

## **China Mobile: Enabling a Better Life**

China Mobile Limited 2012 Sustainability Report

# **Connecting Us to the Future**



# CHAIRMAN'S STATEMENT

## Connecting Us to the Future

From the very first mobile phone call made from Guangzhou in 1987, to Chinese mobile phone users surpassing 1.1 billion in 2012, we have seen immense change in only 25 years. With the evolution from communication among people to communication between people and things, and even among things, the historic progress of "Mobile Changes Life" is redefining future social lifestyles, and is having a profound influence on the trajectory of the telecommunications industry. The evolution of voice to data services, as well as communication services to a range of applications based on mobile internet, cloud computing and the Internet of Things, is also forcing business to adapt and revamp existing development protocols, organisational mechanisms and management patterns.

At the same time, our customers are expecting to enjoy more carefree service and achieve more possibilities by using mobile technology. Employees are demanding greater career and professional development opportunities, to enable the realisation of individual value and self-fulfillment through meaningful work. Communities hope to share and take part in a company's development achievements, including fair development for disadvantaged groups, and meaningful progress toward an eco-friendly civilisation.

In line with the profound industrial revolution of "Mobile Changes Life" and with the attention and expectation of our stakeholders, China Mobile is committed to creating a sustainable future for our company and our stakeholders through transformation and innovation.

In 2012, we improved our corporate governance, strengthened risk management mechanisms, emphasised anti-corruption measures, and continued to generate value and positive returns for our investors. With the steady and healthy growth of our company, we have also led partners throughout our supply chains to grow together with us in a socially responsible manner.

We always pay great attention and actively respond to stakeholders' requirements to fulfill our responsibilities. We continuously strive to maintain a reliable network with comprehensive coverage for our customers, address our customers' greatest concerns, and protect their interests through a range of methods, from the optimisation of tariffs, accurate billing and prompt services reminders to the strict protection of customer privacy and information security. As an employer, we consistently generate fair opportunities for our employees, protect their occupational health and safety, support their personal development, and actively provide a harmonious and positive working environment. As a community member, we fulfill our long-term commitments to support social welfare, and continuously implement key programmes to help alleviate poverty, care for vulnerable groups, promote education development as well as volunteering service, and share our company's development achievements with a wide range of people within the community. As a responsible company, we work unceasingly to improve our environmental policies, with a specific focus on energy saving and emissions reduction measures throughout the entire life-cycle of our networks, provide green services, and propose the implementation and adoption of energy saving green standards with other social forces. We have also made great strides in leveraging advanced Information and Communication Technology to support and promote social emission reductions, to ultimately harmonise corporate, social and environment needs.



Mr. Xi Guohua  
Chairman, China Mobile Limited

We inherently believe that a company should leverage its core competence and take its responsibility to contribute to its stakeholders and the greater society. As such, we are committed to ensuring the realisation of our vision of "Mobile Changes Life", and the promotion of new technology such as TD-LTE. We actively strengthen infrastructure development and organisational transformation for the future, as well as initiate the development of start-ups and innovations. Building on these efforts, we have promoted the construction of the Wireless City and developed innovative applications to improve social and professional lifestyles, economic efficiency and overall urban quality of life. We are also fulfilling the needs of New Countryside construction through the Three Networks for a New Countryside initiative, which is helping farmers increase their income, as well as promoting agricultural transformation and rural development.

In 2012, we received extensive positive feedback regarding our social responsibility efforts and sustainability performance. Examples include our inclusion in the Dow Jones Sustainability World Index for the fifth consecutive year, which is an accomplishment that no other company from Mainland China has managed to achieve, as well as honors such as the "China Charity Award" and "Sustainability Excellence Award," among others. We were also honored that some of our corporate social responsibility practices have been selected by the United Nations Global Compact to serve as best practices for China.

We will strive to fulfill our economic, social and environmental responsibilities. We believe that in the future, we will constantly strive to improve our operations with integrity and responsibility and improve the transparency of our company. By leveraging our innovative technology and services, we are helping the society become increasingly connected so that, together, we can create and share a better future.

A handwritten signature in black ink, likely belonging to Mr. Xi Guohua, the Chairman.

March 2013

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# COMPANY PROFILE

China Mobile Limited (the "Company" or "China Mobile", and together with its subsidiaries, the "Group") was incorporated in Hong Kong on 3 September 1997. The Company was listed on the New York Stock Exchange and The Stock Exchange of Hong Kong Limited ("HKEx") on 22 October 1997 and 23 October 1997, respectively. The Company was admitted as a constituent of the Hang Seng Index in Hong Kong on 27 January 1998. As the largest mobile services provider in Mainland China, the Group boasts the world's largest mobile network and mobile customer base. The Company currently has a corporate credit rating of Aa3/Outlook Positive from Moody's Investor Service and AA-/Outlook Stable from Standard & Poor's, equivalent to China's sovereign credit rating respectively.

The Company owns 100% interest in the following major subsidiaries:

China Mobile Communication Company Limited, China Mobile Group Guangdong Company Limited, China Mobile Group Zhejiang Company Limited, China Mobile Group Jiangsu Company Limited, China Mobile Group Fujian Company Limited, China Mobile Group Henan Company Limited, China Mobile Group Hainan Company Limited, China Mobile Group Beijing Company Limited, China Mobile Group Shanghai Company Limited, China Mobile Group Tianjin Company Limited, China Mobile Group Hebei Company Limited, China Mobile Group Liaoning Company Limited, China Mobile Group Shandong Company Limited, China Mobile Group Guangxi Company Limited, China Mobile Group Anhui Company Limited, China Mobile Group Jiangxi Company Limited, China Mobile Group Chongqing Company Limited, China Mobile Group Sichuan Company Limited, China Mobile Group Hubei Company Limited, China Mobile Group Hunan Company Limited, China Mobile Group Shaanxi Company Limited, China Mobile Group Shanxi Company Limited, China Mobile Group Neimenggu Company Limited, China Mobile Group Jilin Company Limited, China Mobile Group Heilongjiang Company Limited, China Mobile Group Guizhou Company Limited, China Mobile Group Yunnan Company Limited, China Mobile Group Xizang Company Limited, China Mobile Group Gansu Company Limited, China Mobile Group Qinghai Company Limited, China Mobile Group Ningxia Company Limited, China Mobile Group Xinjiang Company Limited, China Mobile Group Design Institute Company Limited ("Design Institute"), China Mobile Hong Kong Company Limited ("Hong Kong Company"), and China Mobile International Company

Limited ("International Company"), and operates nationwide mobile telecommunications networks in all 31 provinces, autonomous regions and directly-administered municipalities in Mainland China and in Hong Kong Special Administrative Region through these subsidiaries.

In addition, the Company owns a 99.97% equity interest in China Mobile Group Device Company Limited, a 92% equity interest in China Mobile Group Finance Company Limited through China Mobile Group Beijing Company Limited, and a 66.41% equity interest in Aspire Holdings Limited.

As of 31 December 2012, the Group had a total employees of 182,487, a customer base reaching 710 million, and maintained a leading market position in Mainland China.

The Company's majority shareholder is China Mobile (Hong Kong) Group Limited, which, as of 31 December 2012, indirectly held an equity interest of approximately 74.08% in the Company through a wholly-owned subsidiary, China Mobile Hong Kong (BVI) Limited. The remaining equity interest of approximately 25.92% of the Company was held by public investors.

## Awards and Honors Received in 2012 Include (selected):

- We were included in the Dow Jones Sustainability World Index ("DJSI World") for the fifth consecutive year and the Hang Seng Sustainability Index for the third consecutive year; China Mobile is still the only Mainland China-based company to have been included in the DJSI World;
- We were included in the 2012 Global 500 by Financial Times, moving from 16th place last year to 8th place in this year's ranking;
- We were ranked 10th in the BRANDZ™ Top 100 Most Valuable Global Brands list published by market research organisation Millward Brown in 2012;
- We received the "Sustainability Excellence Award" from the Chamber of Hong Kong Listed Companies;
- We received numerous prizes at the 2012 Best Asian Company Awards held by FinanceAsia, including first prize for "Most Committed to a Strong Dividend Policy", second prize for "Best Corporate Governance", second prize for "Best Corporate Social Responsibility", second prize for "Best Managed Company", and third prize for "Best Investor Relations".





# SUSTAINABILITY STRATEGY AND MANAGEMENT

We have adopted “Sustainable Development” as our 2011-2015 development strategy. As we do our utmost to achieve our own sustainable development, we will leverage our core competencies to contribute to the sustainable development of the economy, society and environment at large.

In 2012, we continued to optimise our sustainability strategy framework. We also launched stakeholder engagement activities through multiple and broad channels. Taking into account the needs of stakeholders and our strategic priorities, we identified our key sustainability issues and robustly strengthened our sustainable development abilities.

In 2013, we will continue to expand the extent and scope of stakeholder engagement, as well as build a more open and mutually sustainable development strategy and management system, through which we can share the bright future of informationalisation with our stakeholders.



## 5

In 2012, the Dow Jones Sustainability World Index included China Mobile, the only Mainland China-based company which has ever been included in this index, for the 5<sup>th</sup> consecutive year.

## 3,000

Since the establishment of the CEO Mailbox two years ago, almost 3,000 letters from customers, business partners and employees have been addressed and processed in a timely manner.

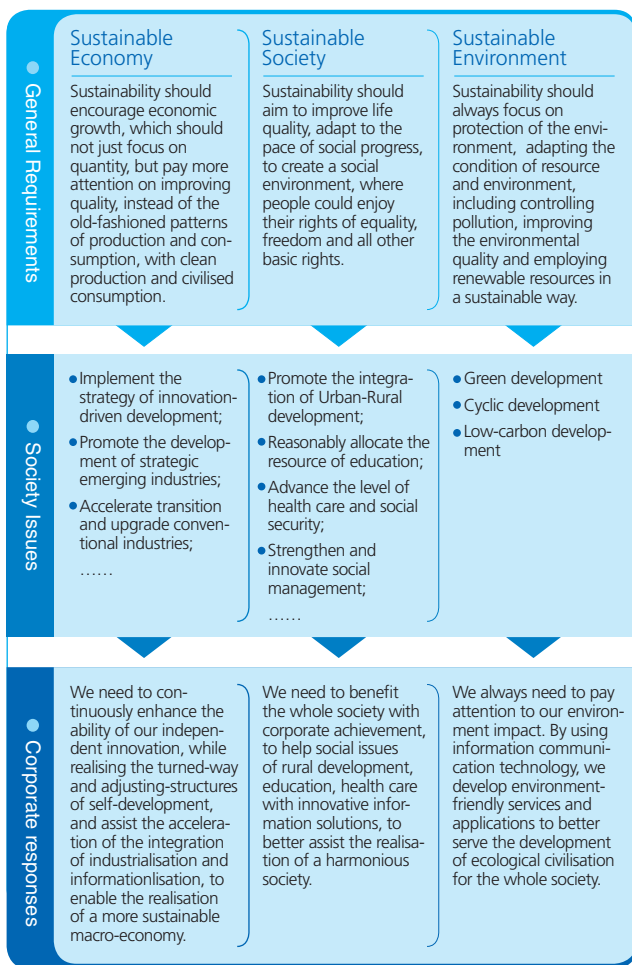
## 3 million

China Mobile's official microblog has over 3 million followers, ranked first among all microblogs owned by state-owned enterprises in China in terms of popularity, and was awarded the Excellent Microblog Prize issued jointly by the China Spokesperson Society and People's Daily Online.

## 200,000

China Mobile's Annual Corporate Social Responsibility Practice Competition attracted wide participation, receiving 1.36 million online clicks and over 200,000 public votes.

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## Sustainability Strategy

For China Mobile, sustainability means having a framework in place that is economically, socially and environmentally sustainable; carefully considering the company's own developmental needs and the needs of its stakeholders; pursuing development under the premise of not harming stakeholders; and continuously contributing and leading to the improvement of society's overall sustainable development. Guided by such objective, China Mobile will use the following key paths to achieve sustainable development:

**The first path is the pursuit of our own sustainability.** Vertically, this means, under an environment of continuous change, we must recognise strategic risk and opportunities, acquire strategic resources, foster core abilities, thus achieving excellent performance and growth. Horizontally, this means we must engage in dialogue and cooperation with our stakeholders and continue to meet their needs to secure positive support for our development.

**The second path is the continuous promotion of society's sustainability in general.** Explicitly, this means using responsible business operations to continuously improve resource efficiency and promote social equality, thus improving the level and quality of our contributions to societal sustainable development. Indirectly, this means demonstrating our expertise in technology and service and providing innovative measures and methods for the sustainable development of other members of society, through these efforts leading and forming an impetus that pushes forward the sustainable development of society.

## Sustainability Vision and Strategy

China Mobile places great emphasis on the integration of sustainable development into our company's overall strategy, and we have clearly established "Striving for international leadership with sustainable development" as our 2011-2015 strategic plan. Having "Mobile Changes Life" as our strategic vision, with an aim to combine sustainability achieved by our company together with that of our stakeholders, we have put forward three strategic goals in sustainability:

- **A healthier and more stable China Mobile:** To achieve healthy, sustainable development by maintaining positive business performance growth, optimising corporate governance and risk management, and leading supply chain responsibility;
- **More satisfied stakeholders:** To effectively respond to the core needs of our stakeholders such as customers, employees, community and the environment, thus completely meeting our responsibility to these stakeholders;
- **An information-enhanced future:** Accelerating the achievement of future-oriented innovation and transformation, comprehensively creating a richer and wonderful "wireless" experience, and promoting the sharing of the fruits of informationalisation between urban and rural areas.



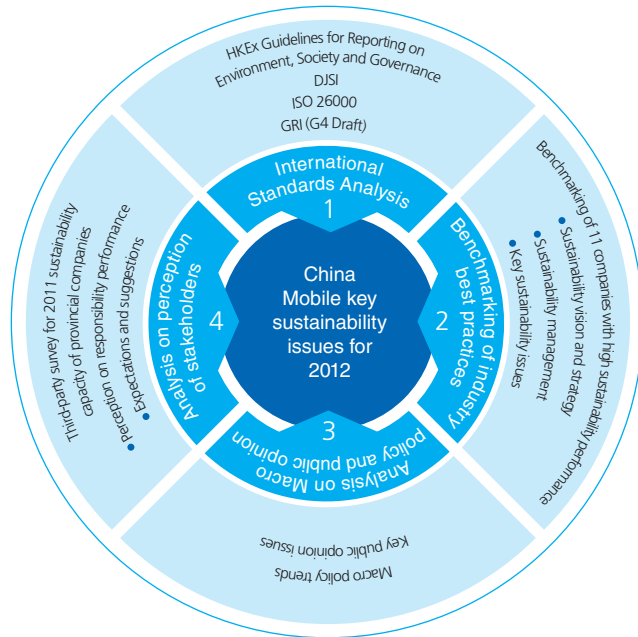
## Key Sustainability Issues

**Issue benchmarking:** Guided by our sustainability strategy framework, China Mobile commenced analysis in four areas, namely standards analysis, industry best practices benchmarking, macro-policy and public opinion analysis, and stakeholder perception mapping. We used the results of our analysis to set our key sustainability issues for 2012.

**Issue mapping:** We have focused on the key impacts of our business operations on various stakeholders, and formed our China Mobile sustainability issue map considering sustainability opportunities and risks.

**Issue materiality analysis:** We used our materiality analysis array, which incorporates the perspectives of internal company experts and stakeholder representatives, to further assess the mapped issues through the two dimensions of the importance of issues for China Mobile as well as for our stakeholders, to select the key sustainability issues for China Mobile in 2012.

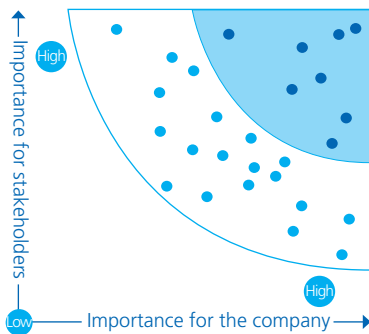
### Issue Benchmarking



### Issue Mapping

To seize opportunities							Sustainable development	
China Mobile	<ul style="list-style-type: none"> <li>Support employee development</li> <li>Care employee life</li> </ul>	<ul style="list-style-type: none"> <li>Optimise the return of investment</li> <li>Strengthen shareholder engagement</li> </ul>	<ul style="list-style-type: none"> <li>Improve independent innovation</li> <li>Lead industry standards</li> <li>Promote industry growth</li> </ul>	<ul style="list-style-type: none"> <li>Wireless city construction</li> <li>Informationalised New Countryside</li> </ul>	<ul style="list-style-type: none"> <li>Expand industry development</li> <li>Cooperation and value sharing</li> </ul>	<ul style="list-style-type: none"> <li>Support charity</li> <li>Volunteering services</li> <li>Green applications for environmental protection</li> </ul>		Employees
	<ul style="list-style-type: none"> <li>Protect employee rights</li> <li>Promote employee engagement</li> </ul>	<ul style="list-style-type: none"> <li>Improve corporate governance</li> <li>Risk management</li> <li>Prevent corruption</li> </ul>	<ul style="list-style-type: none"> <li>Fair competition and healthy market environment</li> </ul>	<ul style="list-style-type: none"> <li>Ensure network stability</li> <li>Improve customer services</li> <li>Protect customer rights</li> </ul>	<ul style="list-style-type: none"> <li>Build a responsible supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Enhance EMF management</li> <li>Lower energy consumption</li> <li>Improve resource efficiency</li> </ul>		Shareholders and Investors
To control risks							Government and Regulators	
							Customers	
							Value Chain Partners	
							Community and Environment	

### Issue Materiality Analysis



Key Issues	Content	Page
Protecting employee rights	Protecting the basic rights of employees, providing a healthy and safe working environment for employees, and providing channels for employees to make complaints or appeals.	22-24
Corruption prevention and discipline	Strengthening the supervision of power, improving understanding of ethical practices, effectively blocking loopholes in systems and processes, continuously building a comprehensive anti-corruption and corruption prevention and discipline system, strengthening supervisory inspections and effectively investigating and resolving whistleblowing reports, ensuring that our operations are conducted openly and in a healthy manner.	13
Building a responsible supply chain	Improving the standardisation of our purchasing and supplier management; building on compliance with laws and regulations as a baseline, using our influence to strengthen suppliers' responsibility, and supporting suppliers to mature and grow together with us.	14-15
Protecting customer rights	Focusing on key questions raised by customers, and using technology, management, and service to achieve multi-faceted, comprehensive protection of our customers' rights from being infringed upon by the Company or third parties, thus guaranteeing a carefree experience for our customers.	19-21
Supporting charity	Honoring our long term commitments, strategically supporting charity, focusing on key fields such as education and disadvantaged groups, launching public benefit activities with tangible results, and sharing our company's growth value with the greater public.	25-29
Lowering energy consumption	Effectively managing the environmental footprint of our business operations in line with our characteristics, improving energy efficiency and the quality of our resource use, in these ways achieving green operations.	30-32
Wireless City construction	Comprehensively deploying and using the most advanced Information and Communication Technology (ICT), and creatively discovering and effectively fulfilling the various needs of "Mobile Changes Life", providing a rich and wonderful wireless life experience.	37-43
Informationalised New Countryside	Continuously improving the accessibility of services, providing innovative ICT applications aimed at the practical developmental needs of rural residents, agriculture and the countryside, thus helping rural areas to share the benefits of informationalised development and achieve their own development.	44-47

## Sustainability Management

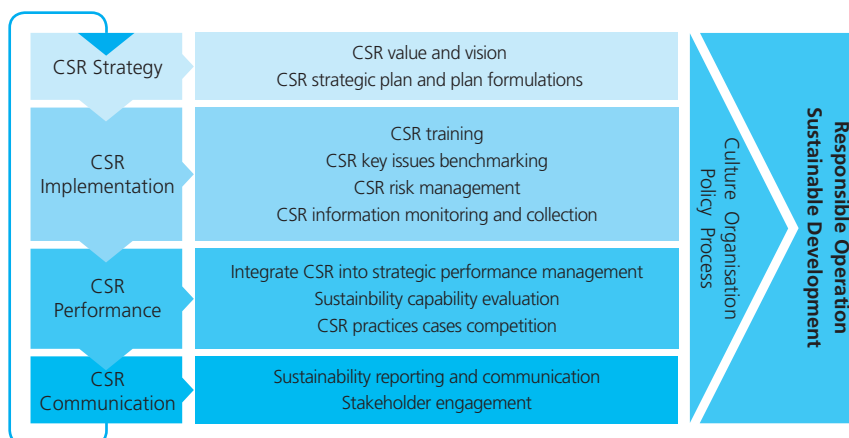
Since 2007, China Mobile has used the standards and best practices of global corporate social responsibility (CSR) as guide, integrating the foundations of business operations management, constructing a strong CSR organisational system (including closed-loop processes, evaluation tools, and dialogue mechanisms), and innovatively developing a series of management tools such as a sustainable development index and DJSI bench marker management system. We have transformed the company's previous social responsibility concepts and standards into management practices with controllable and observable processes. In 2012, China Mobile was also selected as one of the "corporate responsibility management models" for Management Improvement Activity of State-owned Enterprises by State-owned Assets Supervision and Administration Commission (SASAC).

**China Mobile's CSR Organisational System's** highest decision making body is the Corporate Social Responsibility Steering Committee. Established in 2008, the Committee carries out the approval and decision-making processes for China Mobile's social responsibility strategic goals, planning and other important affairs. The strategic management responsibility departments at our headquarters and subsidiaries serve as our vanguard in sustainability management, relying on informal inter-department teams to horizontally coordinate the implementation of sustainability initiatives.

**China Mobile's CSR Management System** is made up of four sectors, namely strategy management, execution management, performance management and communications management. Each sector is interconnected with the others, creating a closed-loop management of sustainability.

- **For strategy management**, in accordance with our company's strategic direction, we have established a vision, goals, focus areas and implementation strategy, thus internally transforming our sustainable development management into specific work requirements throughout the company;
- **For implementation management**, we have spread awareness of principles, expanded the requirements of sustainability standards, explored best practices, and propelled the implementation of sustainability initiatives;
- **For performance management**, we set up an objective performance rating system, using scientific ratings and targeted improvements, to propel comprehensive improvement of our sustainability performance;
- **For communications management**, we have set up a communications platform for our stakeholders and responded to their requests in a timely manner, in this way building a positive, mutual cooperation channel between us and stakeholders.

### China Mobile's CSR Management System



In 2012, we made further improvements in sustainability management in order to supplement previous shortcomings in this area, and launched dedicated work in areas such as sustainability benchmarking management, capability assessments, and the improvement of social responsibility management.

- **DJSI benchmarking management**: Using the DJSI evaluation standards as a reference, we set up a Sustainability Issue Centralised Management System, made annual changes to benchmark DJSI standards' requirements and industry best practices, examined our shortcomings, and have implemented targeted improvements in these areas;
- **Sustainability capability evaluation**: We assessed our present and future, ourselves and our stakeholders, to organise and construct a Sustainability Capability Evaluation System that includes 33 indicators. In addition, we used indicator evaluations, results analysis, and execution of improvement plans, to build long-term sustainability capability improvement mechanisms for all our provincial subsidiaries;
- **CSR management improvement**: We focused on five key topics including CSR integration into business operations, dialogue with stakeholders, reducing the digital divide, improving resource management, and strategic public philanthropic work, to comprehensively research and establish management standards in our provincial subsidiaries. To improve our Group's CSR management, we used best management and work practices of model companies as guidance to aid in the formation of dedicated leadership advice on five important topics, organised the formation of benchmarks at our provincial subsidiaries, and implemented key topic improvement plans.



