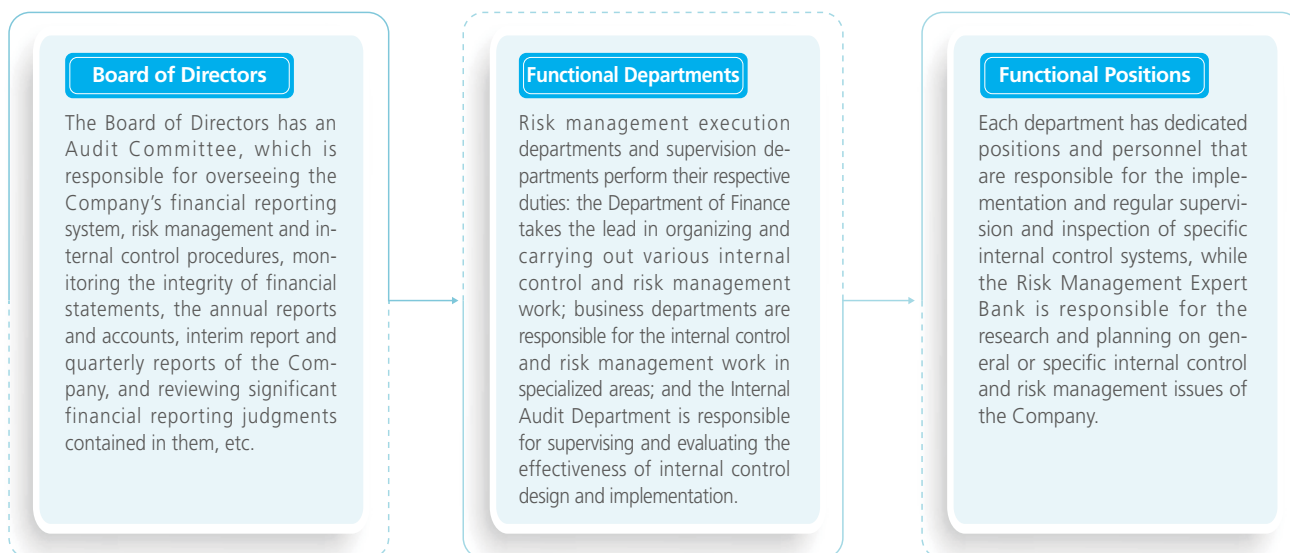


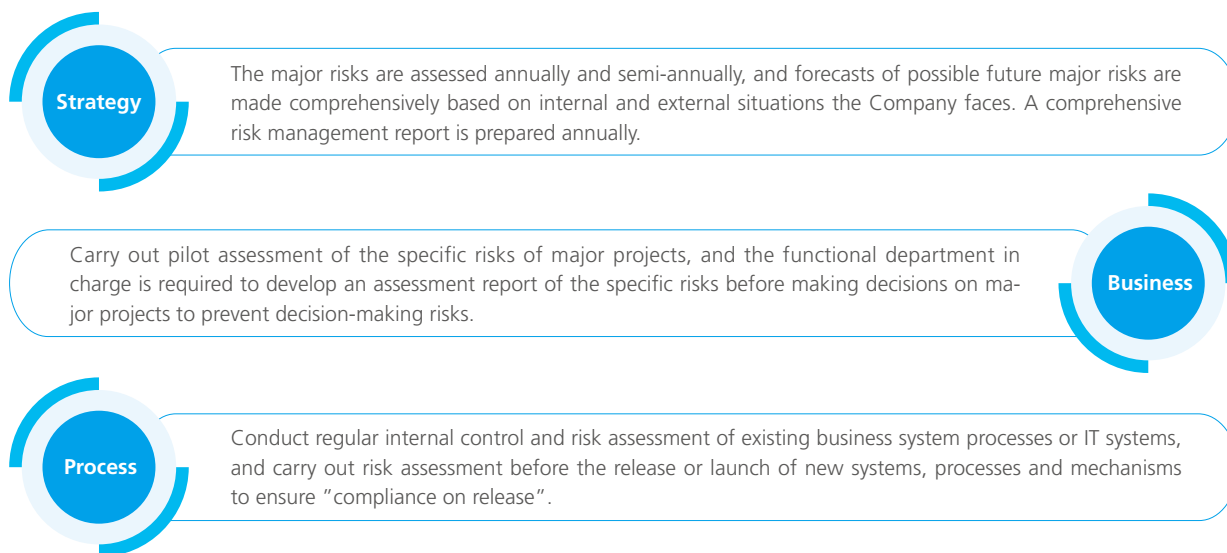
# Feature: Responsible Operations

## Risk Management

China Mobile has established a three-tiered risk management structure consisting of the Board of Directors, functional departments and functional positions to realize the specialized management of the whole process. For detailed information on the Company's risk management, please refer to the Risk Management and Internal Controls section in the Corporate Governance Report from China Mobile Limited's 2019 Annual Report.



