innovation Awards and patents 2015

The invention by HUANG Xiaoming, an employee of Guangdong Unicom "Indoor Ceiling-Mount Omnidirectional Antenna and A Method for Manufacturing the Same" was patented by the United States Patent and Trademark Office, and fulfilled the zero breakthrough of the Company in foreign patents, and passed the review of IP Australia.

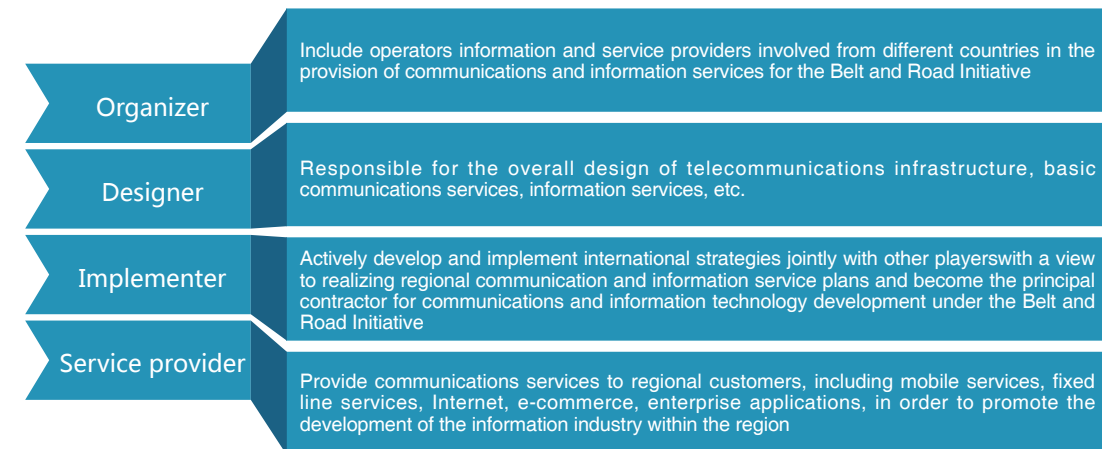
## Coordinated Development and Cooperative Operation

Since social equity and coordination are the basis for smooth and sound development, China Unicom is committed to promoting common development of the whole society by popularizing information technology services and facilitating the convergence of informatization and industrialization. In 2015, we promoted international operations and coordinated development in China and abroad; supported the development of the western regions and the implementation of tariff unification in Beijing, Tianjin and Hebei Province, boosting regional coordinated development; made efforts to bridge the digital divide and promote the coordinated development of urban and rural areas; took Internet purifying measures to ensure synchronized transmission of healthy cultural heritage over Internet.





Stakeholders	Expectations for China Unicom	Communication method	Measures taken in 2015	Measures to be taken in 2016
Communities in overseas operating centers	<ul style="list-style-type: none"><li>Higher international management capability</li><li>Fair employment and development opportunities</li><li>More procurement opportunities</li><li>Energy efficient and environment-friendly communications equipment</li><li>Environmental protection activities</li><li>Compliance with local laws</li><li>Support public welfare</li></ul>	<ul style="list-style-type: none"><li>Forums, exhibitions</li><li>Customer activities</li><li>Exchange and facilitation meeting</li><li>Open recruitment</li><li>Bidding</li><li>Participate in online surveys</li><li>Participate in volunteer activities</li></ul>	<ul style="list-style-type: none"><li>Launch innovative international data services, continue to expand direct connection, and implement a number of international submarine cable projects.</li><li>Develop remuneration plans in line with local market, select the management in an open, fair and equitable manner and develop career prospects for employees.</li><li>Optimize cooperation approval process, develop bidding management approaches and procurement system, and carry out localized procurement.</li><li>Implement national and local energy-saving standards, use energy efficient and environment-friendly equipment.</li><li>Protect local environment in the construction and operations.</li><li>Comply with local laws and customs, arrange training for employees, and recruit legal counsels.</li><li>Participate in social services organized by volunteer organizations in local community, take part in Chamber of Commerce activities.</li></ul>	<ul style="list-style-type: none"><li>Optimize international Internet gateway, strengthen analysis of basic international Internet data, intensify network resource monitoring and scheduling, and establish industrial cooperation and competition mechanisms.</li><li>Recruit local talents in an open and broad manner, develop incentives to motivate staff to give full play to their expertise, and increase promotion opportunities.</li><li>Optimize cooperation review process, improve local sourcing, reaffirm industrial alliances, and develop multi-level business cooperation.</li><li>Understand local energy conservation requirements, and use more energy-efficient equipment.</li><li>Attach importance to environmental protection during routine operations, and participate more often in local environmental protection activities.</li><li>Learn and strictly adhere to local laws and customs.</li><li>Carry out more pro-social activities and support local communities financially.</li></ul>
Customers in remote areas	<ul style="list-style-type: none"><li>High-quality network in remote areas</li><li>Develop agriculture-related APPs</li><li>Communications services in remote areas</li></ul>	<ul style="list-style-type: none"><li>Interview</li><li>Marketing campaign</li></ul>	<ul style="list-style-type: none"><li>Ensure continuous coverage in urban area and regions above county-level, and standard township coverage.</li><li>Promote such APPs as "Cloud-connected Country Life" and "Prosperous Agriculture".</li><li>Implement "10-Thousand-Town Program".</li></ul>	<ul style="list-style-type: none"><li>Further network coverage in rural areas.</li><li>Promote in large scale the agriculture-related information applications.</li><li>Continue to implement 10-Thousand-Town Program, promote information and entertainment products, like Smart WO Home, IPTV and videos based on the needs of rural users.</li></ul>
Customers	<ul style="list-style-type: none"><li>Continuous reduction of tariff</li><li>Accurate and transparent billing</li><li>Secure network security</li><li>Green network environment</li></ul>	<ul style="list-style-type: none"><li>Business Office</li><li>E-Business Office</li><li>10010 tariff zone</li></ul>	<ul style="list-style-type: none"><li>Integrated unit price of mobile data traffic fell by 27.0%, and average unit price for per unit bandwidth of fixed broadband fell by 49.6%.</li><li>Standardize billing formats and data, conduct testing of billing system, and strengthen value-added service charging and subscribing process.</li><li>Enhance network security to prevent disclosure of user information, regulate calling number delivery for voice private line users.</li><li>Reporting rate for spam SMS dropped significantly over the same period of the previous year.</li></ul>	<ul style="list-style-type: none"><li>Continue to implement speed raising and tariff reduction program, promote further tariff reduction.</li><li>Continue to strengthen tariff management, conduct network element and billing system check, and strengthen the assessment of charging and billing operations.</li><li>Further strengthen network security, security of user information and other personal data, key systems and 10010 website.</li><li>Continue to strengthen the monitoring and handling of illegal and harmful information, continue management of spam messages, unwanted calls and unhealthy network content.</li></ul>
Regulatory Authorities	<ul style="list-style-type: none"><li>Fair market competition order</li></ul>	<ul style="list-style-type: none"><li>Regular industry meetings</li><li>Interviews</li></ul>	<ul style="list-style-type: none"><li>Develop competition in accordance with laws and regulations, and coordinate with other operators to solve substandard competition problems.</li></ul>	<ul style="list-style-type: none"><li>Regulate policy implementation and oversight, and provide guidance to provincial branches to ensure law-abiding operations and strict self-discipline.</li></ul>



CUG, specialized in international communication and information services, should give its expertise into full play and provide efficient and comprehensive communication and information services for the Belt and Road Initiative by virtue of its integration capabilities. Such services include:

- Advance the construction of cross-border optical cables and other communications trunks;
- Improve international communications connectivity, and create an Information Silk Road;
- Accelerate the building of bilateral cross-border optical cable networks;
- Plan and implement transcontinental submarine optical cable projects;
- Improve spacial (satellite) information passageways and expand information exchanges and cooperation.

Promote the exchange in the fields of information services and Internet services and among telecommunications carriers within Asia as well as with the rest of the world for further development.

### International operational capacity

International roaming	<ul style="list-style-type: none"><li>Have GSM roaming agreements with 593 operators in 251 countries and regions</li><li>Have international roaming agreements for 3G data services with 374 operators in 141 countries and regions</li><li>Have LTE international roaming agreements with 46 operators in 27 countries</li></ul>
International data	<ul style="list-style-type: none"><li>Establish a comprehensive system of international data services combining basic products and innovative ones, and provide one-stop integrated solutions to customers across the world</li></ul>
International voice	<ul style="list-style-type: none"><li>Continue to expand the direct connection and develop more extensive cooperation, to maintain stable business development</li></ul>
International network	<ul style="list-style-type: none"><li>Facilitate AAE-1, NCP, SMW5 and other submarine cable projects</li><li>Build China-Laos, China-Pakistan, China-Tajikistan and China-Kyrgyzstan cross-border terrestrial cables</li><li>Complete China Unicom "One Belt One Road" international business planning</li><li>Complete the ASEAN Harbor preliminary planning in cooperation with relevant state institutions</li></ul>

## Common Development in China and Abroad

### Promote specialized international operations

In order to fully integrate domestic and foreign resources to create a unified global product center, delivery center, maintenance center and customer service center, to enhance China Unicom's service capabilities in the global market, China Unicom established China Unicom Global Limited (CUG) by integrating overseas companies and offices based on China Unicom (Hong Kong) Operations Limited in 2015.

CUG mainly engages in international fixed communications business, global mobile MVNO, domestic and international communication infrastructure services, satellite IPLC, data communications services, Internet access services and various value-added telecom services, systems integration business related to communications and information services etc, and provides customers around the globe with a package of end-to-end information services, including DDN, Internet, two-in-one mobile SIMcard, IDC, ICT, cloud computing.

CUG actively implemented the Belt and Road Initiative, served as the "organizer", "designer", "implementer" and "service provider", took full advantage of market opportunities in the region and step up overseas resources distribution; innovated products and applications, and created differentiated products and service capabilities; enhanced integrated support capabilities and became one of the leading operators.





On Sep 23, the Chinese Enterprise Global Image Summit 2015 was held in Beijing jointly by the State Council Information Office, China International Publishing Group and China Report under the theme of "Image Construction for Enterprise along the Silk Road Economic Belt". China Unicom won the "Best Global Image Award" on the Summit.

## Localized management

### Local labor

All overseas branches are strictly abide by local labor laws, and the recruitment management is people-oriented and subject to local laws and regulations so as to ensure the legitimate rights and interests of local employees. With the expansion of operations, local recruitment will be gradually increased. Indeed, the employee localization rate in China Unicom (Europe) Operations Limited reached 84.6%, Japan 71.4%, in China Unicom (Australia) Operations Limited 70%. China Unicom (Japan) Operations Limited also improved the examination and evaluation system, linking performance to ranks to establish an internal promotion system of employee allowing each in one's proper place.

### Local sourcing

Overseas institutions widely adopted local sourcing, and developed cooperation with local competitive, socially responsible partners. The projects launched in China Unicom (Myanmar) Operations Limited in 2015 were based on 100% local sourcing, China Unicom (Europe) Operations Limited also realized 100% local sourcing except products locally unavailable, and the equipment circuit used by China Unicom (Singapore) Operations Limited was 80% locally sourced. China Unicom Europe developed cooperation with suppliers having similar corporate values and sense of social responsibility with China Unicom, taking into consideration of the employment conditions, product safety, environmentally friendly aspect and other relevant factors. China Unicom Singapore developed partnership with suppliers who effectively fulfill their social responsibilities, including compliance with laws and regulations, commitment to integrity management, respecting and protection of intellectual property rights, fair trade, standard advertising and competition, compliance with wages and benefits provisions.