## Stakeholder Engagement

Stakeholder engagement is the foundation for us to carry out social responsibility in a comprehensive and effective manner. We place great emphasis on improving transparent operations and actively establish good communication with stakeholders in order to focus on important topics and launch productive engagement. In 2012, leveraging on new social media, we created new channels for stakeholder engagement:

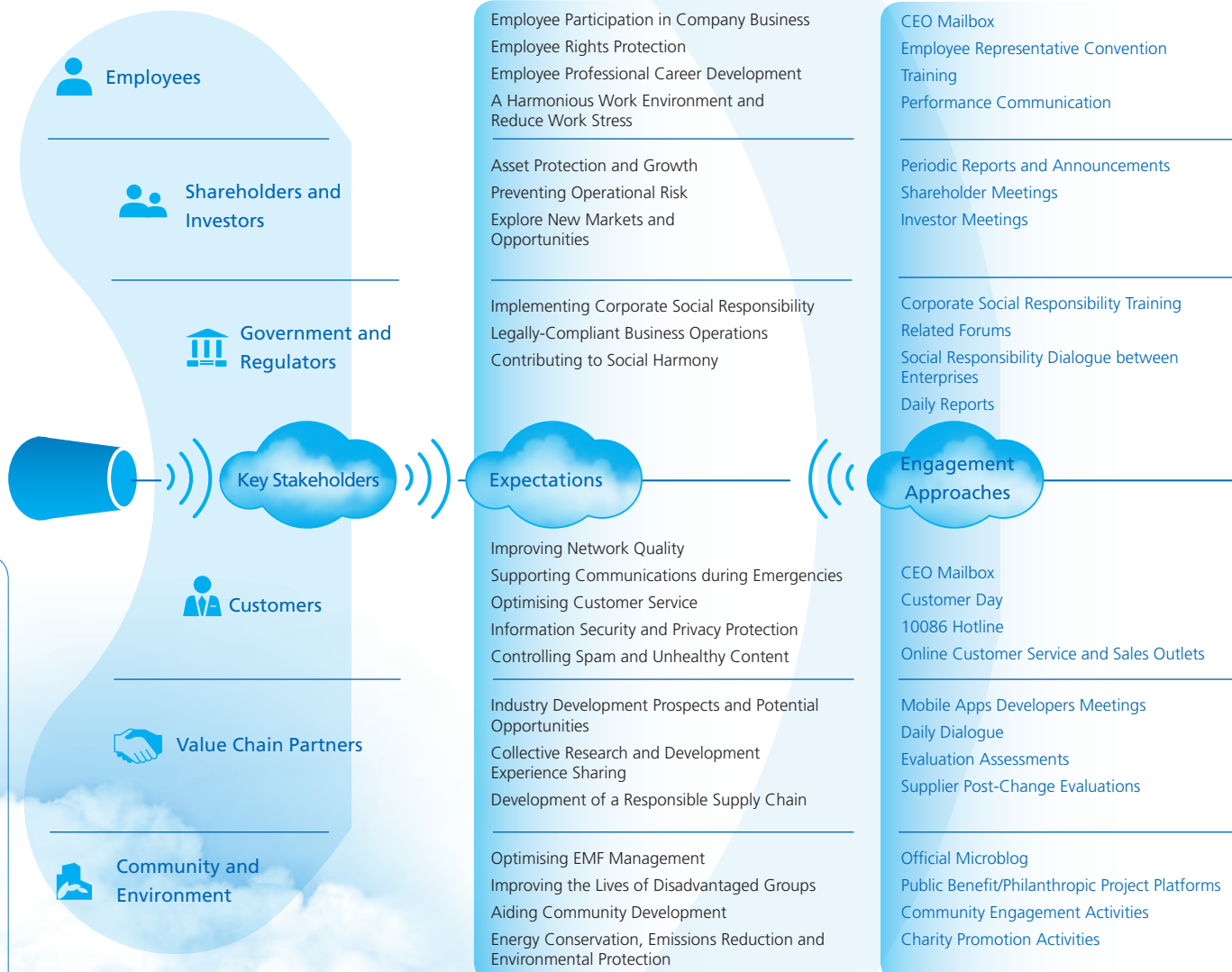
- Actively responding to public opinion:** In 2012, we launched a public opinion management system and published more than 1,500 China Mobile Daily Public Opinion Abstracts and Special Public Opinion Reports, through which we gained a better understanding of the public's concerns and improved the quality of our services;
- Creating official microblog:** China Mobile's official microblog is one of the most popular and influential microblogs set up by state-owned enterprises in China. In 2012, we used our microblog to actively open dialogue on topics such as network construction, business services, self-innovation and employee development. We published 1,837 tweets, which were forwarded more than 1.73 million times;
- Publishing the Mobile Weekly:** China Mobile publishes the Mobile Weekly, a dedicated mobile phone magazine for our employees that focuses on issues that employees care most about, and uses China Mobilers' stories and current thoughts to generate discussions on topics such as employee development,

business operations, and innovation. Over 35 million issues of the Mobile Weekly have been distributed thus far;

- Active Dialogue:** We have used topics such as "Innovating and pursuing excellence in serving the people", "Transparent consumption", "EMF (Electric and Magnetic Field) Management", "Controlling malicious internet software (internet malware)", "4G experience", and "Reducing fees", to actively cooperate with authorised media in initiating active dialogue. We have invited media representatives to do on-site reporting and we closely listened to their opinions and ideas.



In Jiangsu, we invited customers to observe the complaint management process



### CEO Mailbox, Connecting You and Me in an Instant

On November 15, 2010, China Mobile officially launched its CEO Mailbox (CEO@chinamobile.com). The mailbox was opened to our customers and business partners on May 2, 2011. All mails received are instantly converted into a "Mail Handling Work Order", which is organised by mailbox management employees then given to company leaders. After company leaders comment on and approve this mail, related departments will complete the associated fact-checking and implementation of solutions within ten working days. The mailbox management employee(s) will then respond to the sender, thus completing the management process cycle - from receipt of the mail to its response. During the last two years, almost 3,000 CEO mails from customers, business partners, and employees have been processed and received appropriate treatment. The CEO Mailbox has become an important bridge for dialogue between the company and our stakeholders.

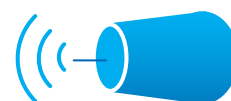
### CSR Practices Competition Encourages Responsible Innovation

Since 2008, China Mobile has held an annual CSR Practices Competition for provincial subsidiaries within our Group, and invited both internal and external stakeholders to participate. The Competition has not only established and expanded our Group's own use of exemplary CSR practices, it has also effectively attracted responses and advice from our stakeholders, leading to new innovations in CSR practices. In 2012, China Mobile's CSR Practices Competition's website attracted over 1.36 million clicks from the public, with over 200,000 votes cast, significantly increasing the level of public participation. Up to now, China Mobile has already held five CSR Practices Competitions, with 91 initiatives from various provincial subsidiaries within our Group receiving awards. The CSR Practices Competition has become one of our key activities to launching social responsibility dialogues with our stakeholders.

- On May 30, 2012, China Mobile held the 7th CEO Forum for our company's employees. Our Group CEO Li Yue gave a speech, and over 5,000 people attended. The CEO Forum sector in our Mobile LABS website received 1,576 comments and was viewed over 60,000 times.

- We have used multiple methods, such as major investment banks' conferences and daily investor meetings, to maintain good dialogue and interaction with capital markets. In 2012, we participated in a total of 12 investor meetings held by major investment banks. We also met 762 investment institutions, meeting over 1,000 person-times.
- We led a group of investors to observe the TD-LTE construction progress in Hangzhou, Shenzhen, Guangzhou, and our southern base and also organised a visit to our Mobile Research Center, enabling our investors to gain an increased understanding of our company, and creating strong, interactive ties between investors and our company.

- We used the 2012 Management Improvement Activity of State-owned Enterprises as an opportunity, and attended the SASAC Social Responsibility Management Training and Special Research Forum. We also conducted face-to-face experience sharing activities with numerous state-owned enterprises, including the Industrial and Commercial Bank of China (ICBC), China National Offshore Oil Corporation (CNOOC), China Southern Power Grid, and Sinopec.
- We independently supported three workshops held by Global Reporting Initiative in Beijing, Shanghai and Shenzhen in order to gather public opinion about the G4 Draft, which provided opportunities for Chinese companies to participate in international CSR standards development.



- Since May 2012, we have launched eight different "Customer Day" activities throughout the Group. Over 900 local company leaders participated in these activities, which were attended by over 25,000 customers. Over 30,000 inquiries and complaints were addressed and over 35,000 suggestions or ideas were collected.

- In 2012, China Mobile comprehensively improved its customer satisfaction evaluation indicators, continued to launch customer satisfaction surveys, and identified 19 factors that influencing customer perception, thus providing references for making further advances and improvements in customer service.

- We issued the China Mobile Supplier Dialogue Guide and utilised numerous engagement methods, including supplier conventions, special dialogue meetings, daily visits and consultations, Department Reception Days, and the collection of messages and complaints on China Mobile's procurement bidding website, to maintain high levels of efficiency and rapid resolution of problems within our business partnership process, ultimately ensuring the legal rights of suppliers.

- On December 5, 2012, China Mobile held the Global Developers Convention, using "Mobile Changes Life, Combining the Power of Innovation" as its theme, and setting environmental awareness, integrity, and security as standards to create a new eco-system for industry cooperation.

- We launched the 2012 Energy Conservation Awareness Week under the theme "You and I Can Change the World". We informed our followers on our official microblog, used our Fetion platform to inform 2.68 million Fetion users, and sent over 3.5 million multimedia text messages to all of our employees. In addition, we held the "2012 Hundred Energy Conserving Employees Selection" which received a total of over 100,000 votes, and also launched the "Energy Conservation and Emissions Reduction Knowledge Contest", in which a total of 66,000 employees participated.

# A HEALTHIER AND MORE STABLE CHINA MOBILE

China Mobile believes that as a company, our primary responsibility is to create sustainable returns and gains in value for our investors through solid corporate governance and strong business development.

In 2012, China Mobile's development faced great downward pressure due to factors such as a slowing macro economic growth, a more saturated telecommunications market, fierce competition, and the rapid emergence of new and unique services. We also faced difficult and previously unencountered issues related to combating corruption and the promotion of clean governance.

We have set three important strategic directions: (1) strategic transformation, (2) reform and innovation, and (3) anti-corruption and sound governance.

We ensure the healthy and stable development of our company by making committed investment in the transformation and innovation for our mobile internet; the continuous improvement of our management and business operations efficiency; risk control optimisation and preventive mechanisms against corruption; and the rapid resolution of adverse issues.

The ICT industry is currently undergoing great changes, and we are well aware of our responsibility and role in industry transformation and development. We are strengthening responsibility management of our supply chain and creating an open, mutually beneficial cooperation platform to promote shared accountability, as well as lead our business partners to grow together.

**560.4 billion**

*In 2012, China Mobile achieved stable growth with operating revenue reaching 560.4 billion yuan.*

**471,200**

*In 2012, 471,200 person-times of anti-corruption and clean governance training were conducted throughout the Group.*

**3.78 million**

*As of the end of 2012, China Mobile's Mobile Market had cumulatively 3.78 million registered developers.*



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## Solid Economic Growth

In 2012, we accelerated the pace of our strategic transformation, reform, and innovation. Under the premise of consolidating our traditional market advantages, we actively promoted our data flow business, aggressively expanded our mobile internet and the new Internet of Things service, and maintained solid economic growth. (For more information on our 2012 financial performance, see pages 28-38 of our 2012 Annual Report)

- **Maintained our advantage in total number of customers:** Our total number of customers reached 710 million, up by 9.3% from last year.
- **Realised stable revenue growth:** Total operating revenue reached 560.4 billion yuan, up by 6.1% from last year.
- **Achieved impressive growth in data services:** Wireless data traffic revenue reached 68.3 billion yuan, up by 53.6% from last year.
- **Increased the pace of our Mobile Internet development:** Mobile Market's cumulative registered customers reached 270 million, and full year application downloads reached 610 million.



We continued to carry out our economic responsibility in 2012 and made our due contributions in tax payments and employment impetus. In 2012, we paid 41.9 billion yuan taxation, and directly and indirectly generated more than 2.4 million employment opportunities for the society through business development.

## Continuously Optimised Compliance Management

As a listed company, we have always made regulatory compliance one of the core foundation of our sustainable development. In 2012, we strengthened our risk management and internal controls, and further intensified our efforts in optimising anti-corruption mechanisms to ensure our operations in full compliance with laws and regulations.

## Corporate Governance

### Corporate Governance System

We have established good corporate governance practices following the principles of integrity, transparency, openness and efficiency, and have implemented sound governance structure and measures. We have established and improved various policies, internal control systems and other management mechanisms and procedures. (See pages 39-52 of our 2012 Annual Report for more information about Corporate Governance.)

The Board currently comprises of 9 directors, namely Mr. XI Guohua (Chairman), Mr. LI Yue (Chief Executive Officer), Mr. XUE Taohai, Madam HUANG Wenlin, Mr. SHA Yuejia and Mr. LIU Aili as executive directors, and Dr. LO Ka Shui, Mr. Frank WONG Kwong Shing and Dr. Moses CHENG Mo Chi as independent non-executive directors (INEDs). (For more information about corporate governance, see pages 6-9 of our 2012 Annual Report or visit our website.) The Board operates in accordance with established practices (including those related to reporting and supervision). During the financial year ended on 31 December 2012, the Board convened on six occasions.

The Board currently has three principal board committees, which are the Audit Committee, the Remuneration Committee and the Nomination Committee, all of which are comprised solely of independent non-executive directors. Each of the board committees operates under its respective written terms of reference. In 2012, the terms of reference of each of the board committees were revised in accordance with the revision of the Code on Corporate Governance Practices.

The task of our management is to implement the strategy and direction as determined by the Board, and to take care of day-to-day operations and functions of the Company. To promote honest and ethical conduct and deter wrongdoing, the Company, in 2004, adopted a code of ethics, which is applicable to our chief executive officer, chief financial officer, deputy chief financial officer, assistant chief financial officer and other designated senior officers of the Group, in accordance with the requirements of the Sarbanes-Oxley Act (SOX Act). In the event of a breach of the code of ethics, the Company may take appropriate preventive or disciplinary actions after consultation with the Board. (For more information about the code of ethics, please visit our website.)

### *Comprehensive Risk Management*

We adopted the control criteria framework set out in the Internal Control Integrated Framework issued by COSO and established a comprehensive risk management framework. Every year, upon completion of risk identification procedures, we evaluate potential major operation risks and designate relevant departments to develop detailed measures. We practise regular monitoring and reviewing to form a complete risk management circle.

### *Internal Controls*

In compliance with section 404 of the U.S. SOX Act of 2002, we rely on our standardised organisational structure, mechanism design, efficient policy implementation, strict supervisory checks and informationalisation support measures to effectively minimise the risks in our business operations and achieve sustainable and healthy development. In 2012, we comprehensively improved our internal controls.

- **Internal control process optimisation:** We reviewed our internal control system from the perspective of our businesses and extended the control requirements to production, marketing and management areas, to ensure the effectiveness of our internal controls.
- **Internal control IT system consolidation:** We consolidated our IT system controls to reduce mistakes, promoted the normalisation management of our internal controls to ensure its enforcement.
- **Internal control and business operation synergy establishment:** We launched benchmarking of our internal controls with special business operation topics to help them better support each other. We also reviewed internal and external audit findings and created a shared database to achieve a complete process including policy design, implementation and inspection.

### *Internal Audit*

The Company and its operating subsidiaries have set up internal audit departments, which independently audit the business units of the Company and all operating subsidiaries. We have established an internal audit framework and carried out risk investigations on an annual basis. Based on the results of the risk investigations, internal audit projects are formulated by the internal audit departments on a rolling and annual basis. The internal audit departments conduct independent and objective supervision and assessment of the appropriateness, level of compliance and effectiveness of all business operations and internal control systems by applying systemic, standardised audit procedures and approaches, thereby assisting in the improvement of the Company's corporate governance, risk management and control processes. In 2012, to further enhance our entire internal audit process, including its cross-department functions, we strengthened audit controls covering certain key areas such as procurement and business partners, and identified and analysed weaknesses in our operation flow and management system, which served to push forward and deepen the level and intensity of our management.

### *Legal Risk Management*

Based on the legal risk management structures established in our 31 provincial subsidiaries, in 2012, we redesigned our legal risk database framework focusing on business operations. We took measures to manage major legal risks related to the protection of intellectual property as relevant to our business partners. We conduct assessments of our provincial subsidiaries' legal risk management capabilities on an annual basis.





## Anti-Corruption and Sound Governance

China Mobile always attaches high importance to anti-corruption construction. In 2012, we integrated corruption prevention into our corporate development strategy, and set "Anti-corruption and sound governance" as our key strategic theme in achieving healthy, sustainable growth. We continuously improve our corruption prevention and disciplinary systems to foster a corporate culture rooted in integrity. In addition, we are working to strengthen our anti-corruption and sound governance programmes.

### An Optimised Prevention and Disciplinary System

In 2012, we sought to establish a robust prevention and disciplinary system and prevent corruption-related risks. We furthered our anti-corruption efforts. We clarified the responsibilities of different participants in ethical governance, including employees located at corporate headquarters, staff within provincial and city subsidiaries, and employees in specialised areas such as marketing, network operations, planning, procurement, human resources management, and financial affairs, thus completing our Ethical Governance Responsibility System. At the same time, we increased the amount of public competition for management positions, as well as the rotation frequency of such positions. We have implemented job rotations for managers who have completed more than two terms of duty at one position.

### Fostering an Ethical Corporate Culture

In 2012, we issued the Employee Code of Conduct and Manager Code of Conduct to guide employee behaviour. We used special study sessions, ethics training, and the signing of honesty pledges, to promote professional honesty among our management teams. In 2012, our Group organised the signing of more than 56,000 honesty pledges, held over 3,500 talks to discuss work duties and responsibilities, and conducted honesty and integrity discussions with over 7,800 people.

To educate and build awareness of anti-corruption and sound governance among our employees, we have held anti-corruption and good governance reporting meetings, trainings, and study visits, and we have used educational methods such as themed activities, online education, and the publication of honest culture handbooks. In addition, we identified key employee positions in seven fields, including procurement, data management, and project construction, required to undergo group training. In 2012 alone 471,200 employees within our Group participated in anti-corruption and good governance education.

### Strengthening Oversight of Corporate Decision-Making Policy

In 2012, we emphasised the improvement of a "3+1" decision-making policy. In line with a collective decision-making process based on scientific and legal norms, we optimised the supervision systems of several critical functions including procurement, added-value services, position-related consumption, and management. We also developed a series of management mechanisms, including Procurement Supervision Management Methods, Position-related Consumption Supervisory Interim Methods, and Managerial Employee Accountability Implementation Methods, thus strengthening our supervision of corporate power and general management. Furthermore, we carried out anti-corruption demonstration projects within China Mobile's Planning, Sourcing, Marketing and Data functions. In our daily management, we pay great attention to the implementation of management supervision by line managers, the strengthening of the supervisory responsibilities of dedicated management departments, and the improvement of the supervisory functions executed by multiple tiers of supervisory departments.

#### Optimising and Constructing a "3+1" Decision-Making Policy

*The "3+1" policy decision-making mechanism is a structure that requires group agreement about company actions involving significant policy decisions, key personnel appointments or dismissals, important project planning, and/or the approval of large funds disbursements. In order to advance the implementation of the "3+1" policy decision-making mechanism, in 2012 our parent company formulated, printed and distributed two documents: the China Mobile parent company "3+1" Policy Decision-Making Mechanism Implementation Methods (Trial) and the Company headquarters "3+1" Policy Decision-Making Project Catalogue. We also emphasised the "3+1" principles, composition, procedures, scope, and supervisory methods, and confirmed a 143-issue "3+1" policy decisions notice.*

*We organise supervisory checks of the "3+1" policy decision-making mechanism for all of our companies, with all Group subsidiaries developing their own customised "3+1" policy decision-making methods.*

#### Implementing Specific Audits

Targeting high risk business and services, we have conducted specific audits for centralised procurement, and reviewed sourcing rights and accountability. In addition, we organised 28 provincial subsidiaries to complete management risk audits of our business partners and provided them with advice for improvement, subsequently optimising our business partners' services.

#### Encouraging Supervision by the General Public

We encourage public supervision and reporting of corruption. As such, we have set up multiple channels to receive reports from both the public as well as our own employees.

- We set up a public complaint and whistleblowing hotline (010-52616186) and email address (jubao@chinamobile.com) for those who wish to report illegal activities or violations;
- We introduced a "CEO Mailbox", where copies of employee and public reports of illegal problems and violations are sent;
- During procurement bidding processes, we communicate the whistleblowing telephone and contact information, monitor the processes for illegal activities or violations that may occur, and follow up on all complaints and whistleblowing reports received.

We have formulated management regulations that strictly protect the rights of whistleblowers, and have continuously improved the successful processing rate of complaints received.

## Responsible and Sustainable Supply Chains

Due to our company's large scale, we have an annual purchasing scope in the hundreds of billions of yuan, creating a huge supply chain that includes communication equipment manufacturers, information services providers (SP) and even mobile application developers. We fully realise that carrying out our supply chain responsibility entails not only the creation of a mutually successful and beneficial partnership model with our suppliers to achieve standardised and fair procurement, but even more importantly includes paying close attention to the companies' individual social responsibility standards and accountability, and using our influence to lead and improve the accountability of our entire supply chain.

### Shared Growth

We have established a two-tiered centralised procurement system. The first tier is collective 'first level' procurement carried out by our Group, and the second tier is collective 'second level' procurement carried out by our provincial subsidiary companies. We issue annual procurement catalogues for both 'first level' and 'second level' procurement. Purchases of any product in our 'first level' centralised procurement catalogue must be executed by our headquarters' centralised procurement. Every provincial subsidiary formulates its own 'second level' centralised procurement catalogue, building from the foundation provided by the 'second level' centralised procurement catalogue issued by our headquarters. This centralised management system has enabled China Mobile to continue to standardise and customise procurement management, establish healthy, standard and fair value chain conditions, and contribute to the development of our supply chains.

- Released a series of management policies including Procurement Implementation Methods, Bidding Implementation Methods, Logistics Management Methods, and Inventory and Warehouse Management Methods;
- Improved the functions of our electronic procurement platforms and solidified the standardised management process for 'level-one' centralised procurement and headquarters procurement projects. Purchases for all headquarters' centralised procurement projects must be completed through our electronic procurement platform;
- Established a supplier portal through which registered suppliers can use emails and portal messages to report procurement-related problems in a timely manner. This results in openness and transparency in procurement activities, and also allows suppliers to participate in the supervision of these activities;
- Signed mandatory Integrity and Honesty Promise with our suppliers to standardise the actions of both sides, strengthen understanding of honesty and integrity, and prevent bribery and unfair competition practices. At the same time, all of our headquarters' procurement management personnel signed the Integrity in Work Actions Principles, standardising the actions of procurement personnel and promoting honest cooperation.

In **Guizhou**, we set up a supplier management system which identifies high-performing, trustworthy suppliers facing financial difficulties. China Mobile provides these suppliers with a bridge by encouraging banks to provide accounts receivable financing to these firms, thus ultimately supporting the development of small and medium enterprises.

In **Xinjiang**, we set up a Cooperation Channel Association in June 2012 to serve as a communication platform for our business partners. Over half of our business partners in Xinjiang have joined the Association. The Association holds various types of activities on a regular basis, enabling each member to have full dialogues and exchange mutual assistance with other members, which has been commented upon positively by our partners.

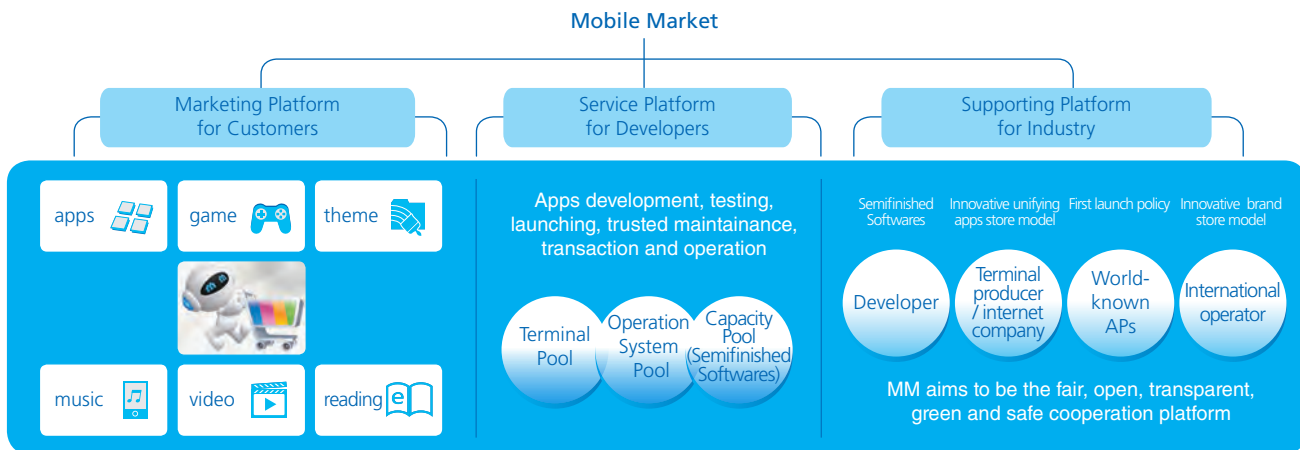
In conjunction with the arrival of the mobile internet era, 'open platforms' have become increasingly accepted across the industry and have pushed forward the rapid development of mobile applications. In August 2009, we introduced our Mobile Market (MM), which we have successfully transformed into an open platform that provides "three-in-one" services for customers, developers and supply chains. As of the end of 2012, Mobile Market had 270 million registered customers, 3.78 million registered developers, and 610 million full year application downloads.

Through Mobile Market, we provide developers with manageable capacities that derive from our core competency as an operator as well as other open capacities. It's an example of the significant efforts we undertake to create open, cooperative, and mutually successful mobile internet eco-chains for developers and service providers.

#### Mobile Market Million Youth Entrepreneurship Action

*China Mobile has used the Mobile Market platform to construct a business start-up 'incubator' for the youth on the internet, providing opportunities for outstanding young developers to realise their own abilities. In August 2010, we introduced the Million Youth Entrepreneurship Action and engaged with universities to invite student participation in mobile internet entrepreneurship. Since its inception two years ago, this initiative has involved over 2,000 universities across the nation, and as of the end of 2012, the activity has gathered over 1.7 million young developers who have collectively created over 1.06 million entrepreneurial products and 87 incubators. At the same time, we provided over 11 million yuan in start-up support funds and used our influence to create a platform for communication between entrepreneurs and investment fund companies, resulting in the approval of nearly 20 cooperative projects, providing developers with "one-stop" support from start-up to success.*





## Shared Responsibility



In Jiangsu, we held the 2012 Supplier Conference

Improving the accountability of our supply chain is very important for us, which is a critical component for us to improve our CSR management performance.

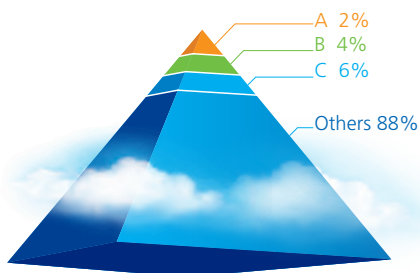
- We have introduced Social Accountability 8000 International Standard (SA8000), ISO 14000 and other CSR standards into our supplier rating criteras in the process of bidding, which has subsequently led our suppliers to evaluate their employee health, safety, and environmental protection, thus fostering the healthy development of our suppliers;
- We required our suppliers to strictly adhere to state environmental protection standards and to take social responsibilities. For example, during our centralised procurement of lead-acid batteries in 2012, suppliers unable to fulfill the environmental requirements were disqualified from the bidding process. Likewise, we terminated the collaboration with suppliers who were selected in the 2011 bidding process but unable to fulfill the environmental requirements.

