

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OVERVIEW

The Group is a leading services provider in the PRC informatization sector that is committed to providing integrated support services to customers and consistently upholds its principle of “customer oriented, outstanding performance, efficient resources allocation and innovative leadership”. On the back of our fundamental missions of serving our customers, bringing returns to our shareholders, caring about our employees and giving back to society, we devote ourselves to providing a series of services covering high quality, efficient and secured telecommunications infrastructure services, business process outsourcing services and applications, content and other services. We place a strong emphasis on scientific development and corporate social responsibility, deliver value to our customers and the society, promote sustainable development, and align our corporate development with society and environment.

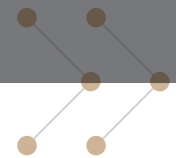
ENVIRONMENTAL PROTECTION AND RESOURCES UTILISATION

As a communications services enterprise, the Group have always complied with relevant national laws, regulations and standards on emission during the course of service provision. We have established an internal management system, embark on energy saving and consumption reduction activities and ensure that we can meet our energy conservation and emission reduction goals.

The Group consistently adheres to the philosophies of environmental protection throughout the entire course of communications service provision and complies with the relevant national laws, regulations and operational standards on environmental protection. In exploring, designing and constructing field area communications, we keep away from mines, forests, grassland, wild animals' habitats, natural and human heritage, nature preservation areas and scenic areas as far as possible. In the event we have to undertake minor alterations to the natural environment due to project requirements, we will conduct environmental rehabilitation as soon as possible.

We proactively promote costs saving and efficiency enhancement through adoption of new-generation energy saving products and enhancing relevant management systems, and lower our costs effectively. We also widely utilise energy saving lighting in our production facilities and offices, appropriately adjust the temperature of our production facilities and offices as appropriate, encourage all employees to save paper, water and power, and thereby create the environment to build up an “energy saving enterprise” and make due contributions to building an energy saving society.

The Group also actively facilitates energy saving and emission reduction for our customers and other sectors in the society. In particular, we have developed and adopted new energy saving technologies in our construction services, property management and logistics operations, effectively assisted our customers to realise construction and operation with low energy consumption, and thereby promote energy saving and emission reduction in the society.



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HUMAN RESOURCES MANAGEMENT

Employment

The Group had an average of 109 thousand employees in 2015. We are committed to ensuring equal employment opportunities and protecting the rights of female employees. Amongst our employees, 25% are aged 29 or below, 49% are aged 34 or below, and 66% are aged 39 or below. Our employees are located primarily in the PRC with certain located in the other districts such as Africa and Southeast Asia. Our employees are divided into contract employees, dispatched employees, part-time employees and other employees.

We have actively refined our employment structure in accordance with the relevant national labour management laws and regulations. The Group implements strict recruitment and employment policies and has not been involved in child or forced labour.

We consider our employees as an important resource, attach much importance to safeguarding their interests, offer competitive remuneration packages and pay the relevant insurance. We established corporate annuity mechanism and our employees are entitled to national statutory holidays. We are committed to the career development of our employees and offer two different promotion paths for them — promotion for management functions and promotion for technical expertise. We implement a system that links our employees' remuneration and promotion to their work experience, capabilities and performance, which incentivises their proactivity.

The Group proactively cares about its employees and provides diverse solutions to address their requests on their work and life. We equip our base level operational units with the necessary production and living facilities, and continue to refine our poverty alleviation mechanism to help our employees with difficulties. In 2015, we addressed 1,347 issues and helped 1,362 employees in difficulties with relief funds of RMB2.57 million.

Development and Training

We attach great importance to training and have established a three-tier training system covering the headquarters, provincial companies and professional companies to teach knowledge and skills according to the practical situations of our employees. 100% of the senior and middle management have attended the trainings, whilst over 90% of other employees have attended. In addition, the Group attaches great importance to the skill advancement of its employees and encourages them to participate in trainings and examinations proactively.

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We actively promote our innovative activities for our employees by way of minor innovation, slight reformation and minor measures, with a focus on solving practical problems. In 2015, the Group recognised 25 innovations by our employees, whilst provincial companies also recognised 215 such innovations.

Each year, we conduct two-way exchanges between employees in the headquarters and the provincial companies, hold periodic training seminars on leadership for the exchange employees and the management. We attach importance to the selection and recommendation of management reserves and have gradually built up an adequate and high quality team with diverse background and sound structure.