### Inclusion into Local Community

Overseas branches made efforts to integrate into the local community and actively fulfilled their local social responsibilities, and by doing so helped enhance the cohesion and visibility of China Unicom in the communications industry. The China Unicom Americas, for instance, participated actively in the activities organized by China General Chamber of Commerce – U.S.A. (CGCC) and won the "Outstanding Member of the Year Award". China Unicom Europe joined the British-Chinese Chamber of Commerce as a governing member company, and the German branch joined the Frankfurt Chamber of Commerce. China Unicom Australia promoted its influence by sponsoring "the 8th World Conference of Guangdong Overseas Friendship Association and the Second World Conference for Guangdong Overseas Youth Chinese".

### Responsible Investment

In 2015, CUG speeded up the implementation in terms of mobile network, voice network, broadband network with Hong Kong as the core: in terms of mobile network, implemented Hong Kong mobile core network expansion project and mobile core network renovation project; in terms of voice, carried out Hong Kong IDD voice system expansion project; in terms of broadband data, built Asia-Pacific IP service network and completed Hong Kong LAN expansion and other projects; deployed POPs in Vietnam, Cambodia, Thailand, Taiwan and other Southeast Asian countries, greatly promoting ASEAN connectivity and the actual implementation of the Belt and Road Initiative.

Built Cameroon-Brazil Submarine Cable System (CBCS) connecting Africa and Latin America in cooperation with Cameroon Telecom. CBCS connects Kribi, Cameroon and Fortaleza, Brazil across the South Atlantic, and will provide more sound communications services to international enterprises entering African and Latin America markets. In addition, China Unicom assisted Huawei Marine in the building of the first transoceanic submarine cable system, which was the actual implementation of the strategy of China's telecom industry to promote cooperation in the fields of international productivity and equipment manufacturing.



Lu Yimin, general manager of China Unicom, and his delegation visited CAMTEL

China Unicom implemented China-Myanmar cross-border optical cable transmission project in collaboration with Myanmar Posts and Telecommunications (MPT) to provide high-speed transmission to the companies and other communications customers, thanks to which China Unicom got a geographically ideal international submarine cable gateway in the Indian Ocean. China-Myanmar cable optimizes the layout of the international network for the Company, improves network security, eases the imbalance in gateways between eastern and western regions, shortens the transmission distance between China, Japan and South Korea and the Middle East, Africa, Europe, and significantly reduces transmission delay.

China Unicom started the construction of the New Cross Pacific (NCP) project jointly with Taiwan, Korea, Japan, the United States and other global partners. NCP submarine cable system, connecting the mainland China, Taiwan, Korea, Japan and up to the US, uses the most advanced 100G WDM system, with a communications capacity of above 80Tbit/s. NCP submarine cable system, to be put into operation in 2017, will be the submarine cable with the largest transmission capacity between Asia and North America, and will provide users with more high-quality and more reliable communications services.

## Boost Regional Coordination

### Support Western Development

China Unicom actively implemented the country's western development strategy, introduced favorable policies and provided support for the western region in terms of business development, network building, financial support, customer service etc., vigorously stimulating the economic and social development of the western region.

- Grant special offers to meet the needs of the western region, and introduce preferential traffic packages to ensure affordable and secure connection; raise speed for users below 10M and reduce the tariff for 20M and above fixed broadband connection.
- Promote the development of telecommunications network infrastructure in the western region, and build large data centers and cloud computing resource pools to ensure ubiquitous connection for the Internet + initiative in the western region.
- Enhance the customer service level in the western region, and help western region in a planned and targeted manner by elaborating and regulating customer retention and allocating resources in favor of the western region.

### Tariff Unification in Beijing, Tianjin and Hebei Province

China Unicom made positive response to the call of "tariff unification in Beijing, Tianjin and Hebei Province", and as from August 2015 calls made by mobile subscribers in Beijing, Tianjin and Hebei Province to fixed or mobile numbers of the above-mentioned areas would be charged according to local call charging rules, no longer subject to long-distance and roaming charges; calls received by mobile subscribers in Beijing, Tianjin and Hebei Province would be no longer subject to roaming charges. The tariff unification in Beijing, Tianjin and Hebei Province will benefit China Unicom users.

- For subscribers of localized packages, previously applied long-distance and roaming charges within the area of Beijing, Tianjin and Hebei Province shall be billed according local rules, and some may be included in the package traffic.
- For the excess traffic, the tariff for local calls, instead of long-distance and roaming charges, shall apply.
- The packages for family numbers remain valid and are no longer subject to long distance and roaming charges within Beijing, Tianjin and Hebei Province, which benefits more than 18.2 million users in such areas.

## Bridge Digital Divide

### Coordinate the Construction of Communications Network

- Promote the coordinated development in urban and rural areas; launch the broad mobile network coverage investment program to expand mobile coverage in rural and remote poverty-stricken areas. 148 000 base stations used for broad coverage were newly built to achieve substantially continuous coverage in urban and areas above county-level and standard coverage in township.
- Promote coordinated regional development, ensure coverage of high-speed rail, subway, schools, highways and other important scenarios as well as areas with large traveler flows at the scenic spots above 3A-level, and uninterrupted coverage of densely populated areas including large enterprises, corporate customers, armed forces, factories and mines.
- Intensify the construction of broadband networks in poverty-stricken areas. Chongqing Unicom invested RMB 36.3 million in the implementation of the "Rural Broadband" project in two counties including Nanchuan County. Sichuan Unicom invested RMB 30.91 million in the implementation of the "Basic network project in small and medium cities in middle western areas" in six towns including Yibin.

### Introduced Services and Tariff Plans for the Township

In 2015, the Company developed its rural market development strategy, and implemented the 10-Thousand-Town Optical Network Program based on Smart WOHome Sharing Plans and IPTV/OTT products, through the strategies of optical networks going first and convergence following, to meet the increasingly growing demands for information and entertainment content like TV and mobile Internet and complete business promotion in ten thousand key towns within three years. In 2015, China Unicom vigorously promoted the speed-raising program, and improved the broadband access rate in the township through 10-Thousand-Town Program, and further reduced broadband tariff there through "tariff reduction", "Smart WOHome" and other measures.

### Development of APPs for Rural Areas

- Implement Fiber into School program in 12 schools in Lianhua County, former revolutionary area in western Jiangxi Province and one of the State's key Poverty Reduction Program counties to ensure all-class connectivity; and donate for two consecutive years class connectivity products to schools in Tibet and Qinghai and contribute to the development of education in border areas.
- Promote "Cloud-connected Country Life" project in Jilin rural areas that enables Internet-based businesses in such rural areas by building e-commerce platform, so as to get rid of poverty and become better off.
- Popularize the "Prosperous Agriculture" APP in Heilongjiang, to provide information and a transaction channel to farmers, an agricultural product promotion channel to the supply and marketing cooperatives, and policies and regulations publicizing channel to government institutions.



WO Agriculture Platform

Haozhou Unicom in Anhui Province actively explored the "Internet + Agriculture" applications, and created a 5+1 integrated service platform for Haozhou Municipal Agricultural Bureau based on the "WO Agriculture" information platform, to enable whole process support from agricultural production to sales, services, scheduling, and management. "WO Agriculture" is based on multi-terminals and designed to provide agricultural information services, to meet the information needs of farmers in terms of production-supply-marketing of agricultural products, management of rural affairs and livelihood issues of interest to farmers, so that they could be well-informed about agricultural information without leaving their homes.



China Unicom MINI terminal

Considering the fact that the rural areas had large demands for communications services but with less service channels, Suihua Unicom in Heilongjiang intensified the promotion of MINI terminals, thus simplifying payment processes and providing faster service handling methods thanks to the full-service, full-channel and full-customer coverage of the electronic device, to meet the needs of rural and urban users in terms of fast payment and refill, top-up card purchase, SIM card activation, and service inquiries, and improved customer perception by freeing them from waiting in the Business Offices.



On February 8, 2015, Heilongjiang Agricultural E-Commerce platform developed by Heilongjiang Unicom and Heilongjiang Provincial Agriculture Commission was officially launched. The platform boasts for four major functions, namely, online trading, information release, financial services, and agricultural products traceability and integrity information query, and creates a comprehensive, highly efficient channel between production and marketing for agricultural business entities and farmers in Heilongjiang.

## Purify Network Environment

China Unicom is committed to becoming the practitioner of the core values of socialism and disseminator of positive spirits, creating a leading green and secure network.

- Continued to manage spam SMS and unwanted calls; piloted spam SMS fingerprint recognition system, resulting in a year on year decrease of 90.4% in spam SMS reporting rate, and launched unwanted calls alert service in some provincial Branches.
- Took special actions against pornography and illegal content, carried out service monitoring and undesirable websites blocking.
- Participated in the National Cyber Security Awareness Week show, popularizing network security knowledge and relevant policies and regulations, displaying latest security products and services developed independently by the Company and spreading the concept of "the biggest security risk is unawareness", and won Outstanding Program Award granted by the Office of the Central Leading Group for Cyberspace Affairs.
- Carried out "public spirit" spreading for 5 consecutive years, and awarded by the Central Spiritual Civilization Steering Committee the "Outstanding Corporation in National Ideological and Moral Building for Juveniles".





# Development in a Green and Environment-Friendly Manner



Growth green with low-carbon is the only way to sustainable social development. China Unicom is committed to building a resource-saving and environment-friendly enterprise. In 2015, we focused on promoting green operations, strengthening energy conservation management and intensifying electromagnetic radiation management, and built infrastructure with partners to make efforts to promote eco-civilization construction.

Stakeholders	Expectations for China Unicom	Measures taken in 2015	Measures to be taken in 2016
Eco-environment	<ul style="list-style-type: none"><li>Recycle materials to reduce pollution</li><li>Use energy saving and environment-friendly Communications equipment</li><li>Green operations</li></ul>	<ul style="list-style-type: none"><li>Upgrade the system platform, commission qualified companies to dispose recycled materials, and recycle and reduce the use of precious metals at the transition to optical cables.</li><li>Evaluate the energy consumption, energy-saving certification, radiation index and other relevant factors as important sourcing indicators.</li><li>Prepare energy conservation plan, promote energy-saving technologies, strengthen energy-saving management, and introduce energy Conservation Publicizing Month.</li><li>Build 160,000 base stations in cooperation with China Tower, with a co-construction and sharing rate of 90%.</li></ul>	<ul style="list-style-type: none"><li>Further optimize the disposal processes, reduce environment pollution during the recycling process.</li><li>Continue to further promote green sourcing system.</li><li>Implement energy conservation and emission reduction planning, and energy saving projects, strengthen energy consumption analysis and benchmarking and improve energy efficiency.</li><li>Take asset-light network construction methods into consideration in building programs, intensify cooperation with associate enterprises on optical cable trunk, and realize co-construction and sharing of base stations and indoor distribution systems related to high-speed rail, transportation hubs and other key scenarios.</li></ul>

China Unicom, combining energy-saving technology and management, continued to promote energy conservation and emission reduction, and raised employees' awareness of energy conservation and emission reduction through energy conservation campaigns, creating a culture of consciously building a conservation-oriented enterprise. In 2015, China Unicom achieved remarkable results in energy saving and emission reduction, saving 587,400 tons of standard coal.