In Henan, we used SA8000, as well as ISO 14000 environmental certification, to assess and confirm our suppliers' employee working hours, salaries and disbursements, and safety and health conditions. In 2012, we assessed 174 suppliers, of which 167 passed our assessment.

In Jilin, we refined and optimised our suppliers' product quality, product warranty, and environment standards, and strictly controlled supplier raw materials, production techniques, construction management procedures, product labeling, and user guides, thus improving our product quality. We have also incorporated product environment indexes as a criterion in our procurement process, and do not purchase products from suppliers who do not meet our environment protection requirements.

In terms of SP management, China Mobile clearly requires our business partners to construct management systems to strengthen information security and confidentiality, and to ensure the protection of customers privacy. In regards to violations of SPs, we act in accordance with the Monternet Business Partners Credit Point Management Policy and carry out punitive measures for violators which include taking services offline, suspending the payments, executing cross-service collective penalties, and terminating partnerships when necessary. At the same time, we set up a Value Added Service Business Partners Black List Management Mechanism, and carried out punitive measures in line with the severity of violations by SPs, such as cross-service collective penalties, terminating cooperation with involved service lines, and even terminating all value added service cooperation, thus increasing the cost of violations for our business partners.

Grade of China Mobile's Service Providers



# MORE SATISFIED STAKEHOLDERS

As a member of society, it is essential that our company fulfills the responsibilities we have to our stakeholders, while pursuing business success and meeting the responsibilities we have for our shareholders. We take our social responsibility in accordance with the needs of our stakeholders. To achieve mutual and sustainable development through responsible business operations, we must implement real actions in our daily business activities to continuously identify and satisfy our stakeholders' hopes and expectations.

By focusing on key requests expressed by our stakeholder groups such as our customers, employees, and the community, we adhere to the core principle of doing all we can to fulfill our responsibilities, in 2012 we have done our best to increase our stakeholders' satisfaction through:

- **Customer Service Improvement:** Continuing to improve our network, enhance our services, protect customers' rights, and improve our service experience;
- **Employee Development:** Optimising the protection of employee rights, with special emphasis on professional health and safety, creation of an excellent work environment, and expansion of employee career development opportunities;
- **Community Engagement:** Keeping our long term promises, using our philanthropic resources and employee volunteers to support public work and disadvantaged groups, and promote community harmony;
- **Environmental Protection:** Managing our company's environmental impact systematically, scientifically and comprehensively, advocating for green developments within the ICT industry, and leading society in environmental protection efforts.

We are deeply aware that as a company serving over 700 million customers, each action creates an impact on our stakeholders. Pursuing stakeholder satisfaction is an endless process of continuous improvement, and we endeavour to work assiduously in this regard.

## 31.2

*As of the end of 2012, only 31.2 complaints were received per million customers, which is the lowest rate in the industry for 3 consecutive years.*

## 983,000

*In 2012, we conducted employee training 983,000 person-times.*

## 15,749

*Since the inception of the "China Warm '12·1' Project" in 2008, the project has supported 15,749 children orphaned by AIDS and/or living in extreme poverty.*

## 14.6%

*In 2012, we achieved our annual target of reducing our energy consumption per unit of telecommunications traffic by 14.6% compared to last year.*

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# 0.29%

Our TD-SCDMA network quality has continued to improve with a call drop rate of only 0.29% in 2012, representing an improvement of 31% over the previous year.

## Providing Even Better Coverage for a "New Wenchuan"

After the 5.12 earthquake in Wenchuan, Sichuan Province, China Mobile actively participated in post-disaster rebuilding and undertook significant efforts to improve the area's network coverage, geological disaster forecasting, and emergency support, thus contributing to the construction of a new Wenchuan. As of the publication of this report:

- Network coverage of the cities, towns and administrative villages within the disaster area has reached 100%, an increase of 12.6% in comparison to coverage before the earthquake. We also participated in the joint construction of over 1,000 base stations in the area, increasing the size of our network to double what it was before the earthquake;
- We launched a "Geological Disaster Early Warning System" that provides early warnings through the video monitoring of five high-frequency rock slide areas in Yingxiu Township;
- We constructed 59 'super' earthquake-resistant base stations in 39 of the most severely affected counties, as well as in other counties or cities where Richter-scale readings exceeded 8.0, thus significantly increasing the earthquake resistance of our network.

## Ubiquitous and Caring Services

As the telecommunications company with the largest global network and customer base in the world, China Mobile must work to provide as many people as possible with ubiquitous (in both rural and urban areas), 'anytime', safe, and sustainable network services. In line with the growing integration of information communication services and our customers' personal lifestyles, we also need to continue to strive for the sake of our customers, take precautionary measures against risks, make the active protection of our customers one of our key responsibilities, and improve our service experience. (See pages 20-27 of our 2012 Annual Report for statistics related to our business development.)

## Reliable network

### A Wide-ranging Network

From snow-covered Mt. Everest to the moving sands of the Taklamakan Desert and the emerald waters of Nansha Islands, China Mobile's employees have been determined to construct information communication bridges for residents of remote areas. As of the end of 2012, we have 810,000 GSM base stations in Mainland China and our parent company has 280,000 TD-SCDMA base stations, making us in a leading position worldwide with respect to network coverage area and penetration.

In 2012, we supported our parent company to actively push forward TD-SCDMA, a 3G network based on China's own intellectual property. While continuing to optimise TD-SCDMA network outdoor coverage in medium and large cities and hot spots, we successfully carried TD-SCDMA signals to the 5,200 meter base camp of Mt. Everest, and enabled complete TD-SCDMA network coverage for the shipping routes at Xisha Islands of South China Sea. Meanwhile, in 2012 our WLAN network covered more than 80% of key areas including schools, hospitals, airports and bus stations in China, through which our customers can enjoy high-speed access to our wireless network. The network is the largest WIFI network constructed and operated by a telecommunications operator in China.

### An "Anytime" Network

In 2012, China Mobile undertook significant efforts to establish a network quality improvement system which emphasise on "the horizontal integration of end-to-end service realisation based on customer experience, and the vertical integration of network operation lifecycle management". In addition, we have made improvements in network quality in 321 cities across the nation. According to the results of a customer survey conducted by an independent third party, our customer network quality satisfaction improved from 79.23 in 2011 to 79.35 in 2012, continuing to outperform our competitors. As of the end of 2012, our network-related complaints had decreased by over 20%.



In Xinjiang, we provided telecommunications support for major construction projects



Our base stations in Nansha Islands



# 5,167

China Mobile provides customers with secure and stable networks during crucial moments. We implemented 5,167 instances of emergency support in 2012 alone.

In response to public incidents and natural disasters, we formed group, regional, provincial, and city-level emergency support systems that are under the direction of the Group's Emergency Support Leadership Task Force. We divided China into six major regions based on regional, transportation, disaster, and other relevant characteristics, built regional coordination support mechanisms, and established emergency support departments in every province. Our city-level subsidiaries established emergency support positions and have made initial progress in constructing work coordination mechanisms encompassing network, service, goods and materials, and logistics support. Throughout 2012, we successfully provided 5,167 instances of emergency support during major incidents or disasters such as typhoons and the Yiliang earthquake. (See page 52 for more statistics related to emergency support.)

Major Incidents in 2012	Emergency Support
Flooding and Typhoons	During the 2012 flood season, a total of 28 provincial subsidiaries were affected by 95 incidences of torrential rain and typhoons, leading to a loss of power in 28,000 base stations. We promptly initiated emergency response mechanisms following such incidents, investing significant amounts of manpower and material to ensure the rapid return of communications services.
Typhoon 'Haikui', Zhejiang	On August 8, 2012, Typhoon "Haikui" hit Zhejiang Province, causing torrential downpours throughout a large portion of the province, and even torrential 'super rainstorms' in certain areas. China Mobile mobilised 1,781 repair personnel and 360 disaster relief vehicles, to enable uninterrupted base station operations. We sent a total of 50.54 million emergency response messages and strongly supported the government's emergency response.
Earthquake in Yiliang, Yunnan Province	On September 7, 2012, a 5.7 Richter scale earthquake struck the borders of Zhaotong City's Yiliang County in Yunnan Province and Bijie Region's Weining Yi Minority Hui and Miao Autonomous County in Guizhou Province. 81 of our base stations in the Zhaotong area were rendered out of service and 12 optical cables were severed. We responded rapidly, activating 990 emergency response employees. We repaired the first group of 26 base stations three hours after the earthquake, and achieved complete disaster-area communications repair by 11 PM on September 9, 2012.

### Cooperating with the Environmental Protection Agency (EPA) to Improve Complaint Handling Efficiency

China Mobile is working with city-level environmental protection bureaus in Jiangsu to build a shared mechanism for tracking baseline statistics. We are also building a local pre-handling mechanism for residents' complaints management. We have made records and warning signs for base stations in sensitive areas and have rapidly addressed residents' complaints and inquiries in line with environmental assessment results.

### A Safe and Healthy Network

Along with the intensive coverage of our network, we have taken actions to address the public concern regarding base station EMFs. China Mobile has continuously improved management regarding this issue and strengthened dialogue with the community to build a healthy network and ease the concerns.

**Rigorous EMF Management:** In 2012, we continued to progress the implementation of the requirements of the Electric and Magnetic Fields Management Methods. Provincial subsidiaries also drafted provincial EMF management policies and launched regular training for employees. In compliance with the Methods, in 2012 we completed EMF checks for the first batch of 10 provincial subsidiaries, including our Beijing company. In 2012, qualified local environmental assessment organisation were invited by our provincial subsidiaries to conduct checks on over 40,000 base stations, with 99% of the stations found to have met EMF management requirements. Base stations that did not meet requirements undertook corrective actions, after which all were found to have met the environmental requirements.

**Strengthening Community Dialogue:** China Mobile has strengthened engagement with communities during the course of base station construction. Prior to construction, we conduct public surveys and make environmental impact evaluations publicly available to help communities gain an understanding of the base station and its environmental impact; we also provide reasonable channels for community communication. After construction is complete, we conduct public monitoring and surveys to enable local communities gain an understanding of base station operations and the real degree of its environmental impact. When base station operations commence, we immediately ask qualified companies to perform the associate monitoring and respond to the concerns of community residents.

**Conducting Joint Research:** China Mobile has actively conducted joint research on EMFs with third party organisations, focusing on EMF safety after the adoption of new technologies such as TD-LTE.

Research Content	Partner organisation
Critical Technology and Application Research regarding the Environmental Impact of Mobile Communication Base Station EMFs	Guangdong Province Radiation Protection Association and Guangdong Province Environmental Radiation Monitoring Center
TD-LTE Base Station EMF Environmental Safety Assessment Research	China Mobile Group Design Institute Co., Ltd - Electric and Magnetic Environmental Laboratory
TD-LTE Base station EMF Testing Specifications	China Mobile Group Design Institute Co., Ltd. - Electric and Magnetic Environmental Laboratory

**EMF Awareness Raising:** We actively work with the Environmental Protection Bureau to create informational videos on EMFs, disseminate environmental information on base stations, bring experts in to conduct talks with communities, organise community competitions on base station EMF knowledge, and conduct participatory EMF evaluations in residential areas. These activities have helped us increase the public's scientific knowledge of base station EMFs.

## Reliable Services

China Consumer Association statistics ranked the telecommunications services sector 4th in terms of complaints received during the first half of 2012, which means the sector still receives many consumer complaints. Although the complaint rate per million customers of China Mobile remains the lowest in the industry, due to our enormous customer base and the numerous areas affected by our service, it is difficult for us to completely eliminate all occurrences of customer rights infringement. According to China Mobile's annual customer satisfaction survey and related analysis, our customers' current concerns are primarily focused in the following aspects:

- Billing errors;
- Provision of services without the awareness or acknowledgement of customers;
- Tariff-related problems, such as "sky-high" roaming fees;
- Customer information security and privacy;
- Third party use of communication services to spread 'harmful information' and carry out malicious acts of fraud; and
- The timeliness of complaint handling and lack of ease and convenience in services.

In response to these issues, in 2012, we actively launched our "Excellence in Serving the People" activity, in line with our mantra of "Customers are our priority, quality service is our principle". On January 20 and May 17, we launched 20 measures to improve Serving the People activities, effectively supporting customer rights and creating a reliable service experience.

### Ensuring Accurate Billing

China Mobile set a billing accuracy target of 99.99% and executed three important measures to achieve this goal.

- We launched management initiatives to increase the data consistency of our entire network and achieved stable data consistency of 99.99%. At the same time, we optimised phone billing error checking standards and strengthened the management of erroneous bills to ensure phone roaming bill-accuracy rate exceeded 99.99%.
- We created two levels of data management mechanisms, achieving the aim of "Disseminating from one place, obtaining various responses, monitoring together" for data management, thereby ensuring the billing accuracy of data services.
- We enabled instant reminders for data usage such as first-time use, data thresholds, and reaching individual data caps, allowing customers to achieve real-time understanding of their data usage.

In addition, based on the motto of "If there is a calculation error, we will refund twice the sum", we implemented a "refund first, then check to confirm" policy for fee dispute resolutions when the correct solution is not instantly clear. We initially refund the appropriate fee based on the customer's request, then subsequently manage the situation in accordance with investigation results, ensuring the highest level of customer rights protection.

### Promoting Transparent Consumption

In response to problems such as customer complaints due to unawareness or lack of clarity pertaining to terms of service, we have set up a Comprehensive Process Transparent Service System which covers the entire service process, from signing contract, purchasing services, to fee deduction and service use, effectively ensuring our customers' rights to knowledge and choice.

- We provide a "Network Joining Reminder" service to the new customers, which alerts customers to all purchased service packages, services, and fees through text messages.
- We have comprehensively implemented "Second Confirmations" for subscriptions; customers must confirm the subscription of services twice before the system processes their request.
- We set up the first 'fee deduction reminder' for value-added services in our industry. Our system automatically sends a fee deduction reminder via text message to customers, and if customers disagree they can ask for the fee deduction to be terminated.
- We developed a "0000 United Inquiry and Unsubscription" service. While using our services, customers can send "0000" at any time to 10086 to quickly inquire about or unsubscribe to all value-added services purchased using their phone.
- We developed a "Data Flow Reminder" system; when customers first use data usage services or when data usage services reach a certain level, a text message is automatically sent to customers to alert them of their data usage status. When customers are roaming, which means their mobile phone is outside their service area, 10086 sends a reminder to avoid "sky high" bills caused by customers unaware of their roaming status.
- We developed new bill format with new items including "Recharge and payment records, gifted and returned monies, the usage of packaged services, bonus points balance and alterations, proxy-charged services and consumption details".

### Developing Better Billing Measures

In regards to recent media exposure of incidents in the telecommunications industry such as "Sky high phone bills due to unlimited mobile internet data flow package" and "Dispute over term of validity for 'use first, then pay' cards", China Mobile has developed improved billing measures for customers under its industry supervision framework.

- In response to issues surrounding high international roaming fees, we have decreased roaming fees for the United States of America, Sweden, Indonesia, the Philippines and Austria, with reductions for some countries reaching 90%.
- Since January 1, 2012, the validity of all newly issued recharge cards have been uniformly set at five years; the validity of unexpired recharge cards issued before January 1, 2012 has been extended by an additional 3 years, to a total validity of five years.
- We developed attractive deals such as Easyown's "Two cities, one home" deal and M-Zone's "Great Vacation" deal. These help to lower communication expenditures for migrant workers and students when they return home during the Spring Festival period. Total fee savings from this programme have reached 60%.



## Protecting Information Security

China Mobile has been taking measures to address the serious situation presented by frequent incidents of private customer information theft via the internet in recent years. In addition to the establishment of our Information Security Management Department in 2009, at the end of 2011, we officially established China Mobile Information Security Center. The Center centrally handles information security management and the governance of harmful information. In terms of specific management and technological measures:

- We set up a Customer Information Security Protection Committee and comprehensively implemented the customer information security "Five Bans" and related mechanisms, thus establishing a Customer Information Protection System on daily basis;
- We drafted the Information Security Work Assessment Methods (2012 Version), with points deducted for provincial subsidiaries that fail to meet standards in this area. We also built a 4A (Accounting, Authentication, Authorisation and Auditing) system, which comprehensively records and audits all service and maintenance operations;
- We developed a "Golden Storehouse Method" that strictly controls key operations involving sensitive customer information, covering a total of 17 key systems;
- We have carried out measures to obscure sensitive information in key service systems, preventing operations employees from gaining and divulging sensitive customer information;
- We have signed confidentiality agreements with employees, business partners and have launched customer information security management study sessions, ensuring that these trainings cover 100% employees from sales and management, telecommunication network maintenance and management, business support and management, third party maintenance and management;
- When an inquiry about a customers' detailed phone information, personal location, and other sensitive information is made, an alert or confirmation text message is sent to the customer's mobile phone, ensuring personal information security;
- In the course of new services development, we fully consider information security factors, and we appropriately also conduct the business services security evaluations, covering six aspects of network structure security, platform/software security, and service process security.

## Preventing Malicious Information Threats

Malicious software (Malware) on mobile phones has already become a threat to customer information security and privacy. Therefore we have set up a series of comprehensive protection systems and technological measures to guard against malware.

- **Establishing a united nationwide process.** We have set up a Mobile Phone Malware Monitoring Early Warning and Emergency Response System covering both headquarters and provincial subsidiary levels. We standardised the nationwide process for discovery, assessment, blocking and protection against unauthorised malware mobile phone modification by using a closed loop treatment process;
- **Optimising measures and synthesising our defences.** We have set up Mobile Phone Malware Monitoring Systems in Jiangsu and Guangdong Provinces. We conduct real-time monitoring and research on mobile phone malware and have developed anti-virus software such as "Anti-virus Pioneer" and "Mobile Phone Guard", which, together with our Network Monitoring System, check and eradicate threats, forming a synthesised defence system consisting of the "cloud" and the "terminal";
- **Central treatment, strong identification.** We conduct centralised, timely research and daily diagnostics of mobile phone malware and of complaints from customers whose mobile phones were infected by malware. As of the end of 2012, we discovered over 2,300 different types of network-side mobile phone malware, blocked more than 1,300 malicious control terminals, sent 12

# 17,000

*We continuously strengthen employee awareness regarding information security. In 2012, we conducted approximately 17,000 person-times trainings on the topics of information security and privacy protection.*

associated warnings to our customers throughout the year, and appropriately handled cases involving a total of 31 companies, in which our partners broke our agreements by using malware.

With respect to the management of harmful information, our company has continuously optimised our centralised management and control platform as well as our mechanisms reporting and handling harmful information, and, in doing so, we have strengthened our network.

- In 2012, we completed improvements to our 10086999 Report Platform and achieved automatic cross-provincial handling of multimedia messages spam across the entire nation;
- We investigated 100% of reports of harmful network information and spam made through channels such as our 10086999 text message platform and our 10086 hotline;
- We launched an "Identifying False Information, Tackling Text Message and Fraud" initiative on our microblog. This initiative encouraged the public to report, and together to fight against, text message fraud;
- We launched a special activity aimed at stopping the dissemination of pornographic and vulgar information on the internet and mobile phones, and we received and handled a total of over 20,000 customer whistle-blowing reports in this effort.
- We also conducted a portal-type text message service cleanup and rectification activity, closed 41 violating internet ports, and punished 12 illegal internet ports, effectively stopping the spread of such harmful information at its source.

## Establishing an Information Security Operations Center, Creating an Information Security 'By-your-side' Manager

*On September 21, 2012, China Mobile's (Luoyang) Information Security Operations Center was officially opened, becoming China's first operator-constructed centralised operations center aimed at mobile internet information security. The center has 500 service seats, and has a complete technological platform for mobile phone pornography control, spam control, unsolicited phone call control, mobile phone malware protection, malicious attack interception and internet service security monitoring, thus becoming the "Information Security 'By-your-side' Manager" for China Mobile's over 700 million customers. Since the center went into service, it has handled about 590,000 suspected pieces of 'harmful-information' per day.*



In Hunan, our sales employee advised customers on the prevention of spam messages and mobile phone viruses



In Guangxi, our sales employee explained our services to customers patiently



In Guangxi, our volunteers introduced how to use wireless phones to the elderly



In Zhejiang, we introduced the emergency mobile calling system to the elderly

## Expanding Convenient Service

We continuously improved the service processes of our sales outlet, online and 10086 hotline services, effectively improving the convenience of our services.

- We developed our industry's first "wait less than 10 minutes" service measure for sales outlets, and, as of the end of 2012, waiting time in over 95% of our sales outlets has been less than 10 minutes.
- We have actively constructed an online service outlet, providing comprehensive service in areas such as providing product and promotion information to customers, allowing for billing information inquiries, processing and upgrading packages and services, fee payment and phone recharging, and complaint handling.
- We use the 10086 customer hotline to provide 24\*7 customer service, with over 200 million individual services provided to our customers every month.

We have actively managed our commitments, made comprehensive information announcements to customers, and informed customers about service measures. These measures help to inform our customers of key points of services they should be aware of, thus ensuring overall information symmetry. For customer complaints, we have set up a uniform complaint process across our entire network and implemented united complaint handling mechanisms across our network, allowing customer complaints to be handled as soon as possible. For on-site complaints that cannot be resolved immediately, we automatically transfer these problems to an expert team for handling and keep them updated about the progress and results. In 2012, China Mobile's complaint rate of only 31.2 per million customers was the lowest in the industry, an achievement we have maintained for the past 3 years.

## Serving Special Groups

We have continuously improved the accessibility of our communication services. We do our best to overcome the digital divide caused by age, language and technology, and consider this as one of the most important responsibilities to our customers.

**Elderly-Assistance Services:** Our country is entering an era marked by an aging society. It has been estimated that by the end of 2013, China's elderly population will increase to over 200 million people. Therefore, in cities such as Beijing and Shanghai we have provided "Mobile Elderly-Assistance Card" services for men who have reached 60 years old and women who have reached 55 years old. With this service, our 10086 hotline can automatically identify elderly-assistance card users, and it will automatically connect them to our elderly customer special line. The special line has a speech rate lower than that of our regular hotline, ensuring that the elderly are able to accurately hear and understand what is being said. In addition to this, China Mobile has also actively expanded our community services for the elderly, providing information services such as emergency calling and services related to medical care and at-home care. (See page 38 for more information on these services)

**Services for the Disabled:** We have carried out numerous care services for individuals with disabilities. In Sichuan, we have opened a special 10086 Care Service for Individuals with disabilities, providing 24\*7 dedicated, expert services for over 50,000 individuals with disabilities across the province who use a Care Card. In Shandong, we have partnered with the government to develop an assistance programme for persons with disabilities, provided Care Cards set at the lowest fee standards for those with disabilities, and have given every card a 500-minute local network free calling subsidy every month. This programme covers 17 local cities throughout the province, with 100,000 beneficiaries.

**Services in Multiple Languages:** We fully respect our ethnic minority compatriots' different language needs and have developed special language services in ethnic minority areas, actively integrating into the local culture and meeting customer needs. In Neimenggu, we provide special services for over 4.2 million Mongolian customers in the province by providing services such as a Mongolian language channel and Mongolian script mobile phones. The Mongolian language hotline handles over 350,000 calls per month. In 2012, we also installed Mongolian language hotlines for Eastern Mongolian and Western Mongolian dialects to provide more detailed services. In Xinjiang, in May 2012, we developed a Uyghur Interactive Voice Response fee payment service, allowing Uyghur users to pay fees without leaving their homes.



## Fostering Employee Satisfaction through Mutual Growth

From all of the elements that constitute a company, employees possess the greatest energy and are the building blocks of sustainable development. A company's responsibility towards its employees is shown not only through the protection of employees' basic labour rights, but more importantly through imperative initiatives such as the participation and empowerment of employees in the company's decision-making process, and the sharing of the company's development achievements to create fair, long-term employee participation mechanisms; expanding the boundaries of professional career development; supporting employees in self development and value actualisation; and creating a harmonious work environment by enabling employees to enjoy professional and personal life.

### Guaranteeing Employee Rights

We respect and abide by the UN Global Compact's 10 Principles, and guaranteeing labour rights is one of our highest priorities.

#### Diversity and Women's Rights Protection

We respect diversity and are an equal opportunity employer. We oppose the use of child labour, and consistently adhere to the principles of gender and ethnic equality. As of the end of 2012, female employees represented 40.08% of all our employees, and ethnic minority employees represented 6.33%. (See page 51 for more statistics related to our employee diversity.)

In 2012, to enable our Labour Union fully execute its role in protecting employee rights, the company organised five training sessions for 280 employee participants, which effectively improved their expertise in employee rights protection and enhanced their own professionalism and vocational knowledge.

We have actively launched dedicated programmes focusing on the protection of the rights of our female employees:

- The Group's Labour Union specifically set up a Female Employee Committee and established committee branches in all of our provincial subsidiaries. The Group's Female Employee Committee consists of 628 members;
- The Labour Principles of the Group's Labour Union's Female Employee Committee has been fully implemented, with measures in place to protect female employment, salary distribution, vacation leave, social security, and educational development rights. In addition, we have launched specialised female employee work inspections accordingly;
- 28 of our provincial subsidiaries have signed Female Employee Rights Protection contracts with their female employees, the implementation of which has gone smoothly;
- We have utilised an array of solutions to help solve real issues faced by our female employees. For example in Guizhou Province, female employees with children under 14 are given an extra day off on their child's birthday. Arrangements have also been made for female employees to be able to work closer to home while breast feeding;
- We have showcased examples of exemplary professionalism and accomplishments achieved by our female employees to help inspire others to achieve the same. We actively search for and cultivate female talent, and select and recommend excellent female employees on an ongoing basis.