Providing induction training for new employees



Team building activity

OPERATIONAL MANAGEMENT

Health and Safety

The Group is committed to safe production, consistently complies with the requirements of laws and regulations such as the *PRC Labour Law*, *PRC Safe Production Law* and *PRC Fire Services Law* as well as the requirements of the government and has established a sound work safety management department and safety management rules. The Group conducts in-depth promotion, education and training, on work safety, and enhances work safety awareness and consciousness of its employees. We have fully implemented a work safety accountability system and assign such responsibilities to each position and every employee. We have also proactively improved work environment and adopted work protection and health care measures. In addition, the Group has intensified its efforts in work safety supervision and inspection, increased investment in work safety and rectified causes for potential incidents so as to secure a normal corporate production order and, in turn, create a safe environment.

In 2015, the Group did not experience any major work safety incidents.



Inspection work on production safety

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Supply Chain Management

We have formulated the relevant administrative rules on procurement in compliance with relevant laws and regulations such as the *PRC Contract Law* and the *PRC Tender Law*, strengthened the monitoring and control over key procedures of, among other things, contract execution, safety management, financial settlement, monitoring and supervision, and strictly implemented the suppliers admission, assessment and exit mechanisms. Meanwhile, we conduct trainings on specific skills and safety education to all personnel in the supply chain and regulate the work safety administration so as to ensure that the remuneration payment and employment management of the supplier comply with relevant national and local requirements.

The Group has considered operation outsourcing as the key area of audit and supervision. We conduct review on supplier admission, tendering and bidding as well as outsourcing pricing by ways of, among other things, audit and credit verification, with a view to preventing illegal and non-compliant activities such as violation of the administration measures of the Company and interests conveyance.

Product Liability and Customers

As a communications service enterprise, the Group is always committed to providing high quality, efficient and safe services for customers and contributes to the improvement of communications infrastructure and the protection of an effective communications network of the PRC. We have participated in a number of telecommunications network restoration work for major disasters and safety incidents to fulfil our corporate social responsibility. In 2015, after the natural disasters in Tibet, Zhejiang and Fujian, the Group proactively assisted customers to repair communication lines to provide a smooth communications network, and also delivered outstanding performance in post-earthquake reconstruction in Nepal.



Award for quality construction services from our clients



Post-disaster restoration of base station

Anti-corruption

The Group consistently complies with laws and regulations, social integrity, commercial ethics and industrial standards. We have been devoted to safeguarding the interests of investors and creditors, protecting intellectual property and executing contracts in good faith. We honour commercial credibility and oppose improper competition with a view to preventing corruption in business activities.

We have strengthened anti-corruption and disciplinary education in various ways, such as seminars, trainings and themed conferences to facilitate the education of anti-corruption and discipline to draw the awareness of relevant requirements by our employees. In addition, we reinforce our daily supervision by combined supervision efforts such as audit and monitoring, and strictly prevent activities such as bribery, blackmail, fraud and money laundering. The Group has established departments in charge of discipline, inspection and supervision at different levels, set up a smooth channel for identifying and resolving existing problems in a timely manner. We have attached great importance to the establishment of an anti-corruption system, established an accountability system to clearly define responsibilities and anti-corruption responsibility letter was signed with the relevant responsible parties. In respect of relevant illegal and non-compliant activities, the Group will address these seriously according to the requirements of laws, disciplines and rules, with a view to safeguarding the normal operation of its businesses.

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COMMUNITY PARTICIPATION

The Group has proactively assisted the PRC government and society to address the employment problem and offered a large number of job opportunities to the public, and contributed to alleviating employment pressure. Whilst accelerating its own development, the Group is devoted to supporting social charity and proactively alleviate poverty by giving assistance to those in need. It also actively participates in charity affairs in education, culture and sports. In 2015, the Group made charitable and other donations of RMB0.36 million in total.

The Group contributes to social safety with the help of informatization. We have tailor-made and constructed a remote monitoring and alarm network system in rural credit co-operatives in the Guangxi Zhuang Autonomous Region. We have also reinforced security by integrating technology, manpower and securing facilities. The Group has played a critical role in the improvement of security management standards and the capability of guaranteeing security services of rural co-operative financial institutions, and promoted economic development in new rural areas.

We also provide informatization services in Africa to facilitate the standard of informatization. As an EPC contractor, the Group undertook the national ICT fiber cable backbone transmission network project in Tanzania. By constructing such a backbone, regional and professional network, we have improved Tanzania's informatization capacity, thereby driving the economic development. Tanzania has become an important hub of communications in eastern Africa, and raised the influence of the country. We employed over 8,000 local employees for the construction of the Tanzania project and over 100 local employees upon completion and effectively resolved the employment issue. The project has already been regarded as a classic sample of "Sino-Tanzania friendship" and economic co-operation between the two countries.



Establishment of volunteer team