## Promote Green Operations

The Company took such measures as purchasing energy-saving equipment, shutting down out-dated equipment, and adopting energy-saving technologies and equipment to further promote energy conservation and emission reduction.

- Continue to promote green sourcing system, and clearly define energy consumption standards and energy saving requirements in equipment sourcing specifications, and evaluate the energy consumption, energy-saving certification, radiation index and other relevant factors as important sourcing indicators.
- Step up the transition to optical network and the retirement of out-dated equipment, and integrate the equipment room to improve utilization, taking advantage of the retirement of out-dated equipment. In 2015, there were significant power savings thanks to the transition to optical network, shutdown of PSTN and DSLAM and the release of equipment room space.
- Strengthen the role of energy saving technologies to energy conservation and emission reduction, promoting a number of cost-effective energy-saving technologies with excellent energy-saving effect like fresh air system and heat pipes in the communications room, access network equipment room and other key areas, based on the actual conditions to improve the adoption of energy-saving technologies and ensure energy efficiency; carry out studies on asset-light and new energy-saving technologies to promote asset-light and energy-efficient network building.

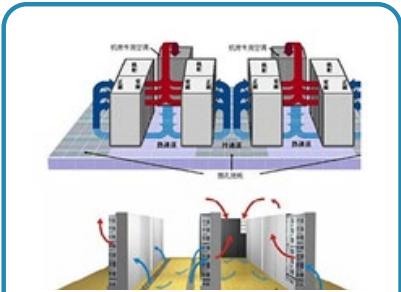
Tianjin Unicom managed to promote energy conservation and consumption reduction of the equipment room by creating power consumption metering platform, shutting down out-dated equipment and integrating cloud computing platform resources, with a view to improving social and economic benefits. In 2015, the Company saved RMB 810,000 due to CRAC energy savings, RMB 1.19 million from UPS power consumption reduction, and reduced RMB 1 million investments in traditional architecture, a total saving of costs of about RMB 3 million.



Dynamic environment monitoring platform



Cloud platform resource pool



Suihua Unicom in Heilongjiang adopted wet film fresh air system (which combines cold wind and water-circulating cooling technology to cool the computer room), installing 13 fresh air devices in energy-consuming equipment rooms and coming up to an annual saving of electricity of RMB 200,000.



#### Build green data centers

Considering increasingly scarcity of energy resources and pressing environmental management tasks, energy saving and consumption reducing of data centers are not only the practical needs of operators, but also an inherent requirement for the sound social growth. China Unicom continued to improve the energy efficiency of its data centers, strengthening the utilization of renewable energy and distributed energy supply, reducing carbon emissions and water consumption, effectively controlling the use and emissions of toxic and hazardous substances, and promoting the use of natural cold sources, fresh air system cooling and re-use of waste heat. The PUE (Power Usage Effectiveness) value of each data center was controlled within the range of  $\leq 1.6$ .

Gui'an data center project adopted the innovative warehouse-style and micro module concepts to save energy and reduce consumption in all aspects including the building itself, electrical and power systems and the equipment room, focusing on building energy conservation, energy efficiency, carbon emission reduction, water conservation, pollution control of electrical and electronic products and operation and maintenance management, making PUE fall below 1.3.

Northwest (Hohhot) Cloud Data Center and North China (Langfang) Cloud Data Center were awarded Outstanding Institution in Energy-Saving Technology Innovation in Communications Industry 2014-2015 by the Communications Network Operation Committee, China Association of Communications Enterprises.

### Strengthen Energy-Saving Management

The Company vigorously promoted energy conservation management measures to ensure tangible results achieved in energy conservation and emission reduction.

#### Energy Consumption Analysis and Benchmarking

Intensify energy saving management and consumption analysis and benchmarking, in conjunction with network streamlining, transmission to optical network and other special initiatives, under the guidance of Energy Conservation and Emission Reduction Planning, to control the growth in total energy consumption.

#### Recycling

Strengthen material recycling, including the optimization of discarded material disposal and recycler management processes, and improvement of the reusable material query of the reusable material store platform, regular disposal of non-recyclable materials for which the scrapping formalities have been completed, commissioning qualified recycling companies to dispose waste and old materials, reducing environmental pollution during material recovery and recycling, etc.

#### Green Office

Promote e-procurement, saving a great deal of material, manpower and time cost; implement paperless operation in Business Offices for the establishment of energy-saving, environmentally friendly, efficient and safe new business handling mode.

Beijing Unicom promoted energy saving and emission reduction management innovation under the theme of "leading green communications and enjoying low-carbon life".

- Combined the elimination of local hot spots and improvement of energy-saving based on equipment room temperature, reducing overall energy consumption by approximately 1400 tons of standard coal and indirect carbon dioxide emissions of about 6600 tons.

- Promoted energy saving and emission reduction through the application of new technologies combined with Energy Performance Contracting (EPC), created test procedures for new energy-saving technologies and developed Energy Conservation and Carbon Reduction Test Management Rules.

- Improved energy-saving management by developing both energy and carbon management systems. Beijing Unicom was awarded the "Communications Industry Outstanding Institution in Energy Management and Innovation 2014-2015" at the Communications Industry Energy Conservation and Emissions Reduction Conference 2015.



Hunan Unicom launched "Old For New" initiative jointly with a third-party company. Users with older models of iPhone could get a discount of up to RMB 4,000 when they subscribed Unicom 4G handset packages and took part in the "Old For New" initiative. Hunan Unicom promised 72-hour price guarantee and higher average recovery price than offline and other online recovery and recycling platforms and made direct payments to the customer. The Third-party company made automated valuation according to the real condition of the recovered handsets and removed existing personal data stored therein using specialized data processing tools to the extent that user data would not be leaked or recovered. The Third-party company shall be liable for compensation for any unauthorized use of user's bank card resulting from the recovery and recycling of the handset concerned. Meanwhile, Hunan Unicom was also engaged in recycling in cooperation with environmental protection enterprises in order to minimize environmental hazards posed by e-waste.

Yancheng Unicom attached great importance to the processing of discarded materials, and managed to ensure the maximum price through public auctions. In 2015, Yancheng Unicom auctioned four vehicles, a number of equipment shut down and 59 tons of accumulators, and fetched a total of more than RMB 510,000. Jiangsu Unicom Yancheng Branch not only safeguarded the interests of the Company, but also promoted the building of a clean and honest administration through standardized, open, fair, and efficient auctions.

In January 2015, Zhejiang Unicom launched paperless business handling system in all offices. The system would first read and take pictures to retain user's ID information, and the information on the service handling form would be displayed in real time on the screen at user side, and the user would sign on the electromagnetic writing pad after checking and confirming the information displayed. And the electronic signature, electronic stamp and the handling form would be integrated into an unalterable electronic service handling form which would be saved in the server and could be sent to the user. These procedures helped avoid any error that may occur between paper-based pre-handling form and the system, and reduce the workload of operating personnel, and it is easier for query processing. Paperless system makes it possible to save print, copy, and warehousing costs, and to shorten processing time.



Customer experiencing paperless services



Electromagnetic Radiation Management

China Unicom paid due attention to the public concern with electromagnetic radiation, and strengthened the management of electromagnetic radiation in its operations.

- Strictly controlled the quality of the base station equipment, regularly inspected base stations, and introduced advanced low radiation equipment as appropriate.
- Adopted advanced technologies, optimized the layout of wireless network, so that the electromagnetic radiation indicators remain better than the national standards.
- Kept base stations away from sensitive locations, such as kindergartens and primary schools, to reduce community complaints, and regularly communicated with institutions, organizations, residents surrounding base stations to seek understanding and support.
- Carried out in a timely manner base station electromagnetic environment impact monitoring and evaluation, and published the results on newspapers and website for public and expert review, fulfilled relevant procedures required by national environmental protection regulations and was willing to accept public supervision.
- Popularized the science about electromagnetic radiation, spread base station equipment related knowledge, provided specialized explanations and conducted field testing of base station radiation to eliminate public concerns.

In response to public concerns for the base station electromagnetic radiation, Chongqing Unicom carried out base station EIA, to show that the level of the Unicom base station electromagnetic radiation complied with national regulations through specialized testing by the environmental protection administration. In 2015, the number of 4G base stations which received positive test findings from environmental administrations including Chongqing Municipal Environmental Protection Bureau and District Environmental Protection Bureau and Chongqing Radiation Technology Service Center and underwent EIA exceeded 10,000.

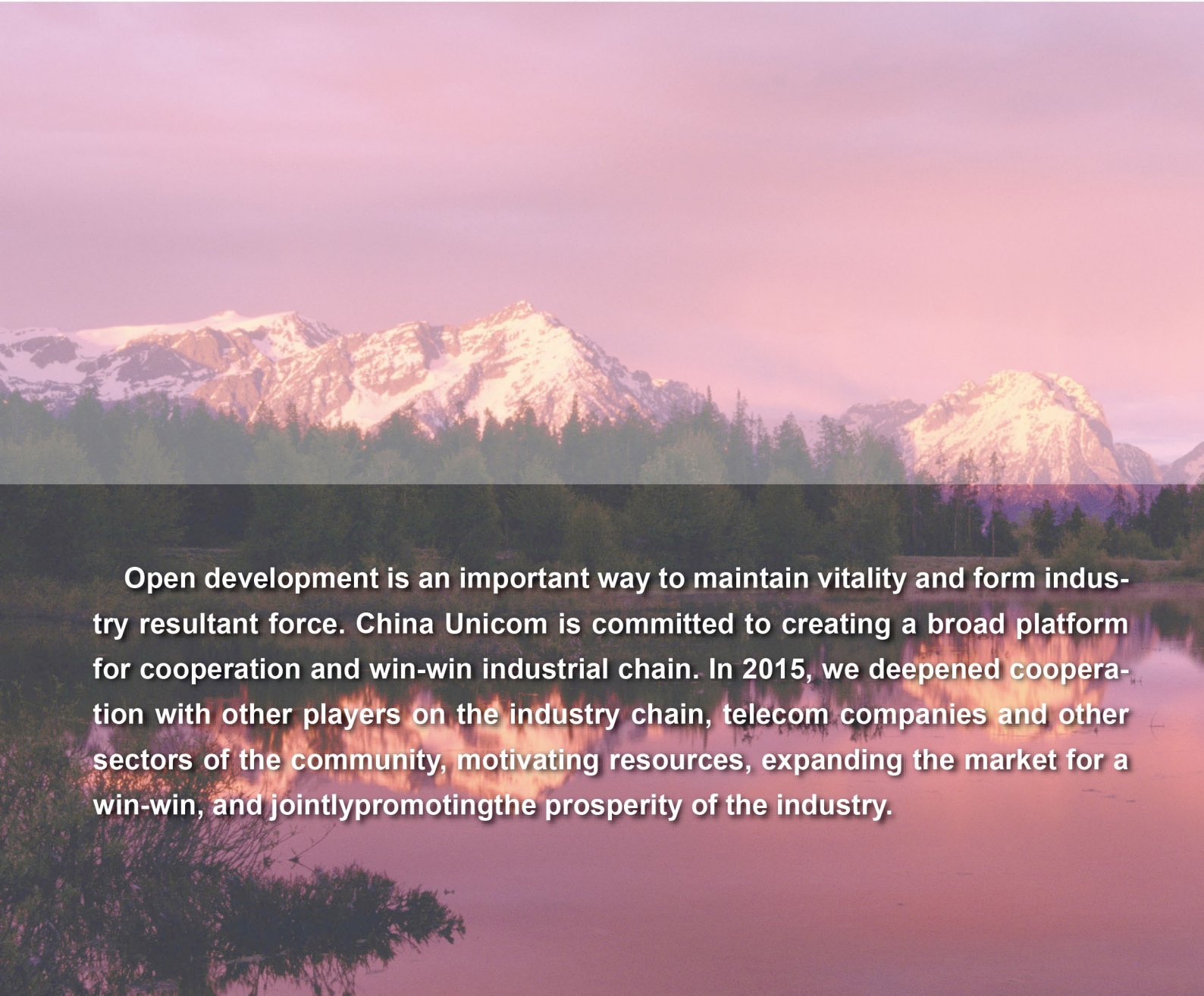
Co-Construction of Infrastructure

China Unicom adhered to the principles of economical construction and green development, deepened further cooperation with other enterprises in the telecommunications infrastructure construction, and developed co-construction and sharing mechanism in the fields of construction tower, base stations, pipelines, pole lines, indoor distribution systems, etc. In 2015 it built 160,000 base stations in cooperation with China Tower, with a co-construction and sharing rate of 90%.