#### Occupational Health and Safety

We implemented a number of strategies in 2012 to strengthen safe production management, improve employee safety awareness, and protect employee vocational health and safety. In 2012, there was no construction work related accident.



In Anhui, we launched "Warm Afternoon Tea, Connect You and Me" activities for the female employees at our customer service centre

- **Safe Production Responsibility Management System (Trial) was comprehensively implemented**, ensuring that responsibility for safe production covers in every link of our value chain, and every employee involved in production, thus enabling the gradual establishment of a complete China Mobile safe production responsibility system;
- **We actively promoted initiatives to improve safe production** by commencing with modifications on five regulatory frameworks, including the China Mobile Safe Production and Protection Management Method, to generate a comprehensive increase in the level of expertise in safe production management;
- **We carried out large-scale safety inspections** with safety checks completed at 405 key sites, including communication equipment buildings, base stations, sales outlets, and customer service centers, among others. We discovered safety issues and organised the implementation of the required changes and improvements by work units at the relevant sites. A issue rectification rate of over 90% was successfully attained;
- **We communicated the importance of safety on a wide spread basis**. In 2012, videos on safe production were watched 390,000 times and over 400 emergency evacuation drills were held, with employee participation rates higher than 80% in both cases;
- **We set up safe production feedback boxes**, collecting ideas and feedback on strengthening production safety, as well as reports of production incidents and issues, from employees;
- **We drafted The Safety Performance Evaluation Method**, which deducts performance evaluation points in the Appraisal System in accordance with the severity of an accident. The Method also calls for disciplinary measures, such as warnings, administrative measures, demotions, or dismissal, to be imposed on the leaders of work units responsible for accidents.

#### Employee Engagement

China Mobile has set up an open employee grievance system which incorporates multiple channels, such as an Employee Representative Conference, fair consultation mechanisms, CEO Mailbox, and Suggestion Platform, to ensure our employees' grievance and comments are fully expressed.

In 2012, we introduced our "Meet Our Grassroots, Understand Their Expectations, and Change Work Style" initiative. This initiative enabled our management to gain an understanding of the company's first-line employees from multiple viewpoints and levels. First-line employees' thoughts were captured, shortcomings at work were examined, and a multitude of ideas and advice were compiled, all serving as a foundation for us to build our future decision-making processes.





## Employee Professional Development

### Performance and Motivation

In addition to providing market-competitive compensation and social security benefits for our employees, China Mobile is also devoted to establishing fair incentive mechanisms to keep our employees engaged at work.

In July 2012, we began to carry out comprehensive, performance-based changes to our sales employee salaries, using an itemised incentive calculation method which ties each employee's variable income with the individual, as well as their sales outlet's overall sales performance, service quality, and other performance targets. This resulted in an increase in the flexibility of sales employee compensation and also improved implementation of the compensation distribution principle. As of the end of 2012, the implementation of these changes has covered over 95% of sales employees.

### Training and Development

In 2012, China Mobile focused on refining our corporate strategy, matching employee developmental needs, strengthening the foundation for development, enhancing the scope of our training, innovating training methods, and increasing training effectiveness. We developed and implemented a plan to enable all employees undergo various types of training. 983,000 person-times of training was conducted throughout the year. (See pages 51-52 for statistics on our company's employee training and development in 2012.)

- Enhanced Training Management:** We have adopted initiatives that included setting up a Training Management Quality Evaluation System, formulating and maintaining an online university, course database, and internal trainers, to construct a strong complementary training resource management platform that unifies headquarters and provincial subsidiaries.
- Innovative Training Methods:** We used multiple types of training such as interactive learning, face-to-face teaching, online examination and certification and provided mixed-type courses, to greatly enhance and expand online studies. In 2012, our National Course database contained 7,117 courses. And our online university has provided 230,000 person-times of training to the employees, with each person studying up to over 25 hours on average.

At the same time, we also strengthened the internal job rotation among different ranks, districts, and departments. We sent the first batch of 23 employees from headquarters to 14 of our provincial subsidiaries or production centers for 1.5-2 year terms of practice, which will further enhance their overall competency and ability.

### Achieve more, Earn more — A New Way to Motivate Our Employees

*"Following the implementation of the itemised incentive method, my salary this month is twice the salary I received the same month last year. This is the highest monthly salary I have received over the past six years." Wu Jing (anonym) who works at the Mobile Shengli Road sales outlet in Bengbu, Anhui, is an experienced sales employee, having joined China Mobile in September 2005. She stated: "Since April this year, my incentive salary has been continuously increasing. Although I need to work harder, it's worthwhile, because I can expect how much money I'm able to earn every day, which makes me feel more satisfied." The service outlet's manager explained that after the service outlet implemented the performance-based incentive system, sales employees' understanding of the necessity of sales initiative strengthened. Of course, not every sales employee is as exemplary as Wu Jing, and some sales employees have had their salaries decrease due to non-performance, however there has been no objection as the principle of "achieve more, earn more", is understood by everyone.*



In Anhui, sales employees receive daily salary notification text messages



In Shannxi, we launched "Excellence in Serving the People" training

## Work-Life Balance

In line with the ever increasingly levels of market competition, our employees also unavoidably experience increasing level of mental and physical stress. We have adopted a combination of various initiatives to help our employees achieve good work-life balance, encouraging them to enjoy both their personal and professional lives.

### Employee Assistance Programme

China Mobile has comprehensively expanded its psychology-based Employee Assistance Programme (EAP) to strengthen psychological counselling and ease work stress. As of the end of 2012, our company headquarters and 31 provincial subsidiaries have already implemented the EAP, covering over 200,000 employees.

- **We held EAP backbone employee training classes.** In June 2012, 60 of our 180 EAP specialised employees, who were all trained with the cooperation of the Beijing Normal University's School of Psychology, were selected to continue their EAP training, taking us another step forward in the cultivation of an EAP backbone employee team;
- **We held the second EAP Forum.** The second EAP Forum was held in November 2012 to promote our internal dialogue regarding EAP. The forum, which carried the theme of "Happy Company and Harmonious organisation", also served to actively promote domestic EAP industry development;
- **We initiated the Headquarters EAP project.** In November 2012 we officially kicked off the Headquarters EAP Project with a theme of "Mental Maturation, A New Future". The project covers all headquarters employees.

### Helping Employees in Need

As of the end of 2012, 17 of our provincial subsidiaries have established employee Mutual Aid Funds (also referred to as "Needs-Support Fund") which are used to support and provide relief to those employees who experience disasters, serious illness, and accident related injuries. Many employees in need and their families have received help from these funds, and in 2012 we introduced the Advisory on Strengthening Employee Mutual Aid Fund Management (trial) to further improve systematic, standardised, and day-to-day aid disbursement as well as promote operational standardisation and transparency.

In Shanghai, we collected 925,000 yuan through our "Care Aid Day", of which the entire amount was placed in our Mutual Aid Fund and subsequently disbursed 378 person-times to employees in need.

### Happy Work and a Happy Life

The Labour Union has held a variety of enriching recreational, cultural, athletic, and fellowship-promoting activities, helping our employees enjoy a rich leisure life, reduce work pressure, and strengthen their sense of belonging.

Since 2008 our headquarters' Labour Union has established 19 Employee Interest Societies, covering the fields of sports, culture and arts. These societies encourage our employees to take advantage of their leisure time for healthy activities, for example health-promoting activities, and increase inter-employee dialogue. We have also held a variety of activities such as chess and bridge competitions, mountain climbing competition, and a painting and calligraphy exhibition. In recognition of our accomplishments, the State Sports General Administration of China acknowledged our headquarters' Labour Union as "Advanced Work Unit in Fitness for All" in 2012.

In Henan, to improve issues related to poor working environments and low employee perceptions normally associated with rural areas, we adopted "Constructing Employee Mini-home" as our theme. Program activities included assessing the needs of our first-line employees and subsequently providing exercise equipment, cutlery sterilisation units, refrigerators and air conditioners, building small kitchens, dormitories, shower facilities and small meeting rooms, to further improve working conditions.

# 200,000

EAP covers over 200,000 person-times.



In Gansu, we held junior EAP training for our service center employees



In Hebei, our employees actively joined a shuttlecock-kicking competition



In Shaanxi, a tug-of-war competition was launched for our employees



In Ningxia, we visited mothers with newborn babies

## Shared Development Creates Harmonious Communities

The development of public philanthropic work is not only an indicator of a society's progress towards civilisation, but also serves an important function in realising social security, and is one of the foundations for the establishment of a harmonious society. As a large-scale services provider with the widest coverage in the nation, China Mobile is obliged to care and support the social welfare. Our information communication technology and large-scale network coverage creates a conducive environment for us to participate in and support philanthropic work.

### China Mobile Charity Foundation

In 2009, China Mobile invested 100 million yuan to set up the China Mobile Charity Foundation in order to realise long term social investment and standardise the operations of the company's charitable resources. The Foundation, under the guidance of the Ministry of Civil Affairs, has continuously improved its management structure, operational standardisation and transparency.

- Our Foundation strictly abides by the regulations of the China Mobile Charity Activity Management Methods in executing fund management and project operations. It uses comprehensive budget management as the basis of fund administration, and establishes a three-year rolling plan and annual public charitable project planning, to ensure the proper application of public charity funds;
- Our Foundation holds regular board administration meetings. Policy decisions are made by the board in a scientific manner, covering various key issues such as planning for the Foundation, key project regulations, approval of new projects and budgets;
- Our Foundation operates transparently, and uses the Foundation's Website, the Public Charity Times, and other channels to release important information such as the Foundation's annual report summary, and the status of various project's operations;
- Our Foundation has passed the annual audit conducted by the Ministry of Civil Affairs, and actively participated in foundation assessment work organised by the Ministry of Civil Affairs.

As of 2012, the Foundation has launched effective and influential public charity projects in multiple sectors including poverty relief, education aid, and child care, winning several external honors. In 2012, we received the China Charity Award's "Corporation with the Most Love-filled Donations" award from the Ministry of Civil Affairs, being the 4th consecutive year we won this award. (See page 52 for more statistics related to the Social Welfare.)

### Development Aid and Poverty Alleviation

In order to promote the development of underdeveloped regions and to actively fulfill our responsibility towards society, we have actively worked with our parent company to continuously deepen our work in development aid and poverty alleviation. This is done by adopting measures such as industrialisation-based poverty alleviation, science and technology poverty alleviation, and management poverty alleviation to accelerate the economic development of regions receiving aid.

#### Development Aid

We have actively supported our parent company in assuming development aid for Xizang's Gaize county, Heilongjiang's Huanan and Tangyuan counties, and Qinghai province's Maqin County. As of the end of 2012, we invested a total of 220 million yuan to support local infrastructure construction, and 24 volunteers have individually visited these poverty stricken districts to initiate development aid and poverty relief. In 2012, we distributed a total of 37.43 million yuan in development aid and poverty alleviation, with project investments focused on grassroots, agricultural and herding initiatives. China Mobile's parent company also actively applied to provide new aid in three nationally-ranked poverty counties in Xinjiang: Kashgar District's Shule county, Hetian District's Luopu county, and Kezhou District's Akto (Aketao) county, which has been officially approved by the State Council.

In 2012, our parent company was honored as "Outstanding State-owned Enterprise in Developing Poverty Alleviation Work (2001-2010)" by the SASAC and the State Council's Poverty Alleviation Office.

#### Cultivating Self-Reliance in Poverty Alleviation

For China Mobile, targeted poverty alleviation does not simply mean the provision of funding support, but rather that poverty stricken areas can only be truly helped through the adequate use of the company's resources, technology, and management expertise; our goal is not to "give a fish", but rather to "teach how to fish" to alleviate poverty.

**In Gansu**, we invested 1 million yuan to improve basic facilities and alleviate chronic water shortages. In addition, agricultural and herding specialists were invited to teach in many villages on topics such as animal breeding, crop horticulture, and to provide on-site guidance to farmers, in order to improve rural residents' technological abilities in cultivation and breeding.

**In Hebei**, we raised 620,000 yuan to implement drinking water projects for people and livestock in Su Jia Ju village to resolve residential and industrial water problems suffered by the villagers for almost 30 years. In addition, projects encouraging local modernisation of chicken, pig, and sheep breeding facilities and vegetable greenhouses successfully commenced.

**In Guangdong**, we carried out over 150 person-times of training for junior level rural cadres in Qingyuan city. The trainings, conducted based on our experience in establishing strong performance management, aimed to improve agricultural management links and support the design and development of Excellent Village Management Model. We also formulated the Excellent Village Performance Assessment Principles, with exemplary villages selected to serve as experimental points, effectively improving village management level.





## Caring for Disadvantaged Groups

China Mobile pays great attention to the needs of disadvantaged groups, and for many years has united society's strength in carrying out targeted sustained assistance for children orphaned by AIDS, impoverished children with congenital heart defects, and rural elderly with cataracts. China Mobile not only provides practical aid to these disadvantaged groups, but also generates great social influence which helps raise the attention of the whole society on these groups, creating a good environment for charitable aid.

### The Warm China 12.1 Project

In 2008, China Mobile partnered with the China Women's Federation and the China Children and Teenager's Fund to jointly set up the "Warm China 12.1 Charity Fund - China Mobile Care Action", and contributed 50 million yuan to establish the Warm China 12.1 Charity Fund. Within five years, we planned to help 10,000 children orphaned by AIDS or living in extreme poverty find loving families and provide 1,000 yuan of support to each child per year.

Due to the fear and prejudice society has towards AIDS, children orphaned by AIDS face many problems including poverty, disease, loss of schooling, and discrimination. During the course of project implementation, visiting and aid funding initiatives frequently experienced unexpected obstructions or hindrances.

In the five years since work commenced, under the guidance of the Ministry of Health and the State Council's AIDS Working Committee Office, China Mobile and various project partners have overcome many difficulties, stabilised implementation, and achieved solid progress. The project now covers over 300 districts (counties, cities, prefectures) in 15 provinces. 15,749 children are covered by the project, with over 50 million yuan in aid distributed. The project is currently the nation's highest funded and most expansive public benefit project for children orphaned by AIDS and children living in extremely poverty. The project has become a key supplement for the government's own work in the area. In 2011, the Ministry of Civil Affairs nominated the project as "China Charity Award - Most Influential Charitable Project Award".

In order to improve project effectiveness, our company has not only contributed funds, but also made practical efforts on several fronts such as the development of comprehensive project management, promotion of project implementation, and raising of public awareness.

<p>Constructing Complete Project Management</p>	<ul style="list-style-type: none"> <li>Organised the joint participation of our partners' high-level management in the Project Management Committee, which formulated The Warm China "12.1" Charity Fund's Management Regulations and standardised project implementation.</li> <li>Developed a project website and project management platform, currently China's largest database of children orphaned by AIDS.</li> <li>Established detailed disbursement and receipt records for funding and hired accounting firms to conduct audits to ensure sufficient and timely disbursement of funding.</li> </ul>
<p>Promoting Project Implementation</p>	<ul style="list-style-type: none"> <li>Held project training at regular intervals, covering over 8,000 person-times of training to project managers and care parents.</li> <li>Traveled to Anhui, Yunnan, Xinjiang, Hebei and Hubei provinces to implement project supervision, direction and leadership, and have set up dialogue mechanisms to ensure timely reporting of project progress.</li> <li>After funds has been disbursed, we use multiple measures during the follow-up process to protect the orphans' personal data privacy.</li> </ul>
<p>Initiating Care Activities</p>	<ul style="list-style-type: none"> <li>We have solicited young aid recipients for the creation of "My Dream"-themed articles and pictures.</li> <li>We co-held the "Bright Futures in Our Hearts" children rights forum to research and discuss rights issues of children affected by AIDS.</li> <li>Our company volunteers accompanied children receiving aid and parent caretaker representatives in the "Beijing Trip" activity.</li> </ul>



"My Dream", painted by a 9-year-old girl



"Thank You", painted by an 11-year-old boy



In Yunnan, our volunteer assisted a child aid recipient with his homework

*We spread the seeds through the '12.1' Project. We hope that the seeds will lead more people to care for children orphaned by AIDS and create more harmonious living conditions for these orphans, as well as creating a more bright future.*

-- Li Zhengmao, Vice Chairman of China Mobile Charity Foundation







Our employee volunteer drew a picture with a hospitalised child aid recipient



Our volunteers accompanied children aided by the "Heart Caring Campaign" on a one-day tour of Beijing



In Guangxi, we donated telecommunications equipment to a school for left-behind children

### "Love on Tian Mountain" Joint Development Programme

*We actively respond to the needs of the Ministry of Civil Affairs, for example through our participation in the "Love on Tian Mountain" joint development programme, through which we have donated 2.75 million yuan. In 2012, we successfully built the "China Mobile Internet School for the Elderly" (Day-time Caring Center for Community Elderly), SOS Children Village, and the "China Mobile Love Electronic Reading Room" for four minority middle schools in remote locations. Our initiatives positively affected the lives of over 9,000 elderly citizens and the 3,809 students of remote schools.*

## China Mobile "Heart Caring Campaign"

According to the Ministry of Health, approximately 150,000 children were born with congenital heart disease in China every year. Only about 60,000 of these children were able to receive timely care, while the remainder, due to factors such as family poverty and poor local medical expertise, were not able to receive such care. Currently, aid for impoverished children with congenital heart disease faces two major problems. The first is the lack of a screening system - large numbers of children suffering from the disease are unable to receive a timely diagnosis, missing the precious opportunity for treatment. The second is high surgery fees. Normal surgery costs for congenital heart disease are tens of thousands of yuan, or even over 100,000 yuan, which is very difficult for poor families to afford.

In August 2011, we united with stakeholders to start the "China Mobile Heart Caring Campaign" in the Neimenggu Autonomous Region. The China Mobile Charity Foundation donated 11 million yuan to purchase a mobile screening car, began to offer free congenital heart disease screening, and aimed to bear the entire cost of surgeries for 350-400 impoverished children with the disease. In August 2012, the project expanded to the provinces of Henan and Liaoning where we donated 19.50 million yuan, and we planned to assist 600-660 children in 2012-2013.

The project has now been ongoing for over a year, and in Neimenggu, our mobile screening car has traveled 25,000 kilometers, provided free screening for 10,821 children in 38 banner counties, and completed surgeries for 377 children. In Henan and Liaoning provinces, our mobile screening car has carried out free screening for 1,726 children suspected of having the disease, and has initially confirmed diagnoses for 628 impoverished children. We are in the midst of arranging for these children to receive in-hospital surgery and care, with surgeries already completed for 216 children.

In contrast to similar projects, our China Mobile "Heart Caring Campaign" has three major distinguishing characteristics. The first is the use of mobile medical treatment technology, which has enabled three-in-one screening: mobile screening, data transmission, and remote consultation. The second is China Mobile's funding to bear all surgery fees. The third is the combination of project aid and volunteer service, with company and project partner volunteers accumulating over 1,000 hours in volunteer time thus far. In 2012, the UN Global Compact selected this Campaign as a "China's Best Practice" case.

## Other Exemplary Projects

Every year China Mobile's provincial subsidiaries launch projects to aid local disadvantaged groups, with local needs taken into consideration.

**In Hubei**, we launched the large-scale "Hubei Province's Care Campaign for 10,000 Left-Behind Children" activity. The activity collected 10,000 wishes from left-behind children, enlisted 1,000 Care Homes from society, donated 100 Care School Buses, and collected 10 Care Promises, enabling the left-behind children to receive the society's care.

**In Jilin**, together with the Changchun City Children's Welfare Hospital, we established the "Big Hand Holding Small Hands, My Heart Warming a Child's Heart" project, which focuses on the psychological health of orphans and disabled children. Over 8,000 yuan of goods have been donated to the project.

**In Shanghai**, we worked with the City's Charity Foundation to implement the "Light Up the Field of Vision" project to help citizens suffering from eyesight issues. Every year the project enables over 50 elderly citizens to undergo cataract surgery. Since the project's inception, 100 senior citizens in districts such as Fengxian and Jing'an have received assistance. They are once again able to see the light of hope.

## Supporting Education Development

Education is of fundamental importance to the fulfillment of China's long-term goals. Promoting the development of education is one of our main focuses in charity commitment.

### "Blue Dream" Educational Aid Plan

For the last seven years, our company has worked with the Ministry of Education to jointly implement the "China Mobile Central and Western Regions Impoverished District Rural Primary and Middle School Education Aid Project", which aims to improve the conditions of primary and middle schools in impoverished districts in China's central and western regions. As of the end of 2012, the project had set up 1,694 China Mobile Libraries and 674 multi-media classrooms in 23 provinces in these regions. In addition, the project has implemented innovative measures such as "shadow training" and informationalised long distance training methods to train 48,205 principals of primary and middle schools.

The project's annual review reported that principals who participated in the on-site training shared their thoughts, ideas, system and methods in school management through dialogues, lectures, interviews, school-based teaching research, and other activities. From this basis, they diagnosed problems in school management, discussed "hot" problems in education, shared school management experiences, and learned from each other, yielding significant results. After receiving shadow training, 91% of participating headmasters felt they now had techniques to resolve bottlenecks and other issues encountered during the development of their schools, while 78% of participating principals felt their educational management and teaching guidance abilities had improved.

From 2012-2015, together with the Ministry of Education, we will jointly implement a nation-wide training programme to improve the information technology abilities of primary and middle school teachers. The programme aims to train 200,000 primary and middle school information technology teachers, to achieve the goal of at least one information technology teacher per school in the Midwest and countryside. In addition, the programme will provide dedicated special training to 2,000 primary and middle school teachers. The project completed the development of teaching materials and online courses for these teachers in 2012.

### Standing by 10 years of Love for Liang Mountain

*Sichuan Province's Liang Mountain, where is Yi Minority Autonomous Prefecture, includes 10 national, one provincial, and is a prefectural-ranked impoverished counties. The state of education in the prefecture has been poor. Since 2001, China Mobile has used aid funding to help extremely impoverished local high school and university students complete their studies, and to set up Hope Schools and libraries, contributing to Liangshan's educational cause.*

*From 2001 until the present, we primarily utilised employee donations to invest over 260,000 yuan into this effort, including educational equipment worth over 70,000 yuan. We also donated more than 1,000 pieces of clothing and 5-truck loads of daily use articles, 700 books, and 500 stationery sets, assisting a total of 45 high school students and 105 students admitted by high-ranked universities.*

### Aid for Impoverished Students

Our company has donated funds, provided part-time work opportunities, and utilised other methods to provide economic aid to impoverished students to support them in their efforts to complete their studies.

In Shaanxi, our "Care 100" Study Aid Activity has been carried out for seven years, during which it has raised over 12 million yuan and provided aid to 3,532 poor university students. In 2012 alone the project's donations exceeded 2 million yuan, with 516 fresh university students each receiving over 4,000 yuan in funds.

### Supporting Employment

In 2012, we demonstrated our unique business characteristics and platform effectiveness by providing employment guidance to university students and business start-up support.

In Jiangsu, we held the "12580 University Student Job Seeking/Business Start Up Competition", which convened and selected outstanding business start-up teams formed by university students around the province. The initiative also provided critical support such as dedicated training, internships, and start-up funding.

In Ningxia, by embracing university-enterprise collaboration through the concepts of 'collaborating to operate schools, educate people, obtain employment and achieve development', we have formed deep and extensive collaborations with universities in various ways. By donating telecommunication facilities to local universities, constructing a base for students to gain practical experience, and other initiatives, we are enabling university students to improve their vocational skills and technological expertise.

### "M-Zone Job Hunting Platform" Promotes University Students' Employment

*In December 2012, China Mobile and the Central Committee of the Communist Youth League officially released the "12582 M-Zone Job Hunting Platform". This platform compiles recruitment information from the entire nation's campuses and provides targeted information and employment guidance services from regions around the country for fresh university graduates. Graduates can use the internet, multimedia text messages, voice hotlines, and other methods to obtain free information, including topics such as job searching, employment advice, internship, and campus recruitment alerts, allowing them to experience the new informationalised job-seeking experience that combines "Pre-employment Training + Job Search + Employment Advice". Before the platform was released, it was test run in the Chongqing region and achieved significant results. Over 250,000 pieces of recruitment information were distributed and a large number of renowned domestic and international companies participated in online selection interviews, creating a communication channel for graduates and employers.*



*"When I was young, my mother told me something I could not forget for the rest of my life, which was, 'To make a fire, you need a stoke hole, to be a good person, you need to have a sincere "heart".' My contributions to impoverished students are my way of paying back to society. I don't care about eating or drinking well, I also don't care about enjoying material things, and I certainly won't give my children a lot of money; I just want to do all I can to help those who are in need. If my hard work could change even one person's life, I will feel the greatest joy in my life!"*

--- He Shuangquan, China Mobile 2012 Employee Philanthropy Star



In Jiangsu, the volunteers helped elderly people with no families cut their nails



In Anhui, our volunteers delivered books for left-behind children



In Guizhou, volunteers launched "City and Countryside Children Hand In Hand" activities

## Advocating Volunteer Service

A responsible China Mobile needs responsible China 'Mobilers'. Our company whole-heartedly advocates responsible culture, encourages provincial subsidiaries to set up employee volunteer organisations, and carries out one-paid-volunteer-day policy to encourage employees to take part in volunteering activities. In 2012, the number of employee-volunteers has reached over 90,000, with over 330,000 hours of volunteering services provided.