The Company continuously optimizes its risk assessment mechanism focusing on our development strategy and business objectives, and carries out risk assessment at three levels to improve the accuracy and timeliness of risk forecast.



Regarding internal audit, the Internal Audit Departments of the Company and its operating subsidiaries are responsible for providing independent and objective confirmation of and consultation on the appropriateness, compliance and effectiveness of various business activities and the internal control and risk management of the Company, and assisting the Company in improving its corporate governance, risk management and control process. In 2019, we further intensified the audit and supervision on the areas related to the business and home markets, customer rights, key costs and expenses, system management and control, etc., to ensure the effectiveness of our cost reduction and efficiency improvement efforts and prevent business risks. We also further optimized our audit and rectification management mechanism with a new Smart Audit Cloud Hub and an improved "remote + onsite" holographic interactive smart audit model.

Meanwhile, we have established a hierarchical, multi-type training system for backbone internal control and risk management employees, prefecture-level financial managers and backbone financial employees, new financial employees, employees of all business lines and internal auditors, striving to create a risk management culture with the full participation of all employees.

## Compliance Management

China Mobile has established a compliance management system with a top-down design and focusing on the following four aspects.

### Organization

- Our parent company established the China Mobile Compliance Committee with the Chairman as the committee head. Its General Counsel serves as the head of the Office of the Compliance Committee, who is responsible for overseeing the building of compliance management system, handling major compliance incidents and risk prevention, and leading the office to provide expert opinions before making major business decisions in relation to antitrust, anti-unfair competition as well as tendering and bidding.
- Continuously deepened the Compliance Escort Plan to ensure the compliance of our business operations.

### Culture

- Our parent company joined the China Enterprise Compliance Promotion Alliance as a vice-chairman member.
- Set up a Compliance Escort online learning section at the online university of the Company, with a total participation of over 3,400,000 person-times.
- Organized nearly a thousand training sessions on compliance issues in relation to key areas such as *Foreign Investment Law*, network security, market competition, and bidding and procurement.

### Process

- Conducted compliance review prior to actions such as devising major marketing strategies and entering into major contracts, and conducted compliance review on major business activities such as transferring between operators with the same number, online privacy policies, and sharing of business partners' information.
- Conducted due diligence on issues in relation to network and information security in procurement projects to effectively prevent compliance risks.
- Launched the Hebao intelligent dialogue robot and big data visualization analysis and intelligent search functions in the contract management system.

### System

- Formulated the *China Mobile Compliance Management Report*, summarizing our compliance management conditions and putting forward the requirements for compliance management.
- Developed a series of compliance policies to provide guidance for frontline employees, including the *Guide for Intellectual Property Rights Compliance* and the *Compliance Guide for Business Partners*.
- Improved intellectual property management with various efforts, including organizing the Intellectual Property Awareness Week activities for 10 consecutive years, organizing intellectual property training, issuing special analysis reports on intellectual property cases, trademarks and brands, and compiling the book, *Compliance and Data: Using Big Data for Compliance*.

## Integrity and Anti-corruption

China Mobile actively upholds the healthy culture of hard work and integrity, adheres to the principles of openness and transparency in the operations, and continues to strengthen its anti-corruption efforts.

### Organizational Support

- Started organizational preparation for establishing the Office of Anti-Corruption Leading Group and initiated a new round of signing procedures of *Business Integrity Pledge*.
- Deepened the implementation of the embedded integrity corruption risk prevention and control mechanism and adjusted the 2019 performance evaluation indicators for embedded prevention work, urging the responsible departments to actively reflect on and examine themselves to identify any problems.

### Working Style Construction

- Issued the *Notice on the Work Progress of the Centralized Rectification of Formalism and Bureaucracy* which formulated nearly 4,000 rectification measures focusing on 1,540 issues.

### System Optimization

- Issued the *Provisions on Maintaining Record of China Mobile Senior Management Interfering with Major Matters (Trial)* to ensure that the senior management exercise their power in compliance with laws and regulations with fairness and integrity.

### Anti-corruption Education

- Launched the Anti-corruption and Integrity Awareness Month, organized 4,960 education activities covering over 90% of the employees; encouraged employees to record their learning experiences with reference to their own position and to give integrity commitment, and organized field trips for employees to anti-corruption education centers, thereby improving the effectiveness of anti-corruption education.
- Built a defense line against corruption by posting key learning content and best practice cases in various channels, including the web page of the Office of Discipline Inspection and Supervision, China Mobile Online University and MIGU reading.
- Sent out pop-up anti-corruption alerts before festivals to remind employees to strictly abide by integrity requirements.