In the spirit of mutual benefit and steady progress, the Companyactively developed cooperation on network resources co-construction and sharingwith associate enterprises:

Responsibility Performance Indicators	2013	2014	2015
Co-construction rate ofindoor distribution systems (%)	58.60	64.56	69.07
Sharing rate of indoor distribution systems (%)	96.99	98.19	94.66
Co-construction rate of pole lines (%)	60.62	71.46	67.76
Sharing rate of pole lines (%)	88.50	94.79	94.16
Co-construction rate of pipelines (%)	89.08	83.90	82.17
Sharing rate of pipelines (%)	83.09	92.55	92.23

Open Development and Win-Win Cooperation



Open development is an important way to maintain vitality and form industry resultant force. China Unicom is committed to creating a broad platform for cooperation and win-win industrial chain. In 2015, we deepened cooperation with other players on the industry chain, telecom companies and other sectors of the community, motivating resources, expanding the market for a win-win, and jointlypromotingthe prosperity of the industry.





Stakeholders	Expectations for China Unicom	Means of Communication	Measures taken in 2015	Measures to be taken in 2016
Regulatory authorities	<ul style="list-style-type: none"><li>Further promote centralized procurement</li><li>Standardized procurement management</li></ul>	<ul style="list-style-type: none"><li>Study visit</li><li>Discussion and exchange</li></ul>	<ul style="list-style-type: none"><li>Promote centralized purchasing at Group and provincial levels, facilitate the whole lifecycle purchasing for the building, expansion of network primary devices as well as spare parts.</li><li>Improve the purchasing by invitation to bid system and processes, reduce the ratio of single-source procurement.</li></ul>	<ul style="list-style-type: none"><li>Further improve the centralized procurement model, and enhance the quality and level of the procurement process.</li><li>Promote the open purchasing of communications devices and non-communicates materials, optimize the determination mechanism for single source demands, and enhance the transparency of the purchasing by invitation to bid.</li></ul>
Partners	<ul style="list-style-type: none"><li>Broad areas of cooperation</li><li>Fair and open opportunities for cooperation</li><li>Diversified and flexible support services</li></ul>	<ul style="list-style-type: none"><li>Meetings, interviews</li><li>Crowdfunding conference</li><li>Tender inviting and winning announcement</li><li>Self-service portal of partners</li></ul>	<ul style="list-style-type: none"><li>Develop cooperation with device manufacturers, agents, and distributors.</li><li>Vigorously promote purchasing by invitation to bid, and strictly control the non-bidding projects.</li><li>Provide distributors with Internet services application and handling procedures, and provide commission settlement sheets subject to promptly settlement.</li><li>Increase services provided to resale enterprises, lower wholesale prices, coordinate the solving of the third-party verification of resale numbers.</li><li>Provide open platform to cooperate with developers and firms, openly recruit partners and adopt online contract signing and settlement.</li></ul>	<ul style="list-style-type: none"><li>Expand and deepen the industrial chain cooperation, in order to provide users with better, more affordable and more convenient mobile Internet ecosystem collaboration experience.</li><li>Further standardize the purchasing by invitation to bid, and build independent electronic tendering and bidding platform.</li><li>Provide distributors with APP service handling methods and WO accounts to facilitate the agency commission settlement, withdrawal and inquiry.</li><li>Diversify business models, provide module packages, optimize resource allocation, and expand cooperation with resale businesses both in depth and in breadth.</li><li>Make available WO+, traffic, big data and channel capacity resources, provide convenient development, market analysis and business optimization services for APPS, in order to achieve in-depth integration with APPS and common development.</li></ul>

Strategic Investment Cooperation

Develop Profound Cooperation with China Telecom

In order to better implement the new development concept of "innovation, coordination, green, open, sharing", work together to promote structural reforms at the supplyside including networks, devices, etc., create more favorable information service environment for the framework of "public entrepreneurship and innovation", provide support to "Internet +" action plan and "Made in China 2025", and further enhance the operational efficiency of state-owned assets, China Unicom developed profound cooperation with China Telecom in the fields of network, business, device and the like.

On December 11, 2015, China Unicom and China Telecom signed a memorandum of cooperation on operation and maintenance, according to which the two Parties will have in-depth cooperation in such fields as mutual aid for emergency management, basic resource sharing, mobile-optimized cooperation, joint network operations, exchange and sharing of experience on maintenance and management, enhance the end-to-end full coverage service capabilities and promote cost efficiency.

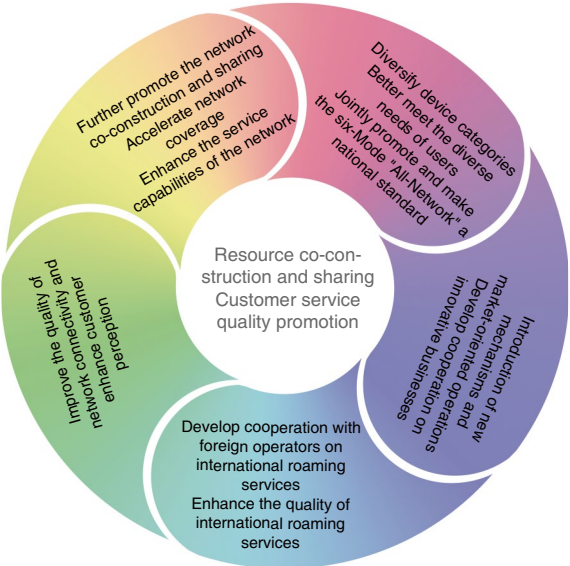
On December 11, 2015, China Unicom and China Telecom jointly issued the White Paper on All-Network 6-Mode Devices regarding device industry chain. The purpose was to provide users with more cost-effective all-network products, and bring more convenience and development opportunities for the industrial chain. The two sides also jointly called on the industrial chain to give benefit to users and all parties to work together to better meet the needs of users, allowing them to get better, more practical all-network devices at the same price.



On January 13, 2016, China Unicom and China Telecom signed a Strategic Cooperation Agreement, according to which the two companies would fully implement the Customer Service Quality Promotion Program under the theme of "Resource co-construction and Sharing, promotion of customer service quality" based on respective resource endowments.



The Strategic Cooperation Agreement Signing Ceremony by China Unicom and China Telecom



Five Aspects of Bilateral Cooperation

Strategic Cooperation with Traditional Industries

In 2015, the Company actively implemented the "Internet +" action plan, and strived to develop strategic cooperation with traditional industries. China Unicom provincial branches signed Internet+ strategic agreements with government institutions and education, health care, transportation, logistics, finance, manufacturing and other industries.



Chongqing Unicom and Bank of China Chongqing Branch signed "Internet +" strategic cooperation agreement



## Push Forward Strategic Investments

China Unicom, as a supporter and practitioner of national strategies, continued to seek opportunities to develop industry chain upstream and downstream cooperation with capital means in a prudent and pragmatic manner in such fields as mobile banking, mobile Internet, ICT, big data, cloud computing, new media, new communications technologies and applications, information services and industry solutions as well as Internet of Things.

- Actively implemented the "Internet + finance" services, promoting the launching of the Merchants Union Consumer Finance Company Limited (MUCFC), and establishing product and service systems that meet the requirements for mobile Internet development by full integrating the resources of operators and financial institutions to provide users with mobile Internet-enabled financial services, innovative financial services, payment application products and services, information services and related value-added services.
- Established a joint venture with Telefonica, namely, Smart Steps Digital Technology Co., Ltd. This company, relying on the stable and widely-covered communications networks and abundant market experience of China Unicom and the mature technologies of Telefonica in "Smart Steps" and other big data services, is designed to provide big data application services in China.

## Develop With the Industry

### Work with equipment suppliers

In order to make equipment procurement open, transparent and convenient, the Company actively promotes sunshine purchase and intensive procurement so as to provide a just and extensive platform of cooperation.

- Improve tender and procurement work mechanism by releasing systems of Interim Provisions of Tendering Management for Communications Construction Project, Notice of Successful Bidding Candidates Publicity for Communications Construction Projects Legally Required for Bidding and Notice of Promoting Monthly Report System for Procurement Work. In 2015, the public bidding amount for Chinese communications construction projects accounts for over 90%.
- Vigorously promote electronic procurement, conduct upgrading, transformation and integration of material e-commerce and internal shopping malls and build a comprehensive e-shopping malls. Currently, 100% public bidding information can be inquired via "China Unicom Procurement and Tendering Network" and 69.0% of orders can be sent and received on-line electronically.



In 2015, the internal shopping mall of China Unicom supported electronic procurement of costs and materials including office goods, maintenance promotion goods and microcomputer consumables as well as retail fixed capital, some project goods and maintenance goods at a total transaction volume of 9.65 billion yuan. By matching the internal shopping mall platform and the external large-scale e-commerce, the Internet procurement can be carried out and the procurement efficiency can be enhanced.

Responsibility Performance Index	2013	2014	2015
Percentage of centralized procurement(%)Note ①	93.2	93.7	93.9
Percentage of electronic procurement(%)Note ②	48.0	62.0	69.0

Note ① Amount percentage of procurement at the Group and provincial levels for communications construction goods;  
Note ② Percentage of orders sent on-line and received by suppliers on-line in total;

## Work with APP suppliers

China Unicom opens up its four capability resources of WO+, traffic, big data and channel to developers and industrial companies by providing a cooperation platform. WO+ openness capability provides convenient platform support to APP development. The traffic operation capability offers operational support to APP marketing. The big data capability provides market analysis for APPs by coordinated development and in-depth integration of channel capability and APPs. These four capabilities form Internet-based integrated teams embedded by APPs. Besides, the Company adopts standardized interface API for various capability packaging to unify external services; The APP billing and charging capabilities continue to be optimized and improved and the risk control and credit control systems are enhanced; The standardized SDK is provided to help APPs design and optimize products back-end and improve capabilities of promotion and operation.