In Shanghai, we set up a 500 employee-volunteers team, split into 23 branch teams.

In Fujian, 45 of our Sanming branch company volunteers donated blood on June 14, 2012, the 9th World Blood Donation Day. 3 of these volunteers also donated bone marrow.

In Guangdong, in cooperation with Junior Achievement (JA), one of the world's largest non-profit educational institutions, we launched the "China Mobile Volunteer Campus Commercial Education Plan" to help youths prepare for employment. 42 China Mobile volunteers participated in this project, which covered five high-ranked universities and four renowned middle schools in Guangzhou, benefiting over 570 students.

### A Volunteer for 15 Years, Giving to Society

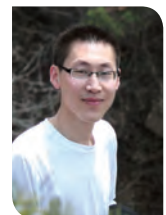
Mr. He Shuangquan, the project administrator of the Suqian Branch of Jiangsu Mobile, was born in a peasant family. Keeping "honesty and kindness" in his mind, since he began working in 1997 and as a volunteer of Suqian Red Cross and the Cancer Patients Recovery Association, he has donated a total of over 100,000 yuan to help the vulnerable. In recognition of his efforts, he was honored as the Volunteer of Cancer Rehabilitation Society of Friends of the United Nations and Advanced Worker of Suqian Red Cross.



Benefited by China Mobile's advocacy of volunteering services and supported by his family, He Shuangquan has inspired many people. In his mind, everyone will encounter difficulties and eventually need help as well. Giving a helping hand to those in need will light the world.

### Establishing a City's Volunteer Society

As the General Secretary of "I Love Rizhao" Volunteers Club, Mr. Wang Dapeng devotes himself to the promotion of volunteering services in Rizhao. With his strong leadership, the club adheres to the spirit of "dedication, love, mutual aid and harmony", and launched numerous activities focusing on social services, environmental protection, healthcare, education, and urban civilisation. The Club's 12,000 volunteers have become a beautiful scenery of Rizhao.



At the same time, with support from China Mobile, Mr. Wang led club members to improve volunteer management through informationalised activity management. The club published "I Love Rizhao" magazines, newspapers and brochures to promote the volunteering spirit, set up a volunteer hotline "18806330633", and kicked off "Meeting on Saturday" activities to encourage the public to join. In 2011, the club was recognised as a Shandong Famous Service Brand, making it the first volunteering organisation to receive this award.

## Creating A Sustainable Environment

Building a civilised ecological environment system is crucial to the long-term development of mankind. Faced with the challenges of tightening resources constraints, severe environmental pollution and a degraded eco-system, we understand that we must incorporate the philosophy of green technology, recycling and low carbon-use into our operations and strictly control our environmental impact. At the same time, we must do our best to leverage our influence and technological advantages to lead our industry in green technology, push forward changes in the social economic development and individual lifestyles, and contribute to the development of a resource-efficient and environmentally-friendly society.

## Optimising Environmental Management Systems

Since 2007, we have implemented an overarching Green Action Plan which focuses on energy conservation and emissions reduction to improve our performance in environmental management, energy conservation and emissions reduction from the perspective of our company, supply chain and the society.

Our current Green Action Plan organisational structure consists of a headquarters-based leadership team, a dedicated office responsible for daily tasks and coordination, a provincial-based leadership team, and specific personnel overseeing routine work.

In accordance with requirements set by ISO 50001 and GB/T 23331 Energy Management System, we use the Plan-Do-Check-Action cycle to continuously improve our management system, with energy management as the core focus.

**570 million**

As of the end of 2012, the cumulative investments of our Green Action Plan reached 570 million yuan, contributing to energy conservation and emissions reduction.

### Launching Third Party Energy Auditing Corrections and Improvement

*We continued our energy auditing project in 2012 in our Guangdong, Jilin and Sichuan subsidiaries. Building on earlier audits, we identified 11 improvements in four areas based on energy management procedures. We circulated and implemented the audit correction advice in our provincial subsidiaries to lower our energy consumption.*

### Main Tasks in 2012 for Energy Conservation and Emissions Reduction

Formulating Reduction Plan and Investment Plan	<ul style="list-style-type: none"> <li>Formulated the 2013-2015 Energy Conservation and Emissions Reduction Plan, identifying our ideology and goals for the next three years and introducing our measures to progress;</li> <li>Formulated our specific investment plan for 2013;</li> </ul>
Promoting Mature Energy Saving Measures	<ul style="list-style-type: none"> <li>Updated and released energy conservation technology catalogues and guidelines;</li> <li>Promoted the implementation of base station energy conservation designing requirements for specific scenarios;</li> <li>Expanded smart carrier frequency technology and other mature technologies;</li> <li>Expanded the utilisation of natural cooling sources and increased ambient temperature of base stations;</li> <li>Completed energy saving modifications to equipment rooms and other facilities;</li> </ul>
Refining and Implementing Energy Saving Standards	<ul style="list-style-type: none"> <li>Promoted equipment energy saving ranking standards: actively promoted the use of energy saving rankings and green packaging in the centralised procurement of core equipment as well as the use of energy saving labels;</li> <li>Formulated the China Mobile Energy Efficiency Assessment Management Methods, updating and optimising the assessment standards for office buildings, equipment rooms and base stations;</li> <li>Formulated the green-star ranking standards for various facilities and completed energy saving assessments for 24,000 facilities, of which 83% achieved the 'green-star' ranking;</li> </ul>
Strengthening the Post-assessment of Energy Savings	<ul style="list-style-type: none"> <li>Conducted post-assessments of base station smart ventilation and equipment room air circulation in our Hunan, Jiangsu and Heilongjiang subsidiaries, and explored the post-assessment method of energy savings and rectified its effectiveness;</li> </ul>
Appraising Energy Saving and Emissions Reduction	<ul style="list-style-type: none"> <li>Within our KPI system, we formulated the 2012 energy conservation and emissions reduction appraisal method which adopts 17 performance indicators to assess our provincial subsidiaries' progress in this area;</li> </ul>
Exploring Third Party Contract Energy Management	<ul style="list-style-type: none"> <li>Finished the Contract Energy Management pilot projects to rectify application, and actively conducted the Golden Sun Demonstration Project to promote the application of new energy sources in cooperation with external expertise.</li> </ul>





## Managing Environmental Impact

Our environmental impact results from the following three areas:

- **Our Network:** The consumption of energy and resources in the course of operations of our base stations, equipment rooms and other network facilities, including electricity and fuel consumption for equipment and power generators, particularly power consumption;
- **Our Services:** The consumption of energy and resources in providing customer services, such as the consumption of electricity, paper and SIM cards, among others;
- **Our Offices:** The consumption of energy and resources during the normal course of our office operations, including business trip-related consumption and the consumption of electricity, paper, water and other resources.

We have always applied high standards in managing our environmental impact. We do our best to improve our environmental performance with respect to green networks, green offices and green services. (See pages 50-51 for details on our 2012 Key Environmental Performance).

### Green Network

In 2012, we continued to promote the applications of our energy conservation and emissions reduction measures and enhanced the energy efficiency of our existing and newly-built communication facilities. Through our technological innovations, our energy consumption per carrier frequency decreased in 2012 by 5.7% and our energy consumption per unit of telecommunications traffic decreased by 14.6% over last year.

Based on the concept of equipment lifecycle management, we developed a green network with full circle management of our equipment encompassing procurement, facility construction, network operation and equipment retirement.

**In new equipment procurement,** we worked with major equipment suppliers, fully implementing equipment energy saving ranking standards to further decrease the energy and resource consumption per unit of equipment. In 2012, in our centralised procurement of GSM wireless and core network equipment such as TD-SCDMA wireless network equipment, we actively promoted energy saving rankings and green packaging with energy saving labels.

**In the construction of facilities,** we designed our base stations in strict accordance with the requirements for specific scenes and adopted corresponding energy saving technologies to improve the overall energy efficiency of our network facilities. We also actively promoted the joint construction and sharing of networks to improve the proportion of joint facilities in new base station construction. In 2012, we completed the construction of 17,000 joint base stations and shared over 6,000 base stations with other operators.

**In network operations,** we optimised energy saving management processes in network operations and maintenance to lower its environmental impact, starting from key areas such as main equipment, base station air conditioning, power systems and new energy applications.

- The application of smart electricity saving frequency accounts for 76% of all frequencies;
- A net addition of 22,000 Thin Clients;
- A net addition of 39,000 base stations without any equipment room;
- Over 100,000 base stations installed with natural cooling equipment;
- 97,000 base stations renovated with exterior protected structure;
- Over 170,000 air conditioners altered with comprehensive energy saving improvements;
- 330,000 set of switches incorporated with dedicated 'sleep' functions;
- 44,000 high efficiency switches applied in base stations.

*Note: Thin Clients refers to a small sized industrial-specific PC with embedded specialised processors and a simplified operating system, which has lower power consumption and higher security levels.*

**In Gansu,** we have 600 base stations in Baiyin City utilising solar energy. We estimate the total power generated will reach 58.27 million kilowatt hours. These base stations have already passed the national inspection of the Golden Sun project.

**In Liaoning,** we developed a smart passive ventilation system to naturally cool down base stations, which helped to achieve an average saving of over 50% power and more than 10,000 yuan in power cost for each base station every year, and further reduced ecological impacts in environmentally vulnerable regions.

**In equipment retirement process,** we have strictly conformed with requirements for equipment de-installation, applying innocuous treatment carried out by qualified recycling companies, which reduced electricity consumption and equipment room usage and comprehensively lowered our environmental impact. In 2012, we engaged dedicated specialist channels to re-collect approximately 130 million Ah of batteries, achieving 100% recycling rate.

### Forging a Green Value Chain, Building a Model for Products Recycling Management

*In order to achieve a green value chain and manage our products in full lives, we have, in accordance with the unique features of each type of products and the different treatments required for proper recycling, developed plans for the recycling of five different types of waste products such as batteries, cables, feeders, cards, and servers. In addition, we have developed a set of standards and specifications for the product recycling process and cooperated with recycling companies to recycle different types of products. We also established an assessment structure to conduct comprehensive evaluations of recycling companies and incorporated the assessment results into standards that we will use during next year's recycling bidding process.*

## Green Services

In the course of our business processes and marketing, we have actively advocated e-channel to reduce resource consumption in traditional methods.

We have set up paperless sales processes in our sales outlets in 19 subsidiaries such as in Shanxi, Heilongjiang, Jilin, Sichuan, Guangdong, Guangxi, Hainan, Zhejiang and Guizhou, which use optimised systems to electronically carry out a series of functions such as electronic identification, signatures, stamps, e-invoice generating and audit, resulting in a 75% reduction of paper documents.

In 2012, we promoted green billing services through our 139 Mailbox, covering 180 million customers per month, resulting in over 27,000 tonnes of paper saved.

We have continued to use multiple methods to promote the recycling of SIM cards. All of our card base are fully made of environmentally-friendly materials, and methods such as remote writing and "air" writing of SIM cards, as well as electronic card issuance, are being used to improve SIM card utilization and reduce printing.

At the same time, by the end of 2012, we have placed our Green Boxes in 14,000 sales outlets, through which we recycled more than 240,000 mobile phones and batteries. All of these efforts effectively decreased pollution.

In Hebei, we launched energy conservation and emission reduction activities in all of our sales outlets. We implemented three main activities, specifically: 1.The public display of self-made promotion posters in sales outlets, together with "green" message boards for suggestions and advice; 2.The establishment of the Green Boxes. People who deposited their used mobile phones in the Green Box for recycling will be awarded with a gift; 3.The establishment of each Wednesday as 'Low-carbon Experience Day' to encourage employees to go to work by public transports, bicycles or walking, and also turn off air conditioners as appropriate.

## Green Offices

In order to manage the environmental impact of our operational offices and processes, in 2012, we made further advances in strengthening daily energy conservation management. To do this, we expanded the use of informationalised office measures and the construction of energy conservation technology as well as green architecture.

- We strengthened daily energy conservation management in our operational offices and strictly implemented national regulations in office energy conservation for air conditioners, heating, and other electric appliance use;
- We drafted the China Mobile Employee Office Energy Conservation Principles, which highlight and stress the importance of resource consumption reduction measures such as the conservation of water, reduction of electricity consumption by turning off lights, reduction of paper consumption by double sided printing and copying, and other low carbon work habits and behaviour;
- We pushed for the informationalisation of our offices, with all approved processes circulated online, reducing our use of paper. We have also used videoconferences to greatly reduce employee business travel, thus reducing the amount of real resources consumed;
- We have increased the use of energy and environment conservation technology during construction and have actively promoted energy conservation architecture and green construction principles, thus decreasing office energy consumption at its roots.

In Jiangsu, our backup telephone traffic communication building has made great use of solar-generated power, with an annual capacity of 10,000 kWh. In addition, our interior partition walls were constructed with recyclable industrial materials; these two methods combined have brought about the comprehensive benefits of green architecture such as conservation of energy, space, water, and material. This was our first project approved as a "Green Construction Model Project" by the China Ministry of Construction.

In Tianjin, the design of the Tianjin Mobile Airport Multi-Purpose Building embodies numerous green development and low carbon construction planning and design ideas, including energy saving design, technology, and construction materials; environmentally friendly decorations; green lighting and the use of natural light; and the scientific use of water, including rain water recycling. On September 18, 2012, the project was awarded the US Green Building Council's LEED-NC (Pioneer Award for Energy and Environmental Design) Silver rating.

# 78%

In 2012, 78% of our business was conducted through e-channels.



In Anhui, we launched partition cooling systems in our base stations

## Establishing a Green, Energy Efficient School

*China Mobile Management School has worked tirelessly to develop a green, energy efficient university. With the construction of an informationalised system as its focus, the University took used paper documents, such as test papers, satisfaction surveys, and approval slips, among others, and incorporated these documents into its Training Meeting Comprehensive Management System, resulting in a paperless, low carbon office.*

*We have implemented multiple measures in the School to improve energy conservation, optimise comprehensive resource use, and lower energy consumption, for example lowering the energy consumption levels of central air conditioning through the fine tuning of operating modes; reducing electricity consumption through frequency conversion control for winter heating; protecting geothermal wells, creatively developing innovative water recycling uses; maximising the use of energy conserving lights; and making regional improvements in energy conservation.*

*By the end of 2012, the University had lowered its consumption of electricity by 172,000 kWh, cold water by 6,600 tonnes, hot water by 2,500 tonnes, gasoline by 7,500 liters, and diesel oil by 3,500 liters, all in comparison to last year, resulting in outstanding energy conservation and emissions reduction.*

## Leading Society in Environmental Protection

### Advocating Industry Green Developments

We have actively promoted environmental cooperation in the industry and developed green industrial standards, pushing forward green initiatives.

- Promoting Green Standards:** We have worked closely with our industrial partners to comprehensively update equipment energy conservation ranking standards and promote the formulation of industry ranking standards;
- Expanding Green Packaging:** In cooperation with eight equipment manufacturers, we joined the Ministry of Industry and Information Technology's "Using Alternative Packaging Wood for Mechanical and Electrical Products" pilot project to jointly promote the use of "green packaging" for communications products. Since 2011, we have saved 91,000 cubic meters of wood through this effort, saving 46,000 cubic meters of wood in 2012 alone;
- International Cooperation:** We took part in the Green Touch 2012 Conference, during which we held a special exhibition to showcase our experience in energy conservation and emissions reduction.

We also participated in events such as the Integration of Information Technology and Industrialisation Fair, the 3rd Communications Industry Energy Conservation and Emission Reduction Conference, the 2012 Green ICT Development Forum, the 2012 Green Communications Conference, and the 6th Internet Conference, during which we delivered themed lectures and shared our experience to the audience.

### Aiding Environmental Management and Supervision

In 2012, we actively used the Internet of Things technologies to introduce new concepts in environmental supervision and management.

**In Beijing,** in cooperation with the Ministry of Civil Affairs, we developed the National Disaster Management System and its associated flow information management systems, covering natural disaster reports, natural disaster annual reports and others. Thus far, this system covers the entire Civil Affairs Departments at the country level, as well as all villages and towns in the provinces of Hebei, Hubei, Jiangxi, Guangdong and Jiangsu. In addition, we also disseminate disaster and relief-related information issued by the Ministry of Civil Affairs through the Natural Disaster Mobile Paper which we have published around 200 issues through 2012.

**In Hebei,** we developed a mobile environmental enforcement system which sends real-time videos of pollutant to the Environmental Protection Bureau's Mobile enforcement system, and simultaneously sends text messages to the Bureau staff with information on indicators which have exceeded their emissions limit. This helps environmental supervision and correction, and effectively mitigates the difficulties associated with onsite evidence collection, insufficient evidence from inspections, and unefficient enforcement and supervision.

**In Shaanxi,** we worked with the Yan'an City Environmental Protection Bureau to provide automatic hydrologic statistics collection for reservoirs in 13 counties and regions.

### Raising Public Awareness

The participation and support of the general public is a key prerequisite for successful energy conservation and emissions reduction. To help achieve this, in 2012 we launched an energy conservation awareness activity themed "You and I Together Can Change the World". Our provincial subsidiaries held a variety of environmental protection activities which were designed in accordance with local conditions.

**In Fujian,** we launched the "Blue Handkerchief" activity in universities to spread our beliefs in environmental protection and to inspire more people to actively take part in environmental protection. Almost 40,000 university students have joined this activity since its inception two years ago.

**In Guangxi,** in cooperation with the government authorities in Transportation, Water Conservation, and Environmental Protection and local cities along the Xijiang River, we launched the Youth Protects Xijiang the Mother River activity, to encourage the youth organisations along the Xijiang River to communicate and work together more closely. Led by our company volunteers, over 1,000 youths from Guangxi, Guangdong, Hong Kong and Macao participated in this initiative.

#### Green Boxes – Youth Education on Environmental Protection

*Since 2007, we have organised Green Boxes Environmental Protection activities in over 1,700 primary and middle schools in Shanghai's 17 districts, involving 1 million youths and 200,000 families. In past six years, the Green Boxes activity has recycled over 90,000 items of electronic waste, such as mobile phone batteries, and over 400,000 regular batteries. The project has also held dozens of environmental protection exhibitions and almost 100 educational talks, all helping to plant a green lifestyle into people's hearts.*



*In Guizhou, we carried out activities under the "Energy Conservation Awareness Week" theme*

# AN INFORMATION-ENHANCED FUTURE



According to the Ministry of Industry and Information Technology's statistics, by the end of 2012 there were over 1.1 billion mobile phone users in China, which had a national mobile phone penetration rate of 82.6%, and China's mobile internet customers reached 760 million. The world is entering the mobile internet era.

The Mobile Internet, Internet of Things, Cloud Computing and smart devices have revolutionised information exchange modes, from the traditional mode of person to person, to people and things, and even among things, thus eliminating conventional time and space restrictions. Through mobile phones, people can visit webpages, search and position, social network and purchase anytime, anywhere. Mobile phones have transformed from a simple voice communication tool into a personal hub connecting one with the world, bringing previously unimaginable changes to our daily lives.

Facing this time of critical transformation, we are leveraging our "Mobile Changes Life" vision to strengthen our innovation capabilities; actively construct infrastructure for the future; optimise our organisational functions; and expand our global business footprint. We are also providing various informationalised applications and solutions while simultaneously accelerating the pace of our own transformation; and using widespread urban-rural networks and diverse informalisation applications to show the beautiful future offered by a Mobile life --- bringing the future closer to the present.

## 442

*In 2012 China Mobile filed over 900 patent applications in China, with 442 cases approved.*

## 336

*As of the end of 2012, China Mobile constructed 336 Wireless Cities, enabling more people to enjoy the benefits of informationalisation.*

## 111,107

*As of the end of 2012, China Mobile's "Village Connected Project" covered a total of 111,107 remote villages, effectively narrowing the urban-rural digital divide.*

## 43 million

*As of the end of 2012, customers of China Mobile's Rural Information Service have reached 43 million. Informationalisation is changing the traditional development methods of rural residents, villages, and agriculture.*



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## Innovation and Transformation

The ICT industry is currently undergoing major changes. Technology is being updated rapidly, new services are continuously introduced, and new formats are increasingly integrated. For service operators, this requires the transformation and upgrading of traditional infrastructure facilities, service development modes, and operational mechanisms to meet the challenges of this era. In addition, as the state-owned telecommunications operator, China Mobile has the responsibility to play a leadership role in the industry, catalyse industry innovation and growth, and create new possibilities for future industry development.

### Innovation Capacity for the Future

In 2012, we actively promoted research and development reforms, issued "Guidance on Scientific and Technological Innovation of China Mobile", clarified the innovation-driven strategy at the China Mobile Technology Innovation Conference, established the Science and Technology Innovative System that embodies the principles of "Science and Technology Centralised Management, Market-Oriented Research & Development, Standardised Management Processes, Professional Layout of Research & Development, Pragmatic Achievement, Informationalised Measures".

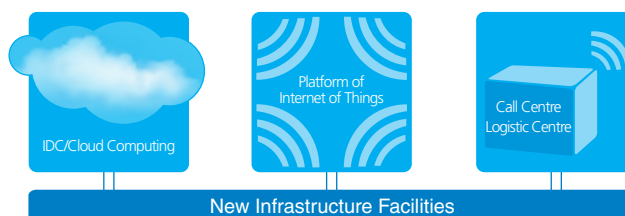
In 2012, China Mobile capitalised on research and development in key fields such as next-generation communication technology, open platform, and cloud platforms to achieve the following innovations:

- **Next-generation Communication Technology:** completed research on 9 key technological issues related to advanced TD-LTE development and developed a series of resolution plans, and multiple technological improvement projects, paving the path for further TD-LTE development, and applied for over 200 LTE-related patents in 2012;
- **Open Platform:** conducting further research on the open platform. We are the first company to provide open mobile application billing and always-online push features to promote the development of the Mobile Market and Wireless City;
- **Cloud Platforms:** completed the high-level design of China Mobile cloud computing, extended research and development of "big clouds" and its applications, led the formulation of national standards for cloud storage and services, and set up China Cloud Computing Technology and Industry Alliance Open Laboratory.

In 2012, we submitted 991 standardised documents to international communication organisations such as the Third Generation Partnership Planning (3GPP) and the International Telecommunication Union (ITU), of which 665 were approved. In 2012, we also led the formulation of 25 industry standards, and participated in the completion of 39 industry standards. Meanwhile, we have made a series of scientific and technological breakthroughs, a total of 14 accomplishments were made at the provincial or ministerial levels and above. The Research on TD-SCDMA Key Engineering Technology and Industrialisation of our parent company received the first prize of the National Scientific and Technological Progress Award in 2012, which is the first time we received this award since its inception.

### Infrastructure for the Future

In order to fulfill new challenges and opportunities associated with the mobile internet revolution, we have adopted "Constructing Smart Pipelines, Building Open Platforms, Creating Featured Business, Providing User-Friendly Interfaces" as our mobile internet strategy. A key part of this strategy is the development of future-oriented infrastructure equipment and core competence through the coordinated development of GSM, TD-SCDMA, WLAN and TD-LTE networks, the promotion of wireless broadband infrastructure development.



Our establishment of infrastructure facilities for the future is currently at the initial preparation phase, and has already achieved the following exceptional advances:

- **TD-LTE Development:** completed a seven-city technology experiment, implemented the expansion of our experimental network in 15 cities, and constructed the pre-commercial network in Hangzhou, Guangzhou, and Shenzhen. The China Mobile-established Global TD-LTE Initiative (GTI) has already expanded to 95 members, increasing the number of global commercial networks to 14. In cooperation with international operators, we have also pushed forward TD-LTE terminal product development, established global roaming capacity and led global LTE TDD/FDD integrated development;
- **IDC Construction:** plan to organise and build a nationwide IDC installation that includes government and corporate hosting services, internet content access, and a range of public services. As of the publication of this report, we have built seven tier-one IDC equipment buildings in Beijing, Shanghai, Guangdong, Jiangsu, Sichuan, Zhejiang, and Chongqing;
- **Internet of Things Platform Construction:** completed construction of the Internet of Things business operations management platform for our entire network and gateway in Chongqing in 2012. In addition, we constructed an Internet of Things PBOSS at our Southern Base, enabling management and service control for Internet of Things terminals;
- **Call Center Construction:** constructed national, centralised calling centers in Luoyang, Henan province and Huai'an, Jiangsu province, with 20,000 seats planned for each center. By 2018, a total of five major call centers will have been completed in, forming a nationwide network;
- **Logistics Center Construction:** Our logistics center system is comprised of regional and provincial warehouses. We have finished the construction of three regional logistics centers in Tianjin, Chongqing, and Shannxi, with two more centers in Jiangsu and Guangdong still under construction. Together they will form a five-region logistics center system which will cover the entire nation in the future.