### Whistleblowing

- Established multiple whistleblowing channels for corruption reporting, including mail, email, telephone hotline, onsite communication, the CEO Mailbox, etc.
- Protected the legitimate rights of whistleblowers, with confidentiality given to the reported issues, the status of the investigation, and the relevant information of the whistleblowers.
- Received a total of 1,730 whistleblowing cases, handled 393 corruption cases, and took disciplinary actions for 516 person-times in 2019.

## Supply Chain Management

Supply chain management is a key component of our sustainability management. Insisting on responsible procurement, China Mobile has been continuously standardizing its procurement process and procurement audit, and achieved the overall management of the whole procurement process, fulfilling the social responsibilities jointly with its supply chain partners.

### Procurement Transparency

Adhering to the principle of “procurement under sunshine”, we require all business units to set up dedicated procurement facilities with audio and video recording equipment, allowing online supervision and inspection of all procurement processes. As of the end of 2019, we had set up 791 dedicated bidding facilities nationwide, and completed the closed bidding evaluation of 9,065 projects, preliminarily realizing the whole process supervision of key procurement processes.

To ensure the fairness and transparency of the procurement environment, we continued to carry out a series of information disclosures of the first-level suppliers, including supplier performance evaluation result, comprehensive inspection information, and rectification of negative findings. Suppliers can use the China Mobile Procurement and Tendering Portal to access their supplier evaluation results, the rectification result of negative findings, and the timely notification of their updated performance evaluation result.

In 2019, together with some of our partners, we jointly launched the Procurement Under Sunshine Together business integrity event. We revised the *Business Integrity Pledge* to specify the disciplinary actions for violations. We also launched the online signing function of the *Business Integrity Pledge* to make the procurement process more efficient and convenient.

### Promoting Compliance of Suppliers

We published the *China Mobile Suppliers Cooperation Guidelines* on our own procurement website portal, explicitly requiring our suppliers to fulfil their responsibilities, including: actively fulfilling the obligations of paying social security and tax; abiding by laws and regulations on lawful hiring, labor protection, occupational health and safety, social responsibility and environmental protection; forbidding the use of child labor as defined by law, the use of forced labor, and the physical abuse of employees; prohibiting any form of unlawful discrimination; complying with national laws and regulations regarding salary, benefits, working hours, working overtime, health and safety conditions; and complying with all applicable environmental protection regulations.

We assess suppliers’ overall capacities based on the criteria in the certificates of SA 8000 (Social Accountability), OHSAS 18001 (Occupational Health and Safety Assessment Series) and ISO 14000 (environmental management standards). In 2019, we required the verification of the SA8000, OHSAS18001 and ISO14000 certificates submitted by the suppliers as part of the preliminary certification inspection process for suppliers of key products. For suppliers of certain products, we also required onsite inspection to ensure that their environmental protection measures were properly implemented.

### Supply Chain Management

Indicators	2017	2018	2019
Number of centralized procurement suppliers	8,039	7,216	12,278
Number of first-level suppliers <sup>1</sup>	571	480	897
Percentage of first-level local suppliers <sup>2</sup>	100	100	100
Number of second-level suppliers	7,468	6,736	11,930
Percentage of second-level local suppliers <sup>3</sup>	55.69	80.35	55.20
Number of assessments on first-level suppliers <sup>4</sup>	2,417	2,194	2,268
Percentage of confirmed first-level suppliers assessed	100	100	100
Number of onsite supplier assessments conducted	—	674	1,330

Notes:

- In 2019, the statistical scope of suppliers was changed from the number of centralized procurement suppliers to the number of suppliers with active procurement activities during the year.
- Percentage of first-level local suppliers means the proportion of domestic suppliers (registered in Mainland China) among all suppliers for first-level procurement.
- Percentage of second-level local suppliers means the proportion of local suppliers (registered in the province to which the China Mobile provincial subsidiary belongs) among all suppliers for second-level procurement.
- The number of supplier assessments carried out by our Procurement Shared Service Center, covering both winning and non-winning suppliers, does not include second-level procurement.

### Compliance and Anti-corruption

Indicators	2017	2018	2019
Number of Board Meetings in the year	4	4	5
Number of anti-corruption education activities in the year	3,580	3,717	4,960
Coverage rate of anti-corruption education activities	>90	>90	>90
Participation of anti-corruption education and trainings (person-times)	722,720	759,810	915,527
Number of corruption cases disciplined in the year	275	321	393
Number of employees dismissed and disciplined for corruption in the year (person-times)	414	433	516
Number of petitions received in the year	1,240	1,263	1,730