## Work with device vendors

In 2015, China Unicom expanded cooperation in the industrial chain by building the brand image of "openness, high end and ecology". In order to adhere to the mission of "openness, cohesion, focus and simplicity", CU worked with device vendors to rapidly roll out 4G devices. In order to solve the problem with different-mode network for 4G devices, five-mode and six-mode devices are open for cooperation. CU worked with China Telecom to roll out "six-mode" devices as industrial standard. In June, November, 2015, the Company held the site meeting on Device Crowdfunding 1.0 and Device Crowdfunding 2.0 where 4G terminals featuring variety, diversified discount and one for all networks are rolled out for users to guide the 4G prosperity in the industrial chain. Meanwhile, the Company spent efforts to create a platform of marketing channel operation and service support with supply chain as the core and device operation as the main content - WOego. Through the Internet model that is centralized, flat, transparent and end-to-end, agents are offered a package of services including "direct supply of goods, resource allocation, income demonstration and inventory management". The downstream channel was levered by rich resources, high profits and quality service. The financial service based on supply chain transaction which provided funding for agents via WOego platform can offer capital support to expansion and reproduction of agents, play the leverage effect and attract cooperation with agents; Meanwhile, the interest income of banks was shared to create a new model of profits. WOego platform has developed applications including goods procurement, account ticket clean-up and WO finance oriented to middle and small-sized channel.

## Work with virtual operators

China Unicom actively launches cooperation with virtual operators in a bid to promote mobile resale trial business. Special units and teams are set up in charge of mobile resale work to communicate and talk with those enterprises with intentions for mobile resale business in an open, equal and transparent way. One-point connecting and full-network service is offered to actively support resale enterprises. In 2015, the Company worked with 25 enterprises to fully open up the resale business. China Unicom's mobile resale business trials had been launched in 136 cities and prefectures, covering most of provincial capitals and economically developed regions. Under the concerted efforts of both parties, our resale business has kept high-speed growth. In 2015, the number of resale subscribers reached 17.75 million and the market share was up to 90%, thus making our resale business the major driving force of scale development for national mobile resale business. The Company's efforts in promoting resale business have been acclaimed by all sectors of society. Ministry of Industry and Information Technology commended the development outcomes achieved by China Unicom in resale business at many meetings. The resale enterprises and many social media also

## Work with social channels

In 2015, China Unicom adheres to the concept of win-win cooperation to work with social channels by offering the latter various support and services like acceptance system, WO account, WO finance and commission inquiry. Meanwhile, the social channels are required to fulfill their social responsibility and earnestly do a good job in real-name registration, including policy propaganda to social channels and faster deployment of 2nd-generation ID card readers and clean-up or rejection of those non-compliance social channels through checking and investigation.

- Guangdong Foshan Unicom adheres to the mission of "making partners feel released by organizing the activity "Sunshine Commission".
- Establish the commission settlement center and intensify support and package service
  - Set up the full-procedure and full-scale on-line inquiry service and real-time interaction and exchange platform so that every commission can be transparent and partners can truly feel the sunshine platform at hand and the problem is solved without any worry.
  - Have face-to-face talk with grid managers and core store managers, who said that the commission settlement and payment is more smooth and transparent than before.



# Share Development, Boost Equality and Harmony

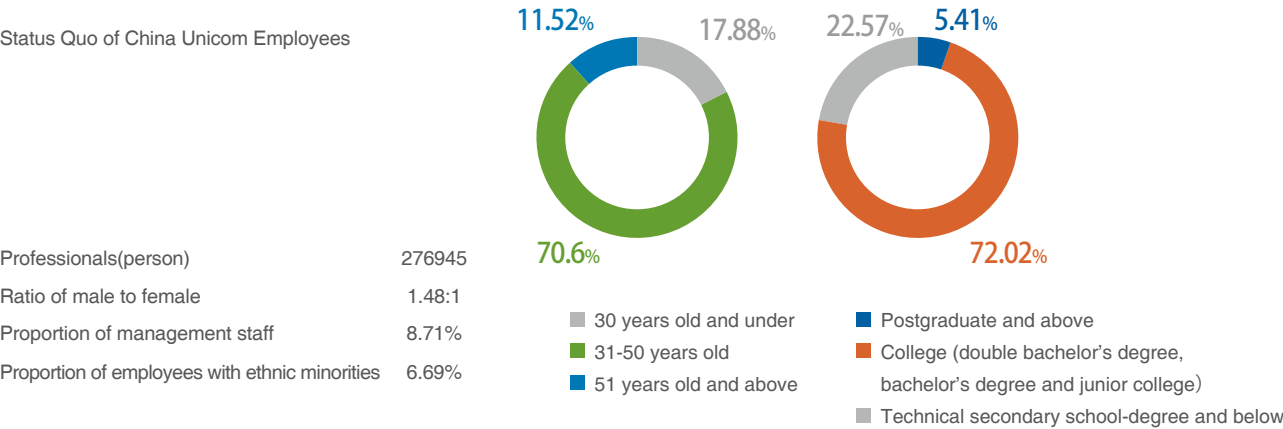


To share the development outcome with society is the Company’s unshirkable duty. China Unicom is committed to building a harmonious enterprise where employees can get involved in management with full vitality and vigor into work and can share weal and woe with the Company. Employees are encouraged to office advices and suggestions and their professional development and both physical and mental health are cared about. Continuous efforts are made to conduct precise poverty reduction in the marginal and remote poor regions. Public service and voluntary activities are organized widely in those areas where the society needs us so as to help build a harmonious society that is equal and sharing.

Stakeholders	Expectations for China Unicom	Communication Method	Measures taken in 2015	Measures to be taken in 2016
Employees	<ul style="list-style-type: none"><li>Legal rights and interests are protected</li><li>Ample professional development room</li><li>Effective specialized skill training</li><li>Reasonable remuneration distribution mechanism</li><li>Opportunity to get involved in democratic management</li><li>Better work and living environment</li><li>Effective help and support to those in difficulty</li></ul>	<ul style="list-style-type: none"><li>Discussion</li><li>Employee survey</li><li>Employees' representative congress</li><li>Democratic life meeting</li><li>On-line interview</li><li>GM on-line</li></ul>	<ul style="list-style-type: none"><li>Regulate labor contract management, pay enough insurances in a timely manner, organize health check-up regularly and regulate the vacation system.</li><li>Promote dual-channel building of employee development and enhance dynamic management of employees about rank and payment</li><li>Promote leadership and special skill training with a plan, focuses and different levels</li><li>Implement the quantized examination with credits as medium and the fair and transparent payment distribution mechanism.</li><li>The employees' representative congress reviewed and passed the promotion and incentive system and the performance examination management framework for employees and carry out the "GM on-line" activity.</li><li>Carry out mental help, put in place vacation system, hold sports events and solve the problem of dining difficulty.</li><li>Establish the help and support foundation and the special capital for employees and make insurance for employees.</li></ul>	<ul style="list-style-type: none"><li>Further regulate labor contracts, pay enough insurances in a timely manner, health check-up and regulate vacation.</li><li>Promote the landing of employee promotion system</li><li>Improve training system development, put in place key training programs and strengthen talent cultivation</li><li>Vitalize various incentive resources of the Company, explore to build a comprehensive framework of incentive system for employees.</li><li>Make three-level employees' representative congress system, "GM On-line" activity on a regular basis.</li><li>Continue to deepen the mental help and support plan, carry out cultural and sports activity of employees and create sound work and life environment.</li><li>Carry out work of helping and supporting employees in difficulty in many ways</li></ul>
Community	<ul style="list-style-type: none"><li>Continuous and effective donation and help</li><li>Assistance to Tibet</li><li>Conduct precise poverty alleviation</li><li>Various public service and voluntary activities</li></ul>	<ul style="list-style-type: none"><li>Meeting and talk</li><li>Locate in villages to help and assist</li><li>On-site meeting</li></ul>	<ul style="list-style-type: none"><li>In 2015, the external donations were 28.8617 million yuan.</li><li>A total of 76 million yuan were invested in assistance to Tibet to undertake two communications facilities construction programs. The investment completed totaled 2.384 billion yuan.</li><li>The support and assistance capital for those designated counties in Hebei province was 3.3 million yuan.</li><li>Various public service and voluntary activities are organized concerning the educational donations, care about special groups and ecological protection.</li></ul>	<ul style="list-style-type: none"><li>Carry out donation for education, poverty reduction and medical undertakings.</li><li>Strengthen supervision on Tibet assistance projects, put to good play the effectiveness of Tibet-assisting capital, support the economic development of Tibetan areas and enhance the building of communications network in Tibet.</li><li>Further strengthen designated one-to-one assistance and help.</li><li>Continue to carry out public welfare and voluntary activities in respects of livelihood and social needs.</li></ul>

## Support Employees' Development

China Unicom adheres to putting people first by continuously promoting the institutional reform and optimizing the corresponding targets in human resources. Efforts are made to control the aggregate, optimize the structure, regulate management, vitalize distribution and improve quality so that employees can develop and grow with the Company.





## Motivate employees

The Company makes more efforts to promote and vitalize the reform at the grassroots-level by forming flat, effective and transparent production organization fit for mobile Internet development and building a marketing service system required by innovation and transformation as well as establishing the method of resource allocation and evaluation, making the staff motivation system full of vigor, resource allocation more effective, corporate development up to the next level and employee income grow as well. Driven by the reform of specialized operation in market line, the reform areas expand gradually into units of operation and maintenance and backend service support with its scope getting bigger from key provincial branches and prefecture-level companies and its focus on making breakthrough, promoting innovative management, starting from grassroots, reversed driving reform and making in-depth practice in terms of resource allocation system and support procedure optimization, management level streamlining and specialized operation, etc. Starting from May, 2015, trials were launched in Beijing, Hebei, Inner Mongolia, Heilongjiang, Guangdong, Hubei and Chongqing and are expected to end in June, 2016. Based on the trials, overall specialized operation of marketing is carried out in 31 provinces to improve capability and vitality of specialized teams.

## Protect rights and interests of employees

The Company adopts labor contract system for all employees by signing labor contracts with 100% of employees. Employees are offered social insurances including endowment, me, work injury, maternity and laid-off. 100% employees can go back to their position or be retained for their work after their maternity / paternity leave. Attention is given to vocational health and security of employees and all staff can be covered by annual health check-up; The paid leave system is put in place for employee and employees are supported for coordinated arrangement of work so as to relax their body and mind, balance work and rest and improve work efficiency and life quality; Attention is paid to protecting human rights, guaranteeing equality between men and women and between ethnic groups and respecting personal privacy of employees where labor complaint never happened. In addition, China Unicom strictly fulfills Labor Contract Law and Labor Dispatching Regulation by continuing to push forward the optimized and regulated management of workforce. Thus the workforce in labor dispatching continues to fall, the equal pay for equal work is basically realized and the employee satisfaction continues to grow.

## Promote professional development

The Company truly cares about the vocational development of employees. In addition to optimizing the original position system, a multi-dimension and vertical promotion and incentive system covering all employees and including "two systems, three methods and nine routes" is built up. Based on two systems of position and talents, employees can get promoted through three methods, i.e. payment, rank and position at one horizontal and two vertical levels. That is all staff can find their own suitable development direction in a total of five promotion routes. Talent management is promoted based on systems. As for talents with strategic significance, a close-loop management featuring "talent planning, cultivation, selection, use and motivation" is carried out. Based on personnel and business check, the talent planning is devised, the talent criteria is identified, talent selection is conducted and a tiered talent databased is established; Talent use is also emphasized to bring into full play the talent efficacy in landing the key corporate work and promoting the major reform. The systems of talent evaluation and dynamic management including annual examination and exit are established to maintain talent value and vitality. Besides system building, the model of promotion and incentive management is identified. The rank and payment tier adjustment was promoted among branches and subsidiaries in 2015, which realized the promotion rate of ranks at 15.3% and the promotion rate of payment tiers at 23.6%.