## Organisational Reform for the Future

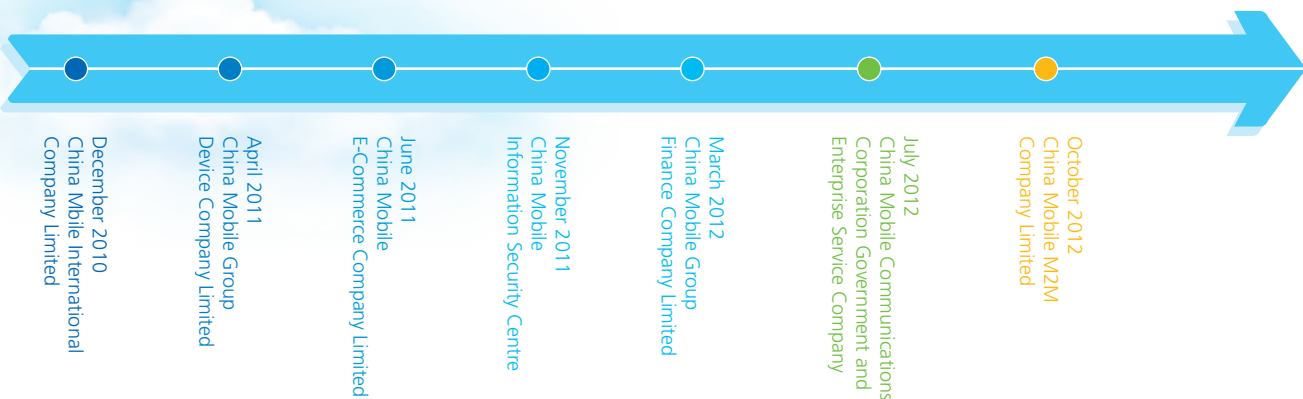
In 2012, we strongly pushed for the organisation reform. With the guidances including centralised management, professional operation, market-oriented, flat organisation and standardised process, we achieved significant progress.

### Launching a Comprehensive Management Upgrade

*In 2012 China Mobile launched a comprehensive management upgrade which emphasised structure standardisation and process development. It is expected that this initiative will enable our management standards to match leading international industry standards within the next two to three years.*

*We have set up a management upgrade task force comprised of key leaders. The task force will focus on 16 management fields, including investment decision-making processes, comprehensive budgets, comprehensive risk, and social responsibility. The entire Group is being mobilised to implement this activity. In 2012, over 150,000 person-times of training was organised across our entire Group. Over 10,000 reviews of organisation processes and mechanisms were completed, leading to an identification of over 3,500 issues, for which we have formulated detailed plans to be implemented in 2013.*

### Our Progress Towards Professional Operations



## International Business Layout for the Future

In line with our motto of "Mutual Sharing of Strengths, Joint Value Creation", we have proactively sought to identify foreign investment opportunities that meet our strategic development needs and are actively expanding into the foreign mobile communications market. (See page 52 for related statistics on our responsibility abroad.)

In December 2010, we established China Mobile Group International Company Limited in Hong Kong, to operate our international business in a professional and cooperative manner and transform the previously disconnected service models, thus effectively creating an end-to-end management model. We aim to become the leading international service operator for the Asia Pacific region within the next three to five years.

- We have rapidly expanded our international network and platform, establishing our international backbone network base. As of the end of 2012, China Mobile has 427G international transmission bandwidth, an increase of 394% in comparison to our bandwidth in 2010;
- We have acquired equipment buildings to fulfill our expansion needs in Hong Kong, Los Angeles, and London, among other locations, laying a foundation for the provision of IDC and other services;
- Our international services primary platform and service management systems are all online, which makes our operational efficiency to reach first-class international level;
- We have developed and provided competitive international service products, effectively reduced international roaming fees, and established transnational company and operator customer service, thus successfully expanding our international sources of revenue;
- We have significantly increased the performance of our international Internet quality indicators, with China Mobile's international internet global ranking rising from below no.1,600 to its current level of no. 57.

# 57

In 2012, the quality of China Mobile's international internet has improved significantly, and the global ranking of China Mobile's international internet moved up to no. 57 from below no. 1,600.

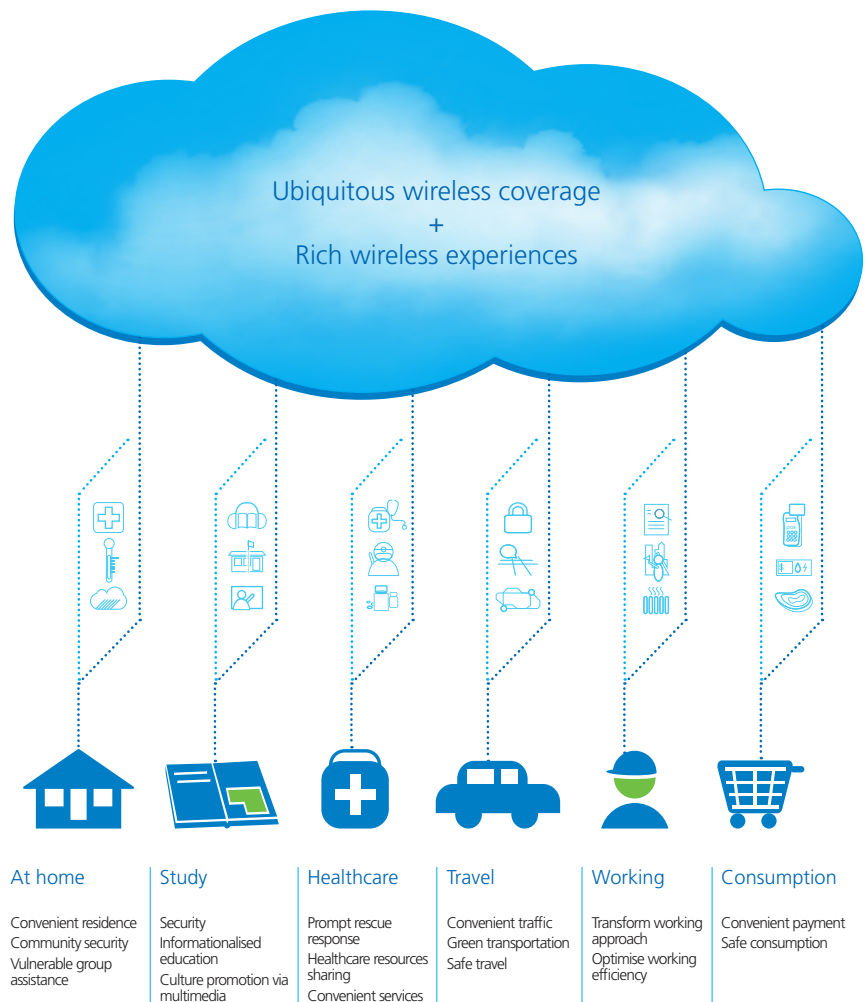
### Constructing a Global Network Center, Improving International Internet Quality

*In August 2012, China Mobile laid the foundation for our Global Network Center in Tseung Kwan O, Hong Kong. We have invested about 1 billion Hong Kong Dollars. Upon its completion, it will become China Mobile's Global Network Business Management Center and serve as our network integration hub and data center. This will provide us access to connect to the international Internet network.*

## A Rich Wireless Experience

The development of Information and Communication Technology has ushered in a new future for mankind: integrated multiple broadband wireless communication networks form the physical basis of barrier-free communication; modern platform technologies, such as cloud computing, create high efficiency low cost information platforms; ICT applications and large numbers of smart terminals enable ICT applications to integrate into people's daily lives and various industries.

Since 2010, China Mobile has been constructing a Wireless City covering the nation, to provide residents with one-stop local life information services, as well as to governments and corporate customers with applications for municipal management and industry application services. As of the end of 2012, our Wireless City has covered 336 cities across China, with a total of 70 million customers using city web portals to log into the Wireless City and enjoy tens of thousands of Wireless City applications.



## At Home



*On sweltering summer days, can I turn on my home's air conditioning while I am on my way back home from work?*

*I need to go on a business trip, but I am worried my old mother may suddenly fall ill. If this happens, is it possible for me to help her to obtain aid in time?*

By utilising mobile internet and Internet of Things technology, China Mobile aims to fulfill residents' real-life needs by providing a wide variety of information services.

In Guangdong, we promoted the community "Police Services eShop" application, which provides almost 200 community services such as online immigration applications and status monitoring, traffic violation inquiries, vehicle license number selection, online police reports, and community housing rent inquiries, enabling residents to enjoy convenient services at home. At present, we have built "Police Services eShop" for over 80 communities, almost half of which have achieved "zero crime report".

In Gansu, we introduced "Smart eCommunity" which integrates services such as Lanzhou City's public transportation cards, Mobile Wallet, company card management, and other functions. This service also provides residential entrance and parking lot management through video surveillance at the entrances of residential communities, fences, and parking garages, among others. Video surveillance by mobile phones, meets the safety and management needs of housing communities.

With China entering the aging society, the problems associated with elderly home care in communities and social services for senior citizens are growing more prominent everyday. China Mobile has targeted these problems in developing elderly-focused assistance and senior-care informationalised application services, providing a comforting level of guarantee and security for our senior citizens.

In Anhui, we have developed an information system for senior citizens who live at home, integrating the development of a community elderly care information emergency calling platform with a community elderly care service center and a community care service platform. This enables the delivery of services for the elderly that include emergency calls, home family visits, life care, health recovery, and bed-side nursing, fulfilling the home care needs of senior citizens.

In Heilongjiang, we have developed a social security wireless fingerprint identification system that allows the elderly to independently complete identification checks from any location with mobile reception. This service also provides functions such as social insurance payment viewing, social insurance account change notifications, social insurance authentication reminders, and other functions such as government policy publication and locating.

In Shanghai, we promoted a "Safe Travel" service, which tailor-made a watch-like device that can be worn by senior citizens, and allows senior citizens' families to know where they are in real time. Other features include silent police alerts, electronic fences, silent audio monitoring, and fast speed dialling, which all enable the safety of the elderly outside of their homes.

### "Sense of Security Card"

*If an elderly person gets lost or experiences an accident, the ability to provide real-time information to his or her children or caretakers is crucial. China Mobile's "Sense of Security Card" service provides an exemplary solution to this situation.*

*Many empty-nesters and widowed elderly live in Shanghai's Jingan District's "Sense of Security Card" promotional zone. Mr. Wang is one such person. Mr. Wang suffers from Alzheimer's disease, and often gets lost. Although the community's PSB police force provides Mr. Wang with exceptional care and assistance, there are still many problems he is unable to resolve on his own. After the release of the "Sense of Security Card", Mr. Wang's family began to use the service immediately. After several days of use, Mr. Wang's son expressed his high level of satisfaction with the service, saying "No matter where he is, all we have to do is use the 'Sense of Security Card' service, and we can immediately locate him. I feel much more at ease at work now, and I do not need to worry about him getting lost anymore."*

### China Mobile's "Easy Home Access" Service

*"Easy Home Access" is a new informationalised product rooted in TD-SCDMA wireless communication technology and the Internet of Things. This product builds upon the foundation provided by our current TD wireless device, and uses wireless sensor based equipment to compile and process a multitude of environmental information, making it easy for users to access real-time surveillance and management. "Easy Home Access" enables the optimisation of lifestyles and living environments through features such as security warnings, home electronics remote control, video surveillance, and WiFi internet, thus fulfilling the modern needs of customers for smart home monitoring. In September 2012, we released "Easy Home Access" for commercial use nationwide.*

*On May 17, 2012, World Telecommunications Day, in cooperation with air conditioner manufacturers and dealerships, we led the promotion of the "Easy Home Access" Internet of Things air conditioner in Chongqing, which allows customers, regardless of their location, to use text messages, the internet and WAP to control their air conditioner. For example, during hot days, an air conditioner can be turned on remotely by sending the Internet of Things air conditioner a simple 'Turn On' text message 30 minutes before one arrives home. The air conditioner will automatically turn on upon message receipt.*



*In Shanghai, we patiently explained the use of safety watches to the elderly*





## Study



*How can I know if my children have arrived at school safely after they have left home?  
Can my visually impaired family member use a mobile phone to listen to audio books?*

In order to support the improvement of education quality and informationalisation management, China Mobile has built a highly efficient system for education informationalisation management and educational resource sharing. In addition, we have continuously developed education informationalisation applications, satisfying needs in many areas.

In Hunan, we built a school bus informationalisation management system based on Internet of Things technology. This system includes features such as attendance checks when students get on and off a bus, safe text messages, family phones, parent card identification, student attendance real time statistics, lost children alerts, voice message reports, bus stop management, GPS positioning, route information, and notifications if a school bus exceeds the speed limit. These combined measures enable effective monitoring of school bus safety.

In Jilin, we launched an education informationalisation project, a three-in-one educational network consisting of educational informationalised equipment rooms and educational informationalised application platform construction, a computer network, and a management network. After almost a year since the project's inception, our fiber-optics have been installed in 81 schools and the entire county Educational Bureau, forming a video surveillance system, with an average of 50 surveillance spots in each school. This has greatly supported safety management, meeting the needs of 972,000 parents in their use of the Jilin Education and Teaching Website.

China Mobile has also delivered innovative products and services such as the Mobile Paper, Mobile Reading, Mobile TV, Mobile Animation, and Wireless Music, to promote culture. In 2012, we began to integrate our Mobile Paper and Mobile Reading services by promoting the Mobile Paper to Mobile Reading customers, resulting in a more diverse Mobile Paper customer base. Mobile Reading specially promoted a new product, the audio book, to meet the needs of special groups such as children, the elderly, and people with disabilities, allowing visually impaired persons to enjoy the pleasure of books anywhere, any time.

By the end of 2012, Mobile Reading has formed partnerships with 215 outstanding content partners and catalogued over 342,000 official digital books, including picture books, magazines, cartoons, and audio books, covering over 92.5% of the best-sellers list in all genres.

# 63.81 million

China Mobile invests significant efforts to improve the informationalisation of education in China. By the end of 2012, the number of "Campus Information Service" customers reached a total of 63.81 million.



In Gansu, the primary school students realised home-school interaction through the "Campus Information Service"

### National Educational Resource Public Service Platform Development

*On December 28, 2012, the National Educational Resource Public Service Platform, which was co-developed by the Ministry of Education and China Mobile, was officially opened for use. The Platform utilises education resources to serve as guidance and leverages internet resources, all under the principle of mutual cooperative study. The Platform will accelerate innovation in education, achieving the sharing of resources for students and creating a high quality education databank, thus pushing forward informationalisation in education.*

### Mobile Animation lets "Poetic China" grow

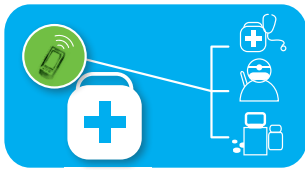
*To promote our traditional culture, China Mobile held the first "Poetic China" traditional poem competition in conjunction with the Guangming Daily Press and CCTV.*

*One of the highlights of this first competition was the combination of Mobile Animation with ancient poetry. Our Mobile Animation Special Anime-Ancient Poetry Center went online on December 10, 2012, and exhibited numerous "Poetic China" ink painting-animation pieces of work.*

*Through Mobile Animation, China Mobile has the opportunity of combining multiple types of communication concepts, using visual symbols as a new form of communication to integrate traditional poetry with modern science and technology, as a vivid expression of poetic beauty.*

*In our integration of traditional ink painting with modern anime, we specifically selected the use of healthy and active themes to showcase the richness of China's traditional poetry and also enable the poetry to better match the public interest, to ultimately generate the public creative enthusiasm.*

## Healthcare



*My child is suddenly sick, and I can only ask for half a day off. Can I use my mobile phone to make an appointment at the hospital?*

*Medical specialists are so far away. Can they still provide on-site guidance for my father's surgery?*

China Mobile has used the integration of the nation's urban medical resources to improve the hospital procedures and create a series of informationalisation services focused on medical treatment and healthcare, providing 'by-your-side' mobile services that are accessible to urban residents anywhere, anytime.

We cooperated with the Ministry of Health to develop a Total Web Medical Treatment Appointment Platform. Customers call 12580-6 to make an appointment, reducing waiting times from an average of 2.5 hours to just 30 minutes. The platform has been used to manage 7.7 million appointment slots at over 900 tertiary hospitals around China, and receives almost 800,000 inquiries per month with about 120,000 appointments made per month.

**In Jiangsu**, we have promoted a family health follow-up system, which uses functions such as wireless treatment equipment, physician workload management, position locating, and appointment management, to transform the traditional work mode of physicians.

**In Shanxi**, we started the "Health Manager" information system pilot project, in which we integrated mobile internet technology and community health services to allow residents to view their health records, receive health reminders from community physicians, and carry out information searches and appointment services with their mobile phones. Community medical organisations can also use the system to check patients' conditions and conduct follow up services to improve treatment effectiveness.

**In Fujian**, we have promoted a health aid service, which enables the scheduling of medical appointments and includes features such as a latest complete medicine catalogues, medical record checks, medicine information guidelines, pharmaceutical factory or dealer information, netizen quotes and user reviews, and searches for nearby pharmacies, hospitals and doctors. This service provides users a convenient experience.

During the "golden treatment period" of emergency medical care, the coordination of life-saving care provided by both pre-hospital caregivers and hospitals is an urgent issue that still needs to be managed by emergency care services at present.

**In Beijing**, we have partnered with the Peking Union Medical College Hospital, the People's Hospital, and the 999 Emergency Center to create a comprehensive, 3D emergency medical information coordination platform that incorporates emergency command centers, ambulances, medical personnel and treatment centers. This system can methodologically assign patients to specific care centers, enabling doctors to prepare in advance, thus lowering disability and fatality rates and improving treatment results for patients in critical condition.

At the same time, mobile communication technology has also transformed the traditional medical care model, by delivering remote care to more patients by sharing medical expert resources, thus improving the uneven distribution of medical resources, lowering treatment costs, and increasing the rate of timely treatment.

**In Jiangsu**, we worked with hospitals within the province to establish the "Coronary Heart Disease Distance Medical Treatment System". We used the Internet of Things, high definition imaging and high speed wireless office technology to enable specialists in other locations view on-site data and provide medical advice from remote locations.

We also developed the "Digital Medicine Supervision" system. Supervising personnel use the "Digital Medicine Supervision" system to achieve core functions such as mobile supervision, illegal drug checks, system reports, position information, and video surveillance. This provides a detailed understanding of raw material supply, production management processes, ingredient usage, product inspection standards, and customer tracing, to enable medicine tracing management.

# 11 million

*The 12580 Medical Appointment Service has been utilised 11 million times in 2012.*



*In Hunan, customers successfully registered for medical appointments using mobile services*



*In Beijing, Smart Mobile Health services have been widely used*





## The World's First 4G Network for High Speed Rail on the Shanghai-Hangzhou High Speed Rail - Jiaxing Segment

*In December 2012, China Mobile completed 4G network trial coverage for the Jiaxing segment of the Shanghai-Hangzhou high speed rail line, in effect establishing the world's first 4G network for high speed trains.*

*Constructing a wireless network for high-speed moving environments, such as the Shanghai-Hangzhou train with an average speed of 300 kilometers/hour, has long been a problem in mobile communication network coverage.*

*Using technological advances, we have been able to realise high speed data download services for high speed trains, and on-site trials have shown that data service speeds can reach 15M per second, which enables high quality digital movies to be downloaded successfully in only a few minutes. The convenient experience of enjoying mobile broadband internet at high speeds will be universally accessible in the near future.*



*In Zhejiang, we officially launched the "Smart City, Wireless Public Transportation" application*

*The car I just bought is parked on the side of the road. What if it gets stolen? This is my first time travelling to this city. How can I find nearby public transportation routes?*

The "Internet of Vehicles" is a hot topic around the world, and possesses significant meaning in encouraging the development of smart transportation, improving car travel safety and decreasing carbon emissions. In 2012, we put forth an "Internet of Vehicles--- Worry-Free Car Travel" smart terminal. This terminal integrates "Internet of Vehicles" technologies such as RFID (electronic labels), GPS (global positioning system), GIS (geographic information system), and LBS (mobile base station positioning), and uses network car platforms to carry out functions such as identification of car owners, motion detection, anti-theft reporting to police, and terminal management.

**In Shanghai,** we promoted our transportation video information service. With this service, city residents can use a map to see the distribution of transportation surveillance cameras in the area, from which residents can also check real-time car flow and traffic as broadcast by fixed surveillance cameras. At present this service utilises 43 surveillance cameras in the primary roads of Shanghai's Putuo and Pudong New Districts.

**In Guangdong,** we have provided 10086 text message reminders, 12580 telephone service advice and Wireless City car owner high speed channels to provide travel advice for residents on the road. The channel currently covers road conditions on 73 highways throughout the province. During the golden week period of the 2012 National Day Holiday we provided 7.8 million car owners with highway road condition information. Our terminals received 1.10 million clicks and received positive feedback from the society.

We also launched a smart bus dispatch and management system for public bus transportation. By leveraging dynamic positioning technology, wireless communications and digital map display, we have established real-time monitoring of vehicle position, movement and maintenance, as well as intelligent scheduling of the bus network.

**In Zhejiang,** we launched a "Smart City, Wireless Public Transportation" application, which uses advanced network technology to integrate station, route, positioning, and real-time traffic information. In addition to providing public transport station and route information, users can also features such as map positioning and optimal route planning to find the best public transport line, and information on nearby stations. At present, this application covers 122 public transport routes in Ningbo's city area.

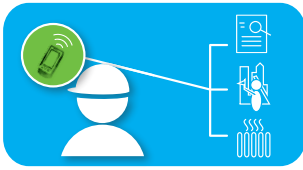
**In Fujian,** we cooperated with the Fujian Provincial Transportation Management Bureau to provide the "Mobile Bus Ticket" service. Residents can use 12580, WAP, mobile phone customer terminals, 24 hour automated service, and other channels to quickly and easily buy tickets, avoiding the inconvenience of visiting the bus station to buy tickets during busy periods. This provides citizens with a low carbon, environmentally friendly, green road for travelling.

For logistics and transport, we have leveraged positioning service platforms in our "Smart Logistics" service, which combines "smart" technology that brings together vehicle resources and the supply of goods, a text messaging information platform, a vehicle and goods tracking platform, and an online payment platform, to provide fast, accurate, and cost-effective service in delivery vehicle identification. This helps to integrate the entire process of goods delivery, from supplier to customers, optimising logistics.

**In Shandong,** we built Shandong Province's largest county-level public transportation information platform. This platform has installed global satellite positioning systems for all of Shouguang City's public transportation vehicles, taxis, passenger vehicles and hazardous product transport vehicles, and has also increased functions such as electronic display screens, electronic voice stations, and voice-controlled vehicles to form a transportation dispatch control system which can control 16,000 motor vehicles simultaneously. In addition, we have set up a logistics information resource sharing platform using the information system as its core, allowing for the reduction of logistics links and the lowering of transport costs.



## Work



*Is there a way for me to check the approval progress for government administrative affairs on my own?*

*Can I check the state of progress at construction sites in other provinces without actually having to take a business trip to physically visit these sites?*

*Can I find out real-time information on the operations of heat source equipment, and confirm that residents' homes are warm enough?*

In order to ease the management of government affairs and administration and to promote the goal of more transparent, public government affairs, China Mobile has synthesised the needs of government departments to develop government informationalisation applications. These serve to strongly support the transparency of government affairs, the 'electronisation' of processes involved in government affairs, beneficial and mutual communication between the government and the people, and the informationalisation of government management, thus serving as a great aid in achieving "one-stop" government service.

In **Guizhou**, we constructed a "Traceable, Consultable, Superviseable, and Ratable" comprehensive supervisory system for our network. This system uses electronic supervision to strengthen the ability of the government in monitoring and supervision. From August 2011 until July 2012, the City Government Affairs Center used the Government Affairs Approval Electronic Monitoring System to process over 88,000 different applications which required approval or other forms of service, for which the completion rate was 99.44%.

In **Shanxi**, we developed a "Population Information Report Platform", which conducts real-time monitoring of the entire province's demographics. This allows real time statistical information on the population to be compiled, allowing dynamic population management to be carried out through population comparisons and assessments. After this service went into operation, report timeliness was raised from 74% under the previous system to 97%, and data accuracy increased from 70% to 98%, successfully raising work efficiency and quality in the collection of demographic information.

Promoting a comprehensive integration and simultaneous development of informationalisation and industrialisation is an important strategic direction of China's current economic development. We are continuously strengthening our cooperation with other industrial manufacturing companies, and are developing closely integrated, informationalised plans for production management processes in industries associated with ours, effectively helping these industries to adjust their structures, thus increasing their level of informationalisation.

In **Anhui**, we have used informationalisation to carry out "smart" supervision and management of safe construction. This allows supervision to be conducted using construction site real-time data collection and monitoring for aspects such as construction environment and foundation. Such monitoring increases the ability of companies to supervise their construction sites remotely, and increases the speed with which companies can rectify on-site construction problems.

In **Gansu**, we have used Internet of Things technology to construct a data calculation collection platform for the Jiuquan Iron and Steel Corporation. The platform uses technology such as a GPRS wireless network, data lines and industry text messaging to deliver features such as remote wireless data collection, management and text messaging alerts for the Jiuquan Steel Factory. Collected data includes consumption levels of electricity, water, steam, and natural gas.