Yingtian Unicom in Jiangxi province worked with third-party professional organization to launch "Double Eagle" plan in order to create favorable environment for employees' growth.

- Introduce training courses and help employees to find confidence in growth, industry and team under the new situation.
- Undertake the employees' longing for growth, guide and motivate the positive factors within the enterprise.
- Select corporate internal mentors and carry forward the value of role models alongside.
- Build a sharing platform, set up corporate story database and call for mentality as an initiator.

Through the first-time "Double Eagle" plan, the Company sets up six teams and cultivate a mentor team who is highly professional and has a sense of mission. A batch of conscientious, attentive, confident and professional technical backbone staff are cultivated and a mutual-help platform is established for the sake of self-conscious, transparent, motivative and shared growth of employees.



## Focus on quality improvement

China Unicom attaches great importance to talent cultivation. In 2015, the talent training system was improved with key training programs being put in place and the talent skills were continuously improved.

- Focus on improvement of key capabilities for key positions and key groups and organize leadership training oriented to various levels of operation and management teams; train core management backbones and expert and key staff using external resources of good quality.
- Focus on key positions, key professions and frontline employees to organize special skill trainings targeted at promoting 4G/3G integrated network building, broadband fiber transformation and centralized operation and management.
- In terms of front-line positions with direct contact with customers, specialized series of courses in marketing and service are developed and promoted based on the principle closely related to production, operation and work needs of frontline employee.
- Organize the vocational skill appraisal work for operators, telecom salesmen and telecom assistants. Over 20,000 employees have obtained National Vocational Qualification Certificate.
- Continue to carry out degree improvement with higher-learning institutions in post and telecom and over 2100 persons take part in training.
- Promote the upgrading and transformation of Network College and the development of "WO Class" on handsets. 284 courses are added at Network College involving 3.102 million learning person times and a total of 1.286 million hours.



In 2015, China Unicom Middle-Age and Young Management Talent workshop (2nd time) was officially opened where 47 middle-level backbone management staff in 31 provincial branches participated in two-week off-job training, GM Lu Yimin and Mr. Zhang Lianru, head of discipline inspection group gave classes to the seminar. GM Lu Yimin gave the first lecture for trainees themed as "Current Situation and Tasks" and Mr. Zhang Lianru gave a lecture about promoting ethical Party and clean government.

Shangdong Unicom carries out the employee training program "Growth Plan" where problem analysis and solution, program management and 4G marketing (technique) and happy learning are identified based on the employment position and personal development needs. Trainers use the teaching methods like case study, application demonstration, on-site simulation and communication appraisal to effectively improve the capability of employees in problem analysis and solutions, program strategy development and implementation and team building and coordination.



## Employees' skill contest

The Company takes vocational skill contest and activity as important media of skill talent training. By holding contest activities, the technical quality of employee teams is improved. In 2015, the Company organized 2 group-wide secondary contests and 18 provincial third-type employee skill contests. Nine persons won the title of "National Model Workers", one person was awarded "National May 1st Labor Medal" and two persons won the title of "National Technical Experts".



Hunan Unicom's "IT WO Knowledge"



Beijing Unicom's debate "Retain Development Innovation Elites"



Guangdong Unicom's skill contest "Strongest Support Personnel of Group Customer Pre-sale"



Tianjin Unicom's skill contest "Retain Managers"



Beijing Unicom's skill contest "Informatized Inner Network Security Protection"



Inner Mongolia Unicom's vocational skill contest for "Optic-fiber Communication Employees"

## Employees' involvement in management

China Unicom pays attention to opinions of employees and encourage staff to get involved in corporate management in various ways.

- Hold the 13th Employees' Congress and passed "Framework and Guiding Opinions of Implementation of Employees Promotion and Incentive System" closely related to immediate interests of employees and reviewed and passed "Unified Framework and Guiding Opinions of Implementation of Employees Performance Examination Management".
- Further improve the multi-channel expression and solution system for employees. In addition to traditional contact means "Opinion Box" and "Reception Day", GM On-line Plan" is fully implemented. Leaders of various levels listened to the opinions from employees and interacted in a timely manner with them via network platform and in the real-time on-line way.

On December 25, 2015, President Lu Yimin had an on-line exchange with all Group staff via office network for two hours. China Unicom's provincial branches launched "GM On-line Plan" for 69 times and prefecture-level and municipal branches launched for 856 times.



President LU Yimin was attentively reading the comments and suggestions proposed by employees

## Care about physical and mental health

Push forward "Staff Mental Help Plan"	<ul style="list-style-type: none"> <li>• Help employees solve mental trouble and problems in many forms of inquiry hotline, on-line inquiry, group counseling and personal interviews, etc.</li> <li>• Launch series training on EAP mass decentralization and instruct employees and managers in increasing mental capital.</li> </ul>
Carry out the leave and vacation system of employees in an in-depth way	<ul style="list-style-type: none"> <li>• The average annual leave/vacation rate of employees reaches over 80%.</li> </ul>
Hold Staff Badminton Contest	<ul style="list-style-type: none"> <li>• 124 athletes from sixteen representative teams nationwide participated in the contest.</li> </ul>
The Group's headquarters holds balloon volleyball contest	<ul style="list-style-type: none"> <li>• In the national contest of balloon volleyball in the communications industry, among 8 teams sent by CU, six entered top 8 and male team won the championship and female team won the runner-up.</li> </ul>
Solve the problem of "dining difficulty"	<ul style="list-style-type: none"> <li>• 33.77 million yuan are invested to build 2102 dining stands for the benefit of 35,000 employees</li> </ul>
Innovate the help and assistance mechanism for employees in difficulty	<ul style="list-style-type: none"> <li>• Establish assistance and mutual-help foundation for employees</li> <li>• Set up special assistance capital with administrative remit money as the main part</li> <li>• Have group check-up for employees about major disease and accidental injury.</li> </ul>



Responsibility Performance Indicator	2013	2014	2015
Investment in employees in difficulties(10,000 yuan)	1199	1260	1323
Capital investment of condolence(10,000 yuan)	1178	1236	1298



Jixi Unicom in Heilongjiang launched Employee Aid Plan (EAP) training activity themed as "Make Relaxation A Habit" considering the problems of high working strength and pressure. This training was carried out by EAP mental coach of the Company towards 24 employees engaged in complaint settlement under Customer Service Center. The training is mainly about games and interaction in new forms and with warm atmosphere. People found enjoyment from the training and learned how to relax under pressure, get rid of bad mood and live a wonderful life. Employees were helped to establish a healthy outlook for life and on value.

Shandong Unicom put into use the first batch "Love-heart Mum's Room" to provide warm and humanitarian service for expected and breast-feeding female employees. The Company equips the room with table, sofa, power sucket, fridge, micro-waves, publicity , newspaper rack and care box so that the expected and breastfeeding female employees can have a private, safe and sanitary place and get tangible services from the Company. In the next step, Shangdong Unicom will diversify the use of this room and build it into a place of health knowledge exchange, mental adjustment and pressure release so that the expected and breast-feeding female employees can get warm-hearted service and ehance a strong sense of belongings to the enterprise.



As work pace gets faster, an increasing number of employees suffer pains from cervical spondylosis, lumbar disc herniation and scapulohumeralperiathritis, etc. Hunan Unicom paid attention to the needs of employees by inviting the service expert team of the First Hospital affiliated with Hunan University of TCM. The clinic was moved to the meeting rooms of provincial company where nearly 100 employees received on-site diagnosis and treatment. A female employee just finished treatment of hot compress with Chinese traditional medicine, saying she seldom exercised with her neck as she sat in front of computer for a long time and thus had a feeling of pain. After the treatment, she felt relaxed in neck and much more comfortable and praised this activity for bringing real benefits to employees.



Changsha Unicom in Hunan province organized the love-giving summer camp "WO Baby" themed as "Pursue Chinese Dream, Strive to be a virtuous Child". Kids of employees were organized to pay a visit to Yuanling county in Huaihua, Kaihui township in Changsha and the company's office buildings. When children were guided into ecological environment and the nature as well as fields and rural villages or work environment of their parents, they could get more knowledge from the activity, fulfill the core socialist value outlook and feel the power of civilization. They can together release their natural , cultivate virtue and plant the seed of civilization in their little heart and make both dreams of China and Unicom bloom. A total of 192 employees' children and 89 employees' family took part in the camp.



China Unicom staff's badminton challenge match in 2015

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Vice GM of Hanan Unicom inspected the building of small canteen



Guangxi Unicom held Ping-Pong Contest

- Beijing Unicom Customer Service Call Center is awarded the honorary title "National Model Home for Employees".
- Shanghai Unicom Customer Service Center and Fengxiang Unicom in Shaanxi province is awarded the honorary title "National Model Home for Employees".

## Help regional development

### External donation

China Unicom sticks to the donation principles of doing within one's capability, clear responsibility and rights and integrity to continuously reward the society. In 2015, the external donation totaled 28.8617 million yuan, among which the public service part reached 26.022 million yuan and non-public service reached 2.8397 million yuan.

Statistics of external donation by China Unicom in 2015

Donation Item	Amount ( 10,000 yuan )
Donation to disaster-stricken areas	0.70
Donation to designated poverty reduction areas ( 扶贫 poverty alleviation )	835.95
Assistance to Tibetan area	1835.50
Other designated assisted areas	19.30
Donation to disabled persons	0.40
Donation to education	38.36
Donation to medical and sanitary undertaking	10.80
Donation to cultural and sports undertaking	5.50
Donation to environment-protecting undertaking	0.20
Donation to energy-saving and emission-reducing undertaking	0.20
Donation to social public utilities	34.00
Donation to other public service relief and public welfare undertaking	26.70
Donation to corporate philanthropic foundations	7.20
Other Donations	71.36

### Assistance to Tibet

Starting from 2002, China Unicom continuously does a good job in assistance to Geji county in Tibet. By the end of 2015, a total of 90.4 million yuan had been invested to provide many assistances like capital and personnel. These development support offered by the Company for the production and life in Geji county further increased the revenue of local farmers and herdsmen, accelerated the pace of farmers and herdsmen to get rid of poverty and get rich and improved the coordinated development and restructuring of regional economy. The Company solved the problem with employment of some poor households in Tibet so that farmers and herdsmen can realize their longing for income increase and harmonious development can be realized in the local society.

China Unicom continues to accelerate the development of infrasture development in Tibet. Various cooperation were conducted in promoting cultivation of information service industrial chain and deepening ICT application to boost informatized development in Tibet and make positive contribution to building a well-off, safe, harmonious and eonological Tibet. During the 12th Five-year Plan period, the Company actively implemented two projects for "Broadband Communications Promotion" and "Broad Coverage of Mobile Communications Network" to play an important role in improving communications situation in Tibetan areas.



GM Lu Yimin investigated the project of assistance to Tibet in Geji county



The office building complex in Geji county supported by China Unicom in building

### Precise poverty alleviation

In 2015, China Unicom continued to carry out help and assistance work in designated poverty-stricken areas, Guyuan County, Kangbao County and Raohe County.

- 1.1 million yuan was invested to help and support Guyuan County in building the greenhouse and supporting facilities of industrial park and promoting the industrial upgrading of demonstration parks, improving the development level of vegetable industry in poor villages and increase income for poor rural households.
- 1.1 million yuan was invested to help and support Kangbao County in building the educational IT-based cloud platform and setting up good-quality space of sharing educational resoures so as to have various functions such as information release, resource sharing, self learning and interactive exchange, etc. improve education administration in Kangbao county, enhance talent cultivation quality and accelerate the condition preparation for equalized development in education.
- 1.1 million yuan was invested to support Raohe county in building middle school dormitories, school sports infrastructure and "Class Connected" project so that the school conditions and quality in Raohe county has been greatly enhanced and all the sports ground and facilities of lementary and middle schools have been fully covered to improve education development of Raohe county.
- Three-year poverty reduction planning was devised for Guyuan county and Raohe county to help these old revolutionary base areas solve the hotspot issues of livelihood including traffic, water and power difficulties.

Zhejiang Unicom and five villages under Zhu'ao town and Pubeigang town of Sanmen county, Taizhou city teamed up together to support with each other to carry out the five-year support planning (2013-2017) with expected donation of 1.25 million yuan. In 2015, the 2nd support and assistance plan donated 250,000 yuan with focus on renovation of old Hongdian bridge in Xicen village, repair of reservoir roads in Tangkeng village, building of drinking water wells in Jinjiao village, road hardening in Dalangtou village, ground hardening and building of village-level public restrooms in Damashan village .





Since he was selected as the "First Secretary" of Huangcao village, Zhangxia town in Changqing district, Jinan city in May, 2012 three years ago, Li Jing of Jinan Unicom put her whole heart into the support to the village by bearing into mind the criteria as Communist Party member. She established fruit cooperatives, seek for poverty-reducing capital, improve fruit trees, reclaim barren hills, prepare tap water, repair roads and bridges and establish elderly homes. Thus, drastic change has undergone in the village.



Guizhou Unicom was stationed to help Houzhai village in Yanhe county, Tongren prefecture. The land in Houzhai village is barren and far away from townships as a typical poor village, with a total population of 848 persons and 96 left-over children. In order to solve the problem with lack of life water, the company invested to build a reservoir of about 80 km<sup>3</sup>. Meanwhile, Guizhou Unicom mobilized cadres and employees to donate money and goods to left-over children and issued life allowance to children from eight households of absolute poverty. In the follow-up, the company would also strengthen development of local mobile communications network, improve coverage quality of surrounding mobile communications so as to offer quality communications guarantee service for villagers and boost the well-off development of Houzhai village to get rid of poverty.

Tibet Unicom carried out the projects to strengthen foundation and enhance livelihood. Work in poverty reduction and development was well fulfilled in Tibet. In 2012-2015, Tibet Unicom sent four batches of 148 team members to locate in ten administrative villages. Since then, there have been 45 small livelihood projects to be donated valued at 7.397 million yuan. The team located in the village, based on the village development, led the villagers to set up factories, build schools, make channels, plant, settle disputes and help villagers improve minimum living standard and medical conditions, which got commended by the local government and all villagers.



The teaching point in Bagong village of Wangka township Central School built at an investment of over 500,000 yuan  
The farmland water irrigation project in Jiaobai village of Jinga town, Jiangzi county invested and built



Nectarine base developed at 190,000 yuan



The new floodwall project invested at over 700,000 yuan

## Assist community development

### Public service and voluntary activities

On March 5, 2015, Guangdong Unicom officially formed a team of young civilized volunteers. Over 30 Unicom staff became the volunteers by swiping the QR code on the cell phones to make an announcement "Clean Network Room, Clean Our Vision". Guangdong Unicom volunteer team of network civilization carried out voluntary services based on the core philosophy of "Three Unification".

- Unify personal network language with national voice and be the young disseminator of positive network power. Through many forms of new media including Wechat public accounts, official microblog and Wechat group of youth, the work base of network new media is established;
- Unify personal professional skills with social development in a holistic way and be a Guangdong Unicom staff in pursuit of voluntary service spirit. On-line help asking, on-site service and technical voluntary activities are carried out by ways of service teams and "One for One", etc.;
- Unify personal growth with bigger picture of development and be a Guangdong Unicom staff with a sense of mission. Those outstanding model stories are broadcast via Internet to strengthen positive publicity, refute noises and help young people strengthen capabilities in distinguishing right and wrong.

Currently, Guangdong Unicom's Young Network Civilized Volunteer term covers 21 prefecture-level companies including young employees. 1822 persons register in the volunteer system of Guangdong.



Shanghai Unicom developed APP smart public service program "Shanghai Volunteers". Via APP, volunteers can browse activity, apply for volunteers and make activity feedback and sharing; The public welfare organization can release their activity; Common users can check the latest information and press release, search nearby activity and apply for participation and exchange with volunteers nearly at any time and any place. Since Shanghai volunteer APP was released in March, 2015, over 200,000 users have been covered, accounting for 14.5% of the total. The voluntary organization has released 165 activities on APP and 2149 users have applied for participation in voluntary activities via APP, which produced extensive social effects.



On September 2, 2015, CU in Anyang, Henan Province organized young volunteers for "Civilized Traffic Volunteers" service activity so as to make their own contribution to maintain traffic order in cities, advocate civilized transportation and enhance people's awareness of safe traffic.



## Warm-hearted donations and assistance to education

On January 26, 2015, the "Unicom Loving-heart Book Room" in Guochalou village of Shiqiao town in Ningling county, Henan province was established, which was a public welfare project of Shangqiu Unicom to help Guochalou village and serve the building of harmonious society and also the first public-service type of book room in the city. Shangqiu Unicom donated over 3,200 books after one-month planning and established such a "Unicom Loving-heart Book Room" in the Guochalou Primary School good to reading and growth of villagers.



Children in the Unicom Loving-heart Book Room said to the reporter uncle, "We love to be here in this Book Room"



In August, 2015, CU in Shijiazhuang visited Donglongmen Village Elementary School in Zhanhuang county to organize book donation and teaching assistance activity. The young League member gave thousands of books and stationery to children in the mountainous area and led children to take different types of music and fine arts classes. The schoolmaster said, "There are 65 pupils in my school, most of them are left-over children. Since I became the schoolmaster, this is the first time that someone donated us books and gave us so many wonderful performances to our children. Many thanks go to Unicom and we will set up a book corner with these books and educate them into good kids who love reading and dedication."

Taichang Unicom in Suzhou city helped children of migrant workers realize their dreams. "My dad is working on the construction site. He has a bad waist and I hope I can buy him a crutch.", "My mum is always exposed to wind and sun, so I hope I can buy her anti-wrinkle cream and let my mum keep young", "The sports facility in my school are too few and old. I hope I can play ping-pong and have a new ball..." all these little wishes buried in the bottom of children's heart came true with the help of Taichang Unicom.



## Care about special groups

The voluntary service team of Tangshan Unicom continuously went to paraplegia hospital for in-door service for 13 years to care about those paralyzed patients from Tangshan Earthquake. They clean house, tidy up, process with communications business and instruct computer knowledge. In 2015, the team was awarded by Tangshan Civilization Office and Hebei Civilization Office as outstanding voluntary service organization at the provincial and city level.



Team members elaborate corporate business for patient friends



Just before the 27th National Elderly Day, Hubei Unicom voluntary team went to Jiangnan District Social Welfare Institute in Wuhan city to visit nearly 200 senior citizens there. Vice Secretary of Party Committee and Vice President of Social Welfare Institute Zhang Huamin said, "What Hubei Unicom did further improved social attention to the elderly. We hope that through the loving call of Unicom, more and more warm-hearted enterprises can join in the team of caring about the elderly".

The business hall of China Unicom in Hongzhongzi Street, Shizuishan of Ningxia autonomous region continuously set up the stand of fruit and water for environmental sanitation and provide comfortable rest areas and free WIFI service for sanitation workers so that they can feel a touch of coolness in sizzling summer.







Protect econological environment

China Unicom in Dezhou, Shandong province organized young volunteers to participate in the activity themed “Youth Green Activity – Boost the Development of Forest City” so as to make a contribution to the beautiful Dezhou in accordance with the philosophy of ecological civilization.



Good-heart green volunteers of China Unicom walk into rural areas for publicity

Yushu Unicom in Qinghai province actively echoed the call of state government for compulsory tree-planting activities by organizing relevant activities and making due contribution of China Unicom to green development of New Yushu.