### *Installing "Smart Eyes" for Heating Companies*

*In order to improve the quality of informationalisation in the urban heat supply system, and to resolve problems such as outdated monitoring methods and unequal distribution of heating, China Mobile has developed a fully automated heat exchange monitoring system that carries out real-time monitoring, distance analysis, and automatic control of the heating supply network's temperature, pressure, flow, and switching values in Neimenggu. This system thus allows 24 hour smart monitoring of the heat supply network.*

*This system can regulate the "second-network", which consists of pipes connecting heat exchange stations and consumers, by restoring heat to water in the network upon its arrival from the "first-network", which consists of pipes connecting heat generation plants and heat exchange stations. This allows heating to be supplied according to need and results in an even heat supply for the whole network, reduces waste, and lowers the system's overall energy consumption and environmental impact. The automated heat exchange system's first 20 stations have been put into use by Neimenggu's Ulanqab (pinyin: Wulanchabu) City's Jining Heating Company.*



*In Shaanxi, we promoted the "Police Information Services" to improve social security*





## Consumption



### Creating a New Chapter in Mobile Payment

*On June 21, 2012, our parent company signed the Mobile Payment Service Cooperative Framework with China UnionPay. We will use our strengths within our respective business fields to begin a partnership in the mobile payment sector. Both companies will actively initiate payment products and applications for mobile phone users. In the near future, mobile phone users will be able to "swipe their mobile phone" to conduct payment on POS machines equipped with the "Quick Pass, No-Contact Necessary" label, and will also be able to use their touch phone screens to complete credit card payment, fee payments, online purchasing, and other remote payment.*

*In Guizhou, in cooperation with the China Construction Bank's Guizhou Branch and China UnionPay's Guizhou Branch Company, we have promoted the "Mobile UnionPay Dragon Card". The product integrates a smart SIM card and bank card account, and includes functions such as mobile phone communication, on-site 'no-contact necessary' payment and remote payment, attendance checking, and remote surveillance monitoring, among others.*

*I forgot to bring my wallet. Can I pay the money through my mobile phone?  
I am sick and don't want to go outside today. Can I stay at home and pay electric bill?  
Can I instantly find out if the beef I bought at the supermarket was properly butchered and processed?*

China Mobile continuously strengthens our cooperation with financial institutions, providing convenient and fast payment options for consumers. Our mobile payment service has been welcomed by the customers since it was commercialised in May 2010. The service has received the "AsianChina Financial Service Excellence Award" from the Asian Banker, and the China Mobile Shanghai Pudong Development Bank United Card has won the "Best China Retail Payment Product" prize.

China Mobile has promoted a food product safety informationalisation application in many provinces, which includes functions such as food product record entry, food safety inspections, and consumer complaint reports. This comprehensively covers information regarding food product dealers, food product sourcing information, and food product quality information. The application achieves the goals of controlling wholesaler sources, tracing retail terminals, inquiring supervision responsibility, and enabling public supervision, and thus has the potential to play an important role in improving food product safety. In terms of procuring food product sources, over 2 billion livestock around the nation have been entered into a livestock procurement system, utilising over 150,000 card-scanning terminals.

In Hubei, we promoted a food procurement system which covers all food wholesalers. This system records food information in detail, including batch number, producer, inspection certificate, quality guarantee period and supplier business permits, thus ensuring consumers' safety.

### Shanghai Wireless City Creates an Easy Life

*Since we signed the 'Smart City' Joint Development Framework Agreement with the Shanghai City government in 2011, we have made great efforts to push forward the construction of our Wireless City, with efforts centering around areas such as strong governance, industry, and citizen support. Through these efforts we have created almost 100 mobile informationalised applications for use in ten areas including public services, public transportation, and medical treatment, thus providing a brand-new and convenient lifestyle for Shanghai residents.*

- We worked with the Shanghai Pudong Development Bank to jointly promote Financial IC card services, providing a quick, easy, and safe payment experience for customers;
- We cooperated with the Expo Shanghai Group to provide mobile phone ticket purchasing services for residents;
- Working with LOTUS, we promoted a series of applications in multiple brand information releases, membership, and reward points management;
- We united with the Shanghai Fufeitong Company to provide numerous channels for easy electronic statement checking and efficient payment.

*In addition, China Mobile and the Shanghai government authorities created online inquiry functions for five types of statements - water, electricity, heating, cable TV, and mobile communication. Citizens can also use their current location to make inquiries into nearby facilities, such as those providing public services, hospitals and banks, with the service already covering 1.2 million locations.*

## Sharing the Benefits of Informationalisation between Urban and Rural areas

According to the statistics of the Ministry of Industry and Information Technology, as of the end of 2012, telephone service has reached 100% of administrative villages and 95.1% of natural villages with over 20 households. In rural China, up to 90% of the residents have owned mobile phones, and 40% have owned home computers, and the percentage of rural residents using the internet for information collection has reached over 40% in 2012. These statistics show that along with the gradual spread of communication services and the narrowing of the urban-rural digital divide, we have reached a point where our company is not satisfied with merely providing communication facilities with wide coverage for remote rural areas, but more importantly we must also continuously develop innovative rural informationalised applications and services. These initiatives will allow rural informationalisation to truly transform and generate tangible benefits that support the development of residents, agriculture and rural areas as a whole.

Narrowing the digital divide has always been a strategic, key issue for China Mobile in fulfilling our responsibilities to society. For many years we have worked hard to utilise our company's footprint to deliver technological advantages on a massive scale; build widespread basic information communication facilities; innovate our informationalised services and plans; use information communication technology to "teach people to fish"; help rural residents in remote areas increase their income; and help agriculture transform and support rural development. We have been pushing forward the benefits of shared urban-rural informationalisation and are making significant contributions to the development of a new countryside.

### Three Networks for a New Countryside

We have actively developed and optimised rural communication, information, and distribution networks to form Three Networks for a New Countryside. Through this initiative we have improved the accessibility of information technology in rural areas, thus helping rural residents to enjoy "available, affordable, and credible" services. (See page 50 for more statistics related to narrowing the digital divide.)

- **Basic Telecommunications Network:** Since 2004, China Mobile has actively supported our parent company's participation in the "Village Connected Project". By 2012 we had helped a total of 10,633 remote natural villages, to gain access to mobile phone service, which represents over 85% of this market sector. We also helped increase the percentage of natural villages with over 20 households with phone service from 94.7% at the beginning of this year to its current level of 95.1%, and introduced broadband service to 7,182 administrative villages;
- **Rural Information Network:** Since 2006, we have built and operated a rural information network platform, built a national rural information data sharing base, developed and promoted the "12582 Rural Information Service" platform application and offered numerous sub-applications such as the "Everything Easy", "Rural Job Search", "Agricultural Meteorological Service", "Rural Information Package", "Easy Trading", and "Easy Government Administration" applications. These applications cover multiple facets of life, from crop cultivation and animal husbandry, to farm production supply and distribution and rural government administration. The applications also form the nation's current largest New Countryside information portal. As of the end of 2012, we have processed over 63 million pieces of rural information. Customers of our Rural Information Service have reached 43 million, sending out 10.34 billion pieces of rural information, with an average volume of nearly 57,000 calls per day to our hotline;
- **Rural Distribution Network:** We have constructed about 700,000 rural sales outlets, which allow village customers to receive service without the need to leave their villages. We have also provided services in multiple languages and formats for ethnic minority groups in remote ethnic minority areas, ensuring that information communication services reach as many people as possible.

# 10.34 billion

We have sent a total of 10.34 billion pieces of information through Rural Information Network.

### WLAN Wireless Broadband Provides a Path for Information Development in Rural Areas

On April 7, 2012, WLAN Wireless Broadband service commenced in Linghai City's Majia Village in Liaoning Province, changing the lives of the village residents. Going online has now become an irreplaceable element of villager Ma Guiyou's daily family life. In the past, Mr. Ma could only worry if he had crop or land problems, but he is now able to obtain solutions online. Previously villagers were also limited to playing chess or watching traditional "er'renzhuang" performances, but now computers are the most popular form of entertainment. The elderly villagers say, "Now that we have internet access, we can access livestock feed prices and food prices without leaving our homes. If we have difficult questions, we can go online to find immediate answers. Computers have truly become a good aid in helping us prosper."



In Gansu, we invited animal husbandry experts to deliver technical training for farmers

**50 million**

Our 12582 "Rural Job Search" Hotline has served users 50 million person-times.

### Our QR Code Technology Helps Agriculture

The "Pinghe Honey Pomelo" has been awarded as a "China Famous Trademark". However, in recent years some fake "Pinghe Honey Pomelos" have appeared on the market. At the height of these 'forgeries' in 2008, growers of authentic Pinghe Honey Pomelos suffered heavy losses, and the sales price for authentic Pinghe Honey Pomelos fell from 2.5 yuan to 1.7 yuan per catty. To protect the 'Pinghe Honey Pomelo' brand, in 2009 the Honey Pomelo Association partnered with China Mobile to label honey pomelos with security labels incorporating a QR code sourcing system, allowing consumers to use their mobile phones to scan the QR code and receive immediate confirmation of the authenticity of the honey pomelo.

One farmer, Wang Min (pseudonym), from Xiaoxi Village in Pinghe County, stated: "In 2008 my orchard's revenue was less than 100,000 yuan, but after China Mobile's QR code had been used in my 40 mu orchard plot since 2010, my annual revenue has reached over 300,000 yuan every year. With this code, consumers trust the product's quality and safety, and there has been a great increase in the number of customers."

China Mobile's QR coding technology is now used in the labeling of a large group of specialty items, in addition to honeys pomelos, such as the Aksu 'Candy Red Fuji' Apples, Anxi Tieguanyin tea, and Yixing King Hairy Crabs. The code serves as a guarantee of the quality of these "Golden Signpost" specialty items, which are popularly sold in both domestic and foreign markets.

## Increasing Rural Resident Income

The continuous and rapid increase of farmer revenue is essential for China to achieve rural-urban integration. We leverage information technology to help the promotion of agricultural commodities and the creation of employment opportunities for farmers.

### Identifying Agricultural Product Distribution Channels

Due to the inadequate market information and poor distribution system, it's very hard to find the match between buyers and sellers' requirements, which create a bottleneck to improve farmers' income and rural economy development.

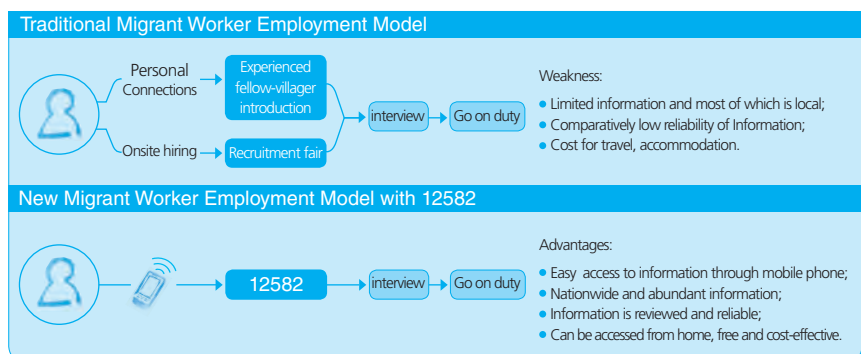
China Mobile has used the 12582 "Rural Information Service" hotline to provide rural residents, businesses, and product distributors and retailers with the registration of agricultural and subsidiary agricultural product information, price inquiries, market trends, and supply and demand matching. This helps users to obtain the latest market information and complete business transactions without leaving their homes. As of the end of 2012, our 12582 hotline had been dialled a total of 61,000 times, serving 36,800 users. Surveys showed that 67% of customers felt the service to be useful.

### "Rural Job Search" for Migrant Workers

According to the National Bureau of Statistics, in 2012, China had 263 million rural migrant workers. Due to the unequal distribution of job recruitment information, large corporations have had trouble finding workers, leading to labour shortages. However, millions of migrant workers have also complained about difficulties in finding employment. China Mobile's "Rural Job Search" application was developed to address this situation, by using multiple services and channels to build a platform that matches corporation's recruitment demands with migrant workers employment needs.

Our 12582 "Rural Job Search" officially commenced in 2010, and since then has grown from voice service to a centralised 12582 Informationalisation Service Platform that incorporates voice hotlines, text/multimedia messages, and a website to effectively expand the available channels of employment information for migrant workers. In addition to providing national employment services for rural migrant workers, "Rural Job Search" has also expanded to include services such as migrant worker rights protection, vocational improvement, among others. These services help rural residents resolve the difficult problems they face in working in cities, and enable a faster and easier integration into city life. As of the end of 2012, 12582 "Rural Job Search" has covered China's 31 provinces, exceeded 6.06 million customers, and provided 50 million person-times of employment information, thus demonstrating its effectiveness in rural worker employment, training, and business start-up.

In addition, we united with the China Ministry of Human Resources and Social Security to introduce the "Spring Breeze Action" initiative. During the 2010-2012 Spring Festivals (Chinese New Year), "Rural Job Search" cooperated with "Spring Breeze Action" to provide free employment information for migrant workers returning to the city from their homes; this service has accumulatively sent over 840 million free pieces of employment information.



## Transforming Agriculture

Increasing the pace of development of modern agriculture is a key element in the construction of a new countryside. The use of modern information communication technology, especially the Internet of Things, will fundamentally change the traditional agricultural production models of subsistence agriculture, excessive grain production and excessive reliance on manual labour. China Mobile has developed 37 agricultural Internet of Things applications in 9 categories, which allows advanced technology to truly be experienced in the countryside.

### Greenhouse Manager

Shandong Province is one of our nation's most important agricultural provinces and one of the nation's biggest vegetable producing areas. The large-scale production of vegetables here faces problems such as uneven crop quality, low labour expertise, and the farmers' over-reliance on experience (rather than technology) in vegetable production.

China Mobile has used the Internet of Things to develop a "Greenhouse Manager" smart agricultural management system in Shandong Province. "Greenhouse Manager" uses real-time monitoring, remote control and remote problem-identification, to carry out 24 hour real-time monitoring of environmental conditions and growth factors in greenhouses such as soil, temperature, humidity, and wind speed. Farmers can make use of mobile terminals to remotely conduct functions such as automatic greenhouse shutters or screens, and automatic irrigation. Farmers can also use "Greenhouse Manager" video cameras to take pictures of diseased crops and use the mobile network to upload these to the system. The system's agricultural experts can carry out long-distance diagnosis using these pictures and subsequently send the appropriate advice to farmers. Over 1,500 greenhouses in Shandong Province have installed "Greenhouse Manager" and it is estimated that by the end of 2013, over 20,000 vegetable greenhouses in Shandong Province will have installed "Greenhouse Manager".

The "Greenhouse Manager" has changed the traditional agricultural models of relying on experience and feeling to conduct farming operations, and has achieved accurate, smart cultivation of agricultural crops, helping crop production to increase by 25-35%, saving about 40% in manpower costs.

### Smart Aquaculture

Zhejiang Province's South Tai Lake's Agricultural Demonstration Base was one of the first 76 Exemplary Agriculture Demonstration Bases approved by the National Ministry of Agriculture. The base has over 200 greenhouses and over 1,500 fish ponds. In the past, fish farmers had to monitor fish ponds 24/7, continuously paying attention to pond temperature, illumination/sunlight, humidity, and oxygenation levels. China Mobile commenced Internet of Things testing in cooperation with this base since April 2012, helping the base implement 'smart aquaculture'.

Currently, with the help of Internet of Things technology, fish farmers can use their mobile phones to gauge the conditions of their ponds, through sensors that collect data on fish pond temperature, pH and dissolved oxygen levels. This data can be uploaded wirelessly to the system's central platform for analysis, with notifications sent to fish farmers enabling them to carry out any necessary management. Aquaculture farmers can also use the Internet of Things, at any time and place, to conduct video surveillance of fish ponds, and can take pictures or videos that can be played or reviewed at a later time. The

use of remote controls in the scientific management of fish ponds has brought greater convenience to fish farmers.

### Internet of Things Drip Irrigation

"Internet of Things Smart Drip Irrigation" is implemented in accordance with the unique cultivation requirements of different crops using wireless automatic irrigation and fertilisation, and a remote monitoring system, which together enable effective crop cultivation management.

The majority of the Xinjiang Autonomous Region suffers from drought or partial drought conditions, with relatively low levels of precipitation, placing large constraints on agricultural production. In Shihezi City, Xinjiang, although drip irrigation technology had already been used in the past, most of the previous work relied on manual management. In 2011, China Mobile installed a free "Internet of Things Smart Drip Irrigation System". Computers at the Control Center are connected to smart irrigation field sensors, which send information to this center for expert analysis. Text messages are then sent to managing personnel at individual farms. This technology enables savings of approximately 100-150 m<sup>3</sup> of water/mu of land, and increases in production of 100-150 kilograms/ mu of land.

As of the end of 2012, China Mobile has implemented Internet of Things irrigation on 210,000 mu of land in Xinjiang, bringing impressive benefits in terms of reduced manpower cost, water use, and an increased productivity.

### Internet of Things Serves China's Big Granary

*We have introduced a series of Internet of Things applications in Heilongjiang, an agricultural province, such as smart greenhouses, smart irrigation of paddy fields, monitoring of crop growth environment, in combination with our positioning service, to form systems such as automated agricultural regulation systems and automatic GPS navigation systems that coordinate numerous amounts of mechanised agricultural work. At present, our Internet of Things crop applications have been put into use in areas such as farm field plowing, rice paddy irrigation, advanced disease and pest control and protection, weather monitoring and forecasts, agricultural product sourcing, vehicle positioning, and water pump control, setting an important foundation for the development of a new model of agriculture.*



QR codes helps farmers better manage farming



## Developing the Countryside

The development of a modern countryside entails certain key priorities, inclusive of consistent focus on the development of nationwide equipment infrastructure and rural social development, further promotion of rural development and poverty alleviation, and holistic improvement of rural production levels and living conditions. Through information technology, China Mobile is making tangible contributions in the improvement of village governance, community security and healthcare.

### Rural Governance

China Mobile has used the 12582 Rural Information Service to promote our "Easy Governance" service to help grassroots-level governments in functions such as government administration, information dissemination and public service, effectively saving administrative costs and improving the effectiveness of rural management.

#### Supporting Development and Building a Harmonious Countryside Together

*In Sichuan, China Mobile has partnered with the Sichuan Provincial Government and the Xinhua News Agency's Sichuan Branch to run the New Rural Pass platform. The platform uses mobile phone text and multimedia messages to send information related to the New Countryside, such as information regarding policy, technology, market, labour, fire prevention and other hazards, to our many users, creating an information super highway for residents, cadres and organisations in rural areas. As of the end of July 2012, the New Rural Pass service has been operating in 12 cities, including Bazhong, Mianyang, and Meishan, and has sent out 783 million messages. This service has played a significant role in enabling the creation of new rural society management and promotion of governance transparency by grassroots governments.*

### Rural Safety

Along with the continuous increase in the speed of urbanisation and the existence of large numbers of young rural residents who enter cities to work and start businesses, there has been an increase in "left-behind families" (rural families where both mother and father are working in the city, leaving their children and aged parents at home), and problems occur every day regarding the safety of left-behind families. China Mobile has united with the local government in Hubei Province's Enshi City to promote the "Ten Household United Defense" platform, which combines modern communication networks and residential communication terminals to effectively handle emergencies encountered by rural left-behind families.

The Ten Household United Defense platform uses mobile and land phones to group ten persons living near one another, or "neighbours", into one unit. If one of the unit members encounters an urgent problem, he or she can dial the emergency number "995" (which sounds similar to "Help Me" in Mandarin), and the system will automatically send voice and text messages to notify the other nine unit members, as well as the police. This creates an emergency system among members of the public as well as the police, providing timely and reliable safety protection. Since the introduction of the Ten Household United Defense Platform, the theft rate in Enshi City villages has fallen by 45-80%. The "Ten Household United Defense" platform has created a safety protection system consisting

of autonomous prefectures, counties, towns, and villages, thus providing important safety measures for "left-behind families" and residents.

### Rural Healthcare

In order to help the nation's New Rural Cooperative Medical System serve rural residents, China Mobile has continued to push forward the construction of a New Rural Cooperative Medical Information System, which integrates multiple types of information communication technology to help rural residents in quick and timely submission of real-time medical claim reports and subsidies receipt. Our System also helps government bureaus supervise medical treatment and healthcare, conduct real-time monitoring of funds, assure that the policy is used as intended to help rural residents, thus reducing economic hardship caused by illness and other health issues.

In Guizhou, we have been developing a New Rural Cooperative Medical Services information system since 2009, and by the end of 2012, the system will cover over 11,000 medical organisations in 77 districts. Every month over 1.5 million people use this system to obtain subsidies, with total monthly subsidy disbursement reaching approximately 300 million yuan, truly realising the goal of real-time subsidy provision for rural residents.

In Jiangxi, we have built a "Provincial Management Center as the Core, County Data Center as the Foundation" localised new rural medical cooperative application system for the local government's medical treatment and healthcare department. We supported the optimisation of mobile records and more than two million users have used their mobile phones to participate in this programme through over 3,200 access points in 31 districts and counties. We have also set up a "Rural Resident Compensation Fund" of over 30 million yuan to pay for new rural cooperative insurance premiums for over 1 million rural residents.

In addition, we have built remote medical treatment information systems in Henan, Tianjin, Neimenggu, and Shanxi, helping residents, especially those in remote countryside locations, obtain remote diagnostic services thus helping reduce the unequal distribution of medical care.

#### Mobile Informationalisation Assists the Development of Urban and Rural Emergency Medical Care

*In order to meet the sudden, life-threatening emergency medical needs of rural residents living in remote mountain areas, China Mobile has started an urban and rural emergency medical care all-in-one project using Guangxi's Liuzhou as its pilot project. This project integrates a city, county, and town multi-level command platform with 'level three' hospitals, forming an all-in-one information platform. When an emergency occurs, this platform can be used to ensure an emergency vehicle is deployed within three minutes and also provides remote emergency instructions. Life monitors in emergency vehicles collect and transmits real-time information on patients' vital signs, helping medical experts conduct remote diagnosis. Since this platform officially went online in January 2011, branch centers received 9,669 emergency calls and transported 8,308 patients to hospitals in 2011 alone. This project currently covers over 2 million people, thus helping to unite and share city and countryside medical resources, gaining precious time critical for saving lives.*

# STAKEHOLDER COMMENTARY

## Strategic Responsibilities Inspire Sustainable Development

2012 was a very challenging year for Chinese companies. As a result of international and domestic economic conditions, the majority of companies experienced tremendous pressure to generate profit. The simultaneous needs of a company to maintain the fulfillment of social responsibilities, guarantee healthy growth rates, and achieve social harmony and environmental targets, have proven to be practical problems faced by all.

As one of only three state-owned CSR models established by SASAC, China Mobile is an exemplary reflection of how it is possible for a company to the perfect relationship between corporate social responsibility and healthy corporate development. In 2012, China Mobile was included in the Dow Jones Sustainability World Index for the fifth consecutive year, and listed by Hang Seng Sustainability Index for three years. China Mobile was also included by Fortune magazine in its 2012 World's Most Admired Companies List, ranked as one of the top ten companies in the Asia-Pacific region, and also received the "Sustainability Excellence Award" from the Chamber of Hong Kong Listed Companies. All these honors are not only a recognition for the good performance of our corporate social responsibility work, but also a result of the steady and continuous improvement in our responsibility management system.

Since 2006, China Mobile has been devoted to the implementation of social responsibility in accordance with international standards. As the first telecommunications company to publish a social responsibility report in China, it began with a focus on continuous and systematic corporate performance information disclosure. Under the leadership of the company's Chairman, China Mobile established the Corporate Social Responsibility Steering Committee, thus clarifying and setting in place both the organisational structure and long-term system needed for the company to be socially responsible. China Mobile also initiated the China Mobile Charity Foundation, clearly developed its charity strategy including the scope of key areas and issues, and actively shared the company's growth values with the broader society.

China Mobile explicitly set the goal of implementing a "sustainable development" strategy during the twentieth Five-Year, integrating the company's strategy development into the national social development programs, and aligning its social development efforts with core competencies. From the Wireless City to "Three-Nets" benefiting "Three Rural Issues", China Mobile endeavours to utilise its telecommunication technology expertise to make positive contributions to key social development topics. These include economic development, community livelihood improvement, cultural exchange, and environmental protection, among others. Our objective with these programs is integrate responsible products and services into continuous, standardised philanthropy investment, and to integrate the company's business development with stakeholder interests, which will ultimately generate abundant shared values.

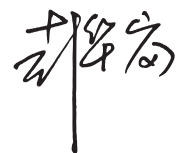
It is also equally important to remember that sustainable development is a process which entails problem-identification and issue-rectification. As with other companies, China Mobile has



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Administration Commission of the  
State Council of China

also experienced challenges throughout its development, such as corruption and low quality information. However, as we can observe from this report, China Mobile has proven that it has the ability to manage these difficult problems, trace the roots within the company itself, improve relevant management systems and procedures, and actively invite supervision and participation from stakeholders, which has been leading to increasingly positive results.

Social responsibility is not just an accessory. On the contrary, it is the corner stone of any company's development. A company can achieve sustainable, healthy development only by integrating social responsibility within every step of its development. It is our hope that China Mobile continues to adhere to sustainable development principles in the future, implementing the harmonious development strategy for state-owned companies while fostering its own vision as a corporate model of social responsibility, and simultaneously inspiring more Chinese companies to implement higher standards of social responsibility, thus contributing to our society's prosperity and progress together.



March 2013

# LOOKING FORWARD

Key Issues	Achievements in 2012	Looking forward of 2013
Sustainability Capability Improvement	Finished sustainability capacity assessment and improvement of provincial companies, launch special management optimisation of 5 CSR topics.	Provincial companies will deliver benchmarking and improvement of 5 CSR topics, optimises management process.
	Continued to deliver stakeholder communications through CEO Mailbox, Official Microblog, Customer Day, etc.	Further improve stakeholder regular communication policy and process.
Corporate Governance and Compliance	Conducted centralised sourcing auditing and accountability reviewing; 28 provincial companies finished the cooperation management risk auditing.	Continuously improve risk assessment and focusing on the corporate level operation risk identification and control.
	Optimised legal risk system and integrate them into operation and legal management.	Improve the legal risk management system and make sure it covers all sectors and process.
Responsible Supply Chain	Launched 3+1 policy and clarified 143 items at headquarter level.	All subsidiaries and facilitations will release tailor-made 3+1 policy and start implementation.
	Established SP information database and a blacklist of poor credit rating SPs, allowing us to manage them effectively through the entire network.	Continue to optimise and standardise partner information management through entire network.
Ubiquitous and Caring Service	Released a series of management mechanisms including Procurement Implementation Methods, Bidding Implementation Methods, Logistics Management Methods, and Inventory and Warehouse Management Methods.	Improve and standardise supply chain management. We will conduct on-site supply chain management evaluation of 31 provincial companies.
	In 2012, our TD-SCDMA network quality was further improved, the call drop rate was only 0.29%, representing an improvement of 31% over last year.	Continue to improve network quality and ensure the call drop rate is below 1%.
Fostering Employee Satisfaction through Mutual Growth	In 2012, our roaming billing accuracy reached 99.99%.	Focus on the complaints about billing accuracy and minimise errors, make sure the billing error rate is below 1/10,000.
	Significantly brought down roaming fees for USA, Sweden, Indonesia, the Philippines, and Austria.	Launch new roaming fees including 1/2/3 yuan respectively for overseas, Hong Kong, Macao and Taiwan. We will expand roaming package per day coverage, and add WLAN International roaming services.
	Kicked off countrywide information security training and raised employee awareness about information security.	Strengthen the third party monitoring, effectively investigate customer information leakage problems.
	Actively launched 20 initiatives to improve customer services, achieved the lowest complaint rate per million customers.	Continue to carry out Excellence in Serving the People programme and further improve customer satisfaction.
Shared Development with Harmonious Communities	Conducted group wide safety inspections and better managed safe production risks.	Improve EHS policy system and release the revised China Mobile Safety Performance Management Regulation.
	Fully considered the local needs and effectively and better managed the aid funding for Xizang, Qinghai and other poverty alleviation projects.	Continue to implement 2013 aid funding for Xizang, Qinghai and other poverty alleviation projects.
Creating a Sustainable Environment	As far as now "Heart Caring Campaign" has provided free congenital heart disease screening for 12,547 children, and completed surgeries for 593 children.	Provide surgeries for totally 400-440 children, 200-220 for Henan and Liaoning respectively, and 200 children in Neimonggu.
	We decreased electricity consumption per unit of telecommunication traffic by 14.6% compared with 2011.	Promote mature energy saving technology and continue to reduce energy consumption.
An Information-enhanced Future	Launched Spreading Conservation Awareness Week in China to advocate energy saving.	Keep raising public awareness about energy saving and environmental protection.
	China Mobile's international transmission bandwidth and international internet global ranking rose significantly.	Provide high-quality of internet visiting experiences for our customers.
An Information-enhanced Future	Established China Mobile M2M Company Limited.	Achieve specialised operation of Internet of Things company.
	Implemented expansion experimental TD-LTE network in 15 cities, helping to increase the number of global TD-LTE commercial networks to 14.	Continue to move TD-LTE scale experimental network ahead and accelerate the maturity of TD-LTE industry.
	Wireless City has already covered 336 cities across China, cumulative customers reached 70 million in 2012.	Develop and promote Wireless City application with focusing on city management, healthcare and community services.
	Exceed annual target of Phones/Internet in Village Connected Project. As the end of 2012, customers in China Mobile's Rural Information Service reached 43 million; the Rural Information Network sent 10.34 billion agricultural messages.	Continue to implement the Phones in Every Villages and Internet in Administrative Villages, provide creative and tailor-made rural information applications.



# 2012 SUSTAINABILITY PERFORMANCE SUMMARY

By reference to the Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines (G3.1), we set out our key sustainability performance in 2012 as follows:

## Economy

### Economic Values Created and Shared

We create and share economic values with stakeholders through daily business operations.

Indicators	2010	2011	2012
Operating revenue (billion yuan)	485.2	528.0	560.4
Tax paid (billion yuan)	39.0	40.6	41.9

### Market Performance

We abide by labour laws and regulations, and the salary level of our employees is higher than the local minimum wage.

### Indirect Economic Impact

#### Narrowing Digital Divide

We actively participated in the Village Connected Project to provide communication and information services for rural areas and helped to narrow digital divide.

Indicators	2010	2011	2012
Cumulative number of remote villages covered via Village Connected Project	87,291	100,474	111,107
Cumulative number of administrative villages provide with broadband connection via Village Connected Project	-	4,031	11,213
Number of sales channels in rural areas (10,000)	58.0	69.0	69.5
Number of Rural Information Service users (10,000)	5,687	3,130	4,300
Number of rural information sent via the Rural Information Network (100 million)	7	42.4	103.4

#### Informationalisation of National Economy

We continuously innovate on personal and industry information applications, and help improve the level of informationalisation of the entire society through ICT solutions.

Indicators	2010	2011	2012
Number of Campus Information Service customers (million)	44.41	52.32	63.81
Number of M2M (machine to machine) terminals (million)	7.21	12.18	19.94

#### Promoting Inclusive Society

On the one hand, we strive for promoting telecommunications services popularisation and providing impartial and affordable information services for the whole society; on the other hand, we cooperate with relevant departments, develop applications for facilitating society management, help reduce cost of social services through ICT solutions and improve society operation efficiency.

## Environment

### Energy and Resources

We pay a great deal of attention to climate change, make great efforts to reduce our energy consumption and continually improve energy efficiency. In 2012, energy consumption per unit of telecommunications traffic decreased by 14.6% when compared to last year. By the end of 2012, our cumulative investment on Green Action Plan reached 570 million yuan.

#### Energy Consumption

Indicators	2010	2011	2012
Total electricity consumption (100GWhs)	119.4	129.3	143.0
Natural gas consumption (million cubic meters)	5.5	6.4	8.5
LPG consumption (100 tonnes)	6.7	5.0	5.7
Coal gas consumption (million cubic meters)	1.0	2.1	1.5
Coal consumption (10,000 tonnes)	4.5	2.5	2.2
Gasoline consumption (million liters)	133.8	139.8	131.3
Diesel fuel consumption (million liters)	23.0	27.0	22.1
Purchased heating costs (million yuan)	139.82	137.03	133.45
Energy consumption per unit of telecommunications traffic (kWh/10,000MB)	275	245	209

#### Network Infrastructure Joint Construction and Sharing

Indicators	Joint Construction Rate (%)		Sharing Rate (%)	
	2012	2011	2012	2011
Towers	68%	68%	81%	81%
Pole lines	41%	41%	82%	82%
Base stations	58%	58%	81%	81%
Transmission lines	47%	47%	81%	81%
Pipeline	58%	58%	85%	85%
Indoor distribution	46%	46%	79%	79%

#### Using Alternative Energy

Indicators	2010	2011	2012
Alternative energy base stations - total	7,795	8,970	9,699
Solar energy	6,279	7,057	7,627
Wind energy	308	435	600
Solar and wind	1,069	1,316	1,366
Others	139	162	106

#### Reducing Resource Usage

Indicators	2010	2011	2012
Number of SIM cards reused (10,000 pieces)	67	72	50

### Green Operations

Indicators	2010	2011	2012
Percentage of businesses conducted through e-channels (%)	54	76	78



## Green Office

Indicators	2011	2012
Number of person-times visiting the Integrated Information Network (10,000 person-times)	2.2	2.0
Average number of calls made daily (10,000 calls)	5.2	4.3
Average duration of calls per day (10,000 minutes)	43.4	60
Average number of instant messages sent per day (10,000 messages)	7.2	6.7

## Water

We actively use reclaimed water in our operations (based on circumstances), improve our employee awareness of water conservation and save water.

Indicators	2010	2011	2012
Total amount of water used (million tonnes)	33.95	28.72	30.23

## Waste

Indicators	2010	2011	2012
Discarded lead acid batteries (10,000Ahs)	12,585	9,780	12,808
Lead acid batteries recycled through professional channels (10,000Ahs)	10,444	9,588	12,808
Lead acid batteries reused (10,000Ahs)	2,665	3,058	2,659
Cumulative number of mobile phones and accessories recycled (million)	6.74	8.51	8.75

## Biodiversity

We actively protect ecological environment and strictly comply with the relevant rules when constructing base stations in ecological reserve zones to protect biodiversity.

Indicators	2010	2011	2012
Number of base stations in ecological reserve zones	4,833	7,781	8,726

## Reducing Carbon Emissions

Indicators	2010	2011	2012
CO <sub>2</sub> emission (million tonnes)	11.76	12.68	13.92

\*Note: According to the data for the conversion of energy published by the Chinese government, the conversion factor for carbon dioxide is adjusted as follows: electricity, 0.943; gasoline, 2.3; diesel fuel, 2.63; natural gas, 0.559; LPG, 1.49; coal, 2.66; and coal gas, 9.5. According to the adjusted factor, we have amended the historical data.

## Transportation

We encourage using video conferences to reduce business trips.

Indicators	2010	2011	2012
Video conferences use at Group level (times)	754	850	988

## Labour Practice and Decent Work

### Promoting Employment and Entrepreneurship

Our development contributed to the generation of over 2.4 million job opportunities in 2012. At the same time, the Mobile Market's Youth Business Start-up Plan has involved over 2,000 institutions of higher learning across the nation in the three years since its beginning, and as of the end of 2012, this activity has gathered over 1.7 million young developers who have collectively created over 1.09 million entrepreneurial products, and provided over 11 million yuan in start-up support funds.

Indicators	2010	2011	2012
Total number of employees	164,336	175,336	182,487

## Diversity and Equal Opportunities

### Employee Gender Composition

Indicators	2010	2011	2012
Percentage of female employees (%)	41.03	40.53	40.08
Percentage of female employees at the senior management level (%)	17.30	17.43	17.92

Note 1: Senior management refers to anyone at a vice president level or above at provincial subsidiaries and anyone at general manager level or above at headquarters.

Note 2: Due to changes in indicators, adjustments have been made to historical data.

### Ethnic Proportion

Indicators	2010	2011	2012
Ethnic minorities as a percentage of total employees (%)	6.01	6.56	6.33

### Age Structure

Indicators	2010	2011	2012
Proportion of employees under 30 years old (%)	30.94	28.92	25.52
Proportion of employees between 30-50 years old (%)	62.90	64.69	67.34
Proportion of employees above 50 years old (%)	6.16	6.39	7.14

### Employee Turnover

Indicators	2010	2011	2012
Number of resigned employees	3,533	3,196	2,873
Number of employment contracts terminated	114	61	76

## Healthy and safety

In accordance with the relevant requirements of laws and regulations, we formulated and implemented the China Mobile Safe Production and Protection Management Method combining with communication engineering construction practice, and effective against safety risks by strict supervision and irregular inspection system. In 2012, there were no work-related accidents in construction work Group-wide.

## Education and Training

### Employee Training time

Indicators	2010	2011	2012
Average training time per employee (hours)	59.0	57.4	59.1
Average training time per senior management (hours)	58.3	56.8	58.5
Average training time per mid-level management (hours)	61.8	60.2	62.0
Average training time per ordinary employee (hours)	56.5	55.1	56.7

### Persons Trained

Indicators	2010	2011	2012
Number of persons trained (10,000 person-times)	89.8	97.5	98.3
Number of senior management trained (person-times)	239	421	438
Number of mid-level management trained (person-times)	8,195	8,901	9,306
Number of general employees trained (10,000 person-times)	88.9	96.6	97.3
Percentage of employees attending diploma courses (%)	5.16	5.32	5.24

## Human Rights

We support the United Nations global compact ten principles, and respect internationally recognised human rights.

We strictly abide by the labour rules and regulations, enter into labour contracts with workers, and pay social insurance premiums in full amount for employees. By the end of 2012, 100% of our employees have signed the group contract, and 100% of the employees have joined the labour union.

## Society

### Community

We urge and initiate employees to participate in volunteer services. In 2012, we have enrolled over 90,000 employee-volunteers, and the hours of volunteer services have exceeded 330,000.

### Emergency Support

Indicators	2010	2011	2012
Total number of emergency support (times)	5,413	4,671	5,167
Major political or economic events support (times)	4,744	4,028	4,218
Significant natural disasters support (times)	437	223	706
Large-scale accidents or catastrophic events support (times)	75	224	205
Public health incidents support (times)	91	48	8
Public safety incidents support (times)	66	148	30
Emergency support vehicles deployed (times)	21,324	9,636	6,860
Emergency support systems installed (times)	124,268	43,527	47,544
Persons involved in emergency support (person-times)	354,822	320,866	330,515

## Social Welfare

Indicators	2010	2011	2012
Cumulative number of sponsored children orphaned by AIDS or living in extreme poverty (persons)	12,229	15,749	15,749
Cumulative Number of children in poverty who suffered from congenital heart disease assisted (persons)	-	202	593
Cumulative number of China Mobile Libraries built	1,360	1,510	1,694
Cumulative number of multimedia classrooms built	350	500	674
Cumulative number of principals of primary and middle schools trained in central and western regions (persons)	25,600	37,952	48,205

## Products

### Providing Diversified Services

Indicators	2010	2011	2012
Number of customers (million)	584	649	710
Number of countries and regions covered by GSM roaming service	237	237	237
Number of countries and regions covered by GPRS roaming service	186	187	188

## Network Quality and Reliability

Indicators	2011	2012
The successful connection rate of GSM network (%)	99.26	99.26
The successful connection rate of 3G network (%)	98.99	98.90
The call drop rate of GSM network (%)	0.70	0.48
The call drop rate of 3G network (%)	0.42	0.29

Note: The successful connection rate is test data; the call drop rate is annual average data derived from the network management system. According to new statistical criteria, we have amended the historical data.

## Customer Satisfaction

Indicators	2010	2011	2012
Complaint rate per million customers (cases)	52.1	40.2	31.2

## Consumers' Interests Protection

We continually strengthen employee information security awareness. In 2012, we provide about 17,000 person times employee trainings related to customer information security and privacy protection.

Indicators	2010	2011	2012
Number of reported spam messages handled (10,000 times)	684	562	344

## "Going-Out" performance

### Localisation of Employees

Indicators	2010	2011	2012
Composition of Local employees, Hong Kong company (%)	99.4	99.8	97.0
Composition of Local employees, International Company Limited (%)	-	88.3	82.5

## Social Welfare

In 2012, the Hong Kong Company helped the Hong Kong Society for the Protection of Children promote Kids Artwalk roaming the Earth "Source" exhibition activity; supported the "Shouqing Family" social enterprise by purchasing "Love Sock Packages" which were sent to families in need at Christmas; held blood drives in cooperation with the Hong Kong Red Cross; held the "Oxfam Rice Charity Sale" activity in cooperation with Oxfam Hong Kong; and held "Chest Food Day" and "Community Chest's Love Teeth Day" activities in cooperation with the Community Chest of Hong Kong. At the end of 2012, the Hong Kong Company was recognised as a "Caring Company" for the 10th consecutive year by the Hong Kong Council of Social Service.

# ABOUT THIS REPORT

This is China Mobile Limited's seventh sustainability report, covering our activities between 1 January 2012 and 31 December 2012. This report has been published in both English and Chinese. You can visit [www.chinamobileltd.com](http://www.chinamobileltd.com) to download or view our report.

## Reporting Reference

We try to ensure our report disclosure satisfies non-financial information disclosure standards, and embodies the telecommunication industry characters and China Mobile context. Our 2012 report refers to the guidelines as below:

- The United Nations Global Compact (UNGC) Ten Principles;
- The Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (G3.1) and the GRI Telecommunications Sector Supplement;
- ISO 26000;
- Guideline for Environmental, Social and Governance Reporting issued by The Stock Exchange of Hong Kong Limited; and
- Chinese CSR Report Preparation Guide (CASS-CSR 2.0) issued by the China Academy of Social Sciences.

## Content Selection

We followed the GRI principles of "materiality, stakeholder inclusiveness, sustainability context and completeness" and took the following steps to define report content:

- **Peer companies best practice benchmarking:** we conducted a benchmark of 11 leading companies on sustainability management and report disclosure, and developed industry topics and best practices;
- **International standard benchmarking:** we analysed the DJSI, ISO 26000 and the GRI G4 draft, to better understand global sustainability issue trends, and requirements for information disclosure;
- **Policy and public expectation research:** we scanned government policies, industry development plans and public expectations, to define major social issues and stakeholder expectations;
- **Third party investigations of sustainability:** in 2012 China Mobile conducted a third party sustainability survey which covered government, public audience, media, employee and value chain partners, through which we gained valuable input on stakeholder perceptions of China Mobile;
- **2011 China Mobile Sustainability Report review panel:** we invited stakeholder representatives to participate in a report review panel and obtained their comments on our 2011 Sustainability Report and their expectations for our 2012 Sustainability Report.

Based on the reporting approach described above, and focusing on the future for both China Mobile and stakeholders, the 2012 Sustainability Report highlights our sustainability efforts, including:

- Sustainability Strategy and Management (pages 4-9);
- A Healthier and More Stable China Mobile (pages 10-15);
- More Satisfied Stakeholders (pages 16-33);
- An Information-enhanced Future (pages 34-47);
- 2012 Sustainability Performance Summary (pages 50-52).

## Report Scope

Unless otherwise stated, all cases and data contained in this report are derived from China Mobile Limited and its operating subsidiaries. (See page 3 for information about our subsidiaries.)

## Data Collection

Data and case studies included in the 2012 Report were collected primarily through:

- China Mobile's internal data collection system and statistics reports;
- Quarterly provincial CSR best practices reports;
- China Mobile 2012 CSR Practices Competition;
- Quantitative and qualitative questionnaires developed based on the reporting framework.

## Currency

Unless otherwise specified, all monetary figures shown in this report are expressed in Renminbi (yuan).

## Report Assurance

In 2012, we engaged PricewaterhouseCoopers Zhong Tian CPAs Limited Company to provide an independent assurance report for the first time. The detailed report can be seen on pages 54-55. You can also refer to our 2012 Annual Report for the audited financial statements of the Group for the year ended 31 December 2012 and other details of our financial performance and operating results. The 2012 Annual Report is available on the Company's website, [www.chinamobileltd.com](http://www.chinamobileltd.com).





# INDEPENDENT ASSURANCE REPORT

## To the Directors of China Mobile Limited,

We have been engaged by the Directors of China Mobile Limited (the "Company") to perform a limited assurance engagement on the selected key performance information as at 31 December 2012 and for the year then ended as defined below in the 2012 Sustainability Report ("the Sustainability Report").

## Directors' Responsibilities

The Directors are responsible for the preparation and presentation of the selected key performance information in accordance with the basis as set out in the Sustainability Report's Preparation Principles, the definitions of the key performance information in the Sustainability Report (the "basis of reporting"). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the selected key performance information; and making estimates that are reasonable in the circumstances.

## Practitioner's Responsibilities

Our responsibility is to express a conclusion on the selected key performance information in the Sustainability Report based on our work performed. We report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our work on the selected key performance information in accordance with the International Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". This Standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance as to whether any matters have come to our attention that causes us to believe that the selected key performance information as at 31 December 2012 and for the year then ended in the Sustainability Report is not prepared in all material respects in accordance with the basis of reporting.

The selected key performance indicators of the Company within the 2012 Sustainability Report that is covered by this report is as follows:

## Economic Indicators

- The addition of remote villages covered via Village Connected Project during 2012
- The addition of administrative villages with broadband connection via Village Connected Project during 2012
- The number of sales channels in rural areas
- The number of Rural Information Service users

## Environmental Indicators

- Total electricity consumption
- Natural gas consumption
- LPG consumption
- Coal gas consumption

- Coal consumption
- Gasoline consumption
- Diesel fuel consumption
- The number of alternative energy base stations
- Percentage of businesses conducted through e-channels
- CO<sub>2</sub> emissions

## Social Indicators

- Percentage of female employees
- Ethnic minorities as a percentage of total employees
- Total number of persons trained
- Total number of emergency support
- Emergency support vehicles deployed
- Emergency support systems installed
- Persons involved in emergency support
- The addition of children orphaned by AIDS or living in extreme poverty sponsored during 2012
- The addition of children in poverty who suffered from congenital heart disease assisted during 2012
- The addition of principals of rural primary and middle schools trained during 2012
- Number of reported spam messages handled

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. The procedures selected depend on the practitioner's judgment, including the assessment of the risks of material non-compliance of the selected key performance information in accordance with the basis of reporting.

## Approach, Scope and Limitation of Work

Within the scope of our work, we performed the following procedures at the Headquarters in Beijing, and the Guangdong and Anhui subsidiaries:

- Interviews with management and personnel in the Departments involved in providing information for inclusion in the Sustainability Report in relation to the selected key performance information;
- Analytical procedure;
- Examination, on a test basis, of documentary evidence relating to the selected key performance information on which we report;
- Recalculation; and
- Other procedures deemed necessary

Our work is limited to the selected key performance information as of 31 December 2012 and for the year then ended in the Sustainability Report. We have not performed any procedures over other data included in the Sustainability Report for 2012, nor have we performed any procedures on data of or prior to 2011. In addition, our work performed is not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.





## Conclusion

Based on the limited assurance work which we have performed, nothing has come to our attention that causes us to believe that the selected key performance information as at 31 December 2012 and for the year the ended has not been prepared, in all material respects, in accordance with the basis of reporting.

PricewaterhouseCoopers Zhong Tian CPAs Limited Company

Shanghai, China

20 March 2013

## Appendix: The Basis of Reporting

### Economic Indicators

**The addition of remote villages covered via Village Connected Project during 2012:** the addition of administrative villages and natural villages that covered by mobile phone services through Village Connected Project during 2012, and the information disclosure is based on the statistics in the annual report of Ministry of Industry and Information Technology.

**The addition of administrative villages with broadband connection via Village Connected Project during 2012:** the addition of administrative villages provided with broadband connection through Village Connected Project during 2012, and the information disclosure is based on the statistics in the annual report of Ministry of Industry and Information Technology.

**The number of sales channels in rural areas:** the number of sales outlets and channels owned by China Mobile and the third-party in villages and towns.

**The number of Rural Information Service users:** the total number of both 12582 multimedia and text message users and 12582 hotline services users.

### Environmental Indicators

**Total electricity consumption:** all the electricity consumed during business operation by 31 provincial subsidiaries, including office building, base station, telecommunication equipment room, support system occupancy and channel occupancy.

**Natural gas consumption:** all the gas consumed during production, operation and management by 31 provincial subsidiaries.

**LPG consumption:** all the LPG consumed during production, operation and management by 31 provincial subsidiaries.

**Coal gas consumption:** all the coal gas consumed during production, operation and management by 31 provincial subsidiaries.

**Coal consumption:** all the coal consumed during production, operation and management by 31 provincial subsidiaries.

**Gasoline consumption:** all the gasoline consumed during production, operation and management by 31 provincial subsidiaries.

**Diesel fuel consumption:** all the diesel fuel consumed during production, operation and management by 31 provincial subsidiaries.

**The number of alternative energy base stations:** total number of alternative energy base stations powered by wind, light, water and fuel cell.

**The percentage of businesses conducted through e-channels:** through e-channels, users actively initiate and change the services or the status of relationship in the BOSS system (after the modification in the early 2011, the service here does not include recharge).

**CO<sub>2</sub> emissions:** CO<sub>2</sub> emissions calculated based on the official CO<sub>2</sub> coefficient (including electricity, natural gas, LPG, coal gas, coal, gasoline, diesel fuel) released by the national statistics.

### Social Indicators

**The percentage of female employees:** the percentage of female employees across the whole Group.

**Ethnic minorities as a percentage of total employees:** Ethnic minorities as a percentage of total employees across the whole Group.

**Total number of persons trained:** the training includes off-the-job training, Communist Party training, Cadres selecting study, overseas training and all the other types of trainings. The total number is gathered from every provincial subsidiary.

**Total number of emergency support:** in a local network, when there is an emergency caused by nature or human beings, which leads to an increasing telecommunication demand (natural disaster, important holidays and conference), the number of emergency support by activated emergency support employees and other mobile telecommunication resources.

**Emergency support vehicles deployed:** during a stage of the disaster, the total accumulative number of emergency support vehicles deployed in a periodical emergency support activity.

**Emergency support systems installed:** the accumulative total number of emergency support systems installed in a periodical emergency support activity.

**Persons involved in emergency support:** the accumulative total number of persons involved in emergency support in a periodical emergency support activity.

**The addition of children orphaned by AIDS or living in extreme poverty sponsored during 2012:** refers to the addition of children orphaned by AIDS or living in extreme poverty who are sponsored by "China Warm 121 project", and the statistics is gained from our annual report.

**The addition of children in poverty who suffered from congenital heart disease assisted during 2012:** refers to the addition of the impoverished children who are suffered from the congenital heart disease, conducted the operation and has already been rehabilitated by the sponsor of China Mobile "Heart Caring Campaign", and the statistics is gained from the annual report.

**The addition of principals of rural primary and middle schools trained during 2012:** refers to the addition of the principals of Midwest primary and middle schools, who are joined the training sponsored by the "China Mobile Education Aid Project", and the statistics is gained from the annual report.

**The number of reported spam messages handled:** the consumers complaint reports relative with spam messages recorded by the system.



# FEEDBACK

Dear Reader:

Thank you for taking the time to read our 2012 Sustainability Report. There are inevitably some flaws and omissions in this report, and we very much welcome your comments and suggestions.

Thank you,  
China Mobile 2012 Sustainability Report Team  
March 2013

Name				
Phone Number		Email		
Company				
Report Feedback*	Readability	Objectivity	Logic	Completeness
Opening Section				
A Healthier and More Stable China Mobile				
More Satisfied Stakeholders				
An Information-enhanced Future				
Ending Section				
Overall Comments				

\* Please rate each item from 1 to 5, with 1 being the lowest score and 5 being the highest.

You are welcome to send this form to China Mobile 2012 Sustainability Report Team via email at CR@chinamobile.com, or via fax at +86-10-52686167. We value your feedback and suggestions and ensure that your information will not be accessed by any third party.



# Report Disclosure Indexes

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