Looking Forward in 2016

Substantial topic	Expectatio for China Unicom	Action to be taken in 2016
Topic 1: Strengthen compliance management to realize sustainable development of the Company	<ul style="list-style-type: none"><li>Timely and transparent information acquisition</li><li>Long-term and stable investment income</li><li>Risk control and stable operation</li><li>Law abidance and clean operation</li><li>Fair order of market competition</li><li>Safe production and work environment</li></ul>	<ul style="list-style-type: none"><li>Ensure investors can acquire corporate information in a timely and convenient manner.</li><li>Continue to carry out a sustained, stable and predictable cash bonus policy</li><li>Risk management is upgraded from experience-based to professional type and shifting to value-oriented.</li><li>Emphasize on law abidance and compliance development, improve the system of law learning and utilization; Continue to promote inspection of long-term rectification, put in place “two responsibilities” and strengthen the work on complaint letters and visits management and discipline review and inspection.</li><li>Fulfill and supervise well the regulation policy and instruct the provincial branches about law-abiding operation and strict self-discipline</li><li>Further strengthen environment building for safe work and set up vocational healthcare guarantee system</li></ul>
Topic 2: Stengthen responsibility fulfillment foundation to build up a green, safe and smooth leading network	<ul style="list-style-type: none"><li>High-speed and smooth network anywhere</li><li>Smooth network anytime and anywhere</li><li>Innovative and forward-looking communications technology</li><li>Safe and healthy network environment</li></ul>	<ul style="list-style-type: none"><li>Fibre transformation will be finished before the end of 2016 in the leading areas of North so as to accelerate the 4G+network upgrading.</li><li>Continue to strengthen emergency equipment provision, strengthen daily emergency exercise and improve support capability.</li><li>Strengthen unified management on technology R&amp;D, identify management procedure of technology R&amp;D projects and further promote key technology research in SDN&amp;NFV, 5G/LTE and IOT.</li><li>Strengthen network security protection, data safety protection including user's personal information and security of key systems and 10010 websites</li></ul>
Topic 3: Eliminate digital gap to make different groups enjoy the convenience of information life	<ul style="list-style-type: none"><li>High-quality network in remote areas</li><li>Develop agri-related informatization application</li><li>Communication service in remote areas</li></ul>	<ul style="list-style-type: none"><li>Continue to accelerate the network coverage in the rural and remote areas</li><li>The scale of agri-related informatized application is promoted.</li><li>Continue to conduct fibre-optic network plan for 10,000 towns. Information entertainment products including Smart WO Home, IPTV and videos, etc.</li></ul>
Topic4: Enhance service capability to offer diversified, affordable and satisfactory service	<ul style="list-style-type: none"><li>New products that can enhance life quality</li><li>Clear brand system and value</li><li>Good experience of service channels</li><li>Fast and effective compliant settlement</li><li>More satisfactory service quality</li><li>A variety of device models</li><li>Diversified informatized application service</li><li>IOT solution</li><li>Big-data application product</li><li>Decreasing tariff package</li><li>Transparent tariff that can be inquired anytime</li></ul>	<ul style="list-style-type: none"><li>Product optimization and upgrading, user experience diversified by products and users feed backed by brand activities.</li><li>Strengthen network, business and service publicity with mobile business as core and improve customer experience.</li><li>Launch chain operation of terminal business halls, improve electronic service capability of Internet and establish O2O operation system</li><li>Promote further improvement of complaint solution capability.</li><li>Focus on enhancement of contact services with frequent contacts and poor experience with NPS as wind indicators.</li><li>Conduct full-variety device sales</li><li>Set up professional operation team and provide diverfiedinformatized application service.</li><li>Fully explore M2M application business and provide end-to-end IOT business overall solutions for customers.</li><li>Focus on products of risk control type, precise marketing type and customer profile cleaning type and improve capabilities of operation support and product R&amp;D.</li><li>Continue to fulfill the speed-up and tariff-reducing plan and further promote the continuous tariff reduction.</li><li>Continue to strengthen tariff management, carry out testing on network element equipment and billing system and enhance operation examination of billing accounting.</li></ul>
Topic5: Adhere to putting people first and create the best platform of work, life and growth	<ul style="list-style-type: none"><li>Illegimate rights and interests are protected</li><li>Ample room for professional development</li><li>Effective training on professional skills</li><li>Reasonable mechanism of remuneration distribution</li><li>Opportunity to get involved democratic management</li><li>Better work and life environment</li><li>Effective help and assistance to those in difficulty</li></ul>	<ul style="list-style-type: none"><li>Further regulate labor contract, health check-up and vacation and pay insurances in a timely manner and with full specified amount</li><li>Promote landing of employee promotion system</li><li>Improve the training system building, put in place key training programs and strengthen talent cultivation.</li><li>Vitalize various types of incentive resources of the Company and explore to build a comprehensive incentive system and framework of employees.</li><li>Normalize three-level employees' representative congree system and “GM on-line” activity.</li><li>Continue to deepen mental support plan, carry out employees' recreational and sports activity and create favorable work and life environment</li><li>Carry out assistance and support for employees in difficulty in various methods</li></ul>
Topic 6: Promote the partnership management to build a responsibility supply chain for win-win cooperation	<ul style="list-style-type: none"><li>A wide range of cooperation areas</li><li>Fair and open cooperation opportunities</li><li>Diversified and flexible supporting service</li><li>Further promote centralized procurement</li><li>Regulated management of goods procurement</li></ul>	<ul style="list-style-type: none"><li>Expand cooperation in industrial chain and provide users with quality, affordance and convenient experience of ecological cooperation in terms of mobile Internet</li><li>Further regulate the tendering procurement method and build up an independently operated platform of electronic bidding transaction.</li><li>Conitue to provide supporting service to industrial partners and expand the depth and width of business cooperation in supply chain.</li><li>Further improve the model of centralized procurement and improve the quality and level of procurement work.</li><li>Promote the public procurement of communications equipment and non-communications goods and optimize the single-source demand identification system.</li></ul>
Topic 7: Green and low-carbon development and make contribution to harmonious and ecological civilization	<ul style="list-style-type: none"><li>Recycled use of goods to cut pollution</li><li>Energy-saving and environment-protecting communications equipment</li><li>Green and environment-protecting operation of the Company</li></ul>	<ul style="list-style-type: none"><li>Further optimize disposal procedure and reduce the pollution of waste goods in the recycling process.</li><li>Continuously deepen and promote the green procurement system</li><li>Carry out energy-saving and emission-reducing programs and strengthen energy consumption benchmarking. The construction solution considers the networking pattern of light capital. Work with counterpart enterprises on fiber-optic trunks is deepened. Co-construction and sharing are realized in key scenario base stations like HSR and traffic hubs and internal distribution.</li></ul>
Topic 8: Commit ourselves to public service and charity and work together to build a beautiful home	<ul style="list-style-type: none"><li>Continuous and effective donations</li><li>Assistance to Tibetan areas</li><li>Carry out precise poverty reduction</li><li>Various public service and voluntary activities</li></ul>	<ul style="list-style-type: none"><li>Donate to programs for public goods , like education, poverty alleviation and healthcare</li><li>Strengthen supervision on Tibet-assistance projects, fully use the effectiveness of capital for Tibet assistance, support the economic development of Tibetan areas and improve the communications network in Tibet</li><li>Further strengthen one-to-one assistance and support.</li><li>Continue to carry out the public service and voluntary activity in the areas related to livelihood and social needs.</li></ul>

# Appendix

## Key Performance

Type	Indicator	Unit	2013	2014	2015
Operational Development	Total Capital	100 million yuan	5734.7	5916.9	6683.1
	Among which, number of mobile broadband users	10,000	12260.0	14910.5	18385.0
	Among which, number of mobile account user arrivals	10,000		26657.9	25231.7
	4G Subscription	10,000		210.8	4415.6
	Number of local phone subscribers	10,000	8764.3	8205.6	7385.8
	Fixed-line broadband users	10,000	6464.7	6879.0	7233.0
Network Capability	Labor productivity	10,0000 yuan/person*year	84.98	86.75	84.59
	Number of 4G base stations reached	10,000		9.3	39.9
	Number of fixed-line broadband access ports	10,000	11907	13480	16489
	Coverage rate of broadband in administrative villages in ten Northern provinces	%	93	93	93
	Coverage rate of 20MBPS- and more urban broadband	%	63	68	80
	Coverage rate of 4MBPS and more rural broadband	%	76	78	95
	Coverage rate of 3G network in township	%	96	97	100
	Coverage rate of mobile network in township points	%	80	97	100
	Coverage rate of mobile network in administrative villages	%	36	46	87
	Drop rate of 3G voice business	%	0.25	0.20	0.18
	Success rate of 3G wireless network	%	99.77	99.69	99.77
	Drop rate of 2G voice business	%	0.22	0.22	0.25
	2G wireless network success rate	%	97.46	97.07	96.50
Investment of important security products	Total times of emergency communications guarantee	times	374	386	387
	Emergency communications vehicles dispatched	10,000 vehicle times	10.4	10.6	12.9
	Emergency communications equipment invested	10,000 set times	11.2	10.8	12.4
	Mobilized staff	10,000 person times	31.8	40	39.7
Self-Innovation	Investment of technological innovation	100 million yuan	28.3	29.3	36.3
	Number of staff for scientific and technological activities	persons	3366	3323	2759
	International standard manuscripts	piece	601	495	647
	Industrial standard		225	204	247
	Number of patents applied for		409	526	582
E-commerce	Number of patents authorized		110	141	241
	E-commerce turnover	100 million yuan	551.4	748.7	921.6
Customer Service	Monthly average complaint rate of the year	person*times/1 million	5.58	2.81	3.67
	Customer satisfaction	score	75.7	76.4	76.5
Putting People First	Ratio of male to female employees	male to female	1.46:1	1.48:1	1.48:1
	Proportion of employees with ethnic minorities	%	6.47	6.59	6.69
	Percentage of female senior management	%	11.3	11.5	11.7
	Training investment of employees	10,000 yuan	28385	31045	26243
	On-line learning person times at Network Institute	10,000 person times	218	256	310.7
	Total learning length at Network Institute	10,000 hours	107	127	130
	Number of trainings on safe production	times	32	32	32
	Coverage rate of trainings on safe production	%	98	99.8	100
	Input amount of helping employees in need	10,000 yuan	1199.11	2417.01	1323
	Investment of condolences capital	10,000 yuan	1178.02	2215.01	1298
Low-carbon Development	Employee turnover rate	%	1.27	1.67	2.77
	Special investment amount of energy conservation and emission reduction	10,000 yuan	7.6	8	3.2
	Energy consumption of unit information traffic	kg standard coal/TB	26.28	15.89	12.4
	Amount of gasoline consumption	10,000 ton	6.71	6.27	5.76
	Amount of diesel consumption	10,000 ton	2.44	1.8	2.03
	Amount of natural gas consumption	10,000 km3	1162.2	1076.95	1030.96
	Amount of power consumption	100 million kwh	130.33	134.34	145.75
	Amount of water resource consumption	10,000 ton	2575.5	2462.67	2377.1
Recycling	Amount of greenhouse emission	10,000 ton	519.69	511.68	546.81
	Amount of energy saved	10,000 ton standard coal	88.71	76.49	58.74
	Amount of end-of-life disposal and recycle	100 million yuan	1.90	2.7	14.87
Compliance Management	Number of trainings on law abidance and compliance	times	1536	1567	1596
	Number of people trained on law abidance and compliance	person	222941	226463	231549
Community Responsibility	iCredit evaluation level	level	AAA	AAA	AAA
	Total taxation amount	100 million yuan	149.3	161.3	135.9
	Number of employment	person	14445	13407	15688
	Total donation amount	10,000 yuan	2207.9	2178.0	2886.2

Note: The financial data in 2015 is from bulletin, which is not under audit yet.

## Company Honors

- China Unicom won the top in two annual award selections as "The Most Influential New Media Account Number for Chinese Enterprises 2015" and "The Most Influential New Media Account Number for Chinese Central Enterprises 2015".
- China Unicom was awarded A-grade by State-owned Assets Supervision and Administration Commission of the State Council in the examination and evaluation of the 3rd three-year targets on legal work fulfillment by central enterprises . China Unicom Group and three branches were awarded the title "Advanced Unit of Central Enterprises for Legal Publicity 2011-2015".
- China Unicom was awarded Best 100 Audit Cases 2015 by China Institute of Internal Auditors for its Create Risk-oriented Audit Model + Promote Corporate Development through Value Analysis and Investigation Case of Special Audit on Mobile Communications Network Projects
- China Unicom won the titles "China's First-Choice Service Providers for Industrial Informatization 2014" and "China's Outstanding Service Providers for Smart Cities 2014"by China Computer Users Association.
- China Unicom was awarded the title "China's Innovative Enterprises for Telematics and Mobile Internet"by Mobile Internet Expert Committee of GNSS & LBS Association of China.
- China Unicom was awared "Best Demonstration Prize" at the Sixth China International IOT (Sensing Network) Exposition.
- China Unicom was awarded by TM Forum the outstanding prize for "Customer-Center – Service Providers2015"; Big data project of China Unicom was awarded "Outstanding Prize of Annual Operators 2015".
- The big data security system of China Unicom became the demonstration project of network security in the telecom industry in 2015.
- China Unicom's "Traffic Bank" was awarded the 2nd Prize of Achievement for the communications industry at the 12th Modernized Innovation of Corporate Management.
- China Unicom's Baidu Post Bar was awarded "Outstanding Achievement Prize of Global Mobile Internet" by Global Mobile Internet CEO Summit.
- China Unicom's "Golmud – Nagchu – Lhasa Provincial Trunk Optical-Fivre Project" was awarded National Quality Project Prize 2014-2015.
- China Unicom was awarded by Office of the Central Leading Group for Cyberspace Affairs"Excellent Solution Demonstration Prize" on the propaganda week of the 2nd National Network Security.
- 11 teams of China Unicom were awarded honorary title "The National Civilized Units" and 27 teams continued to retain the same title after review.
- GuoLixing and Ma Shucheng, two employees from China Unicom were awarded "Top Ten Communications Workstaff Models ".

## Mass organization

CU joined in Work Alliance for Development and Improvement of Chinese Smart Cities as a new unit of vice president.  
CU joined in an international SDN open-source community ONOS as a member and director.  
CU set up a financial company and joined in China National Association of Finance Companies.



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