



# STABLE AND ORDERLY BUSINESS OPERATION IN COMPLIANCE WITH LAWS AND REGULATIONS

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## STABLE AND ORDERLY BUSINESS OPERATION IN COMPLIANCE WITH LAWS AND REGULATIONS

Business operation in compliance with laws and regulations is an intrinsic requirement for promoting the stable and healthy development of the enterprise. China Unicom insists on implementing the compliance operation in all aspects of work within the enterprise. In 2016, we further pushed forward the building of an ethical Party and administration and the adoption of the anti-corruption practice, thoroughly implemented a laws and compliance management, improved legal awareness of the employees, enhanced risk resistance ability, perfected the audit and supervision mechanism and assured the long-term sustainable operation of the Company under an effective compliance management mechanism.

### Measures adopted in 2016

- Strengthened the construction of a enterprise with rule of law, perfected the risk management system, developed innovative audit and supervision methods, and engaged in market competition in an order manner.



### Actions in 2017

- Strive to build the system of "dare not to, no intention to and not allow to commit corruption", insist on focusing on discipline and rules and preventing "formalism, bureaucracy, hedonism and extravagance"; strengthen cadre selection and supervision, and intensify the efforts on cases investigation;
- Continuously improve corporate governance in accordance with the law, business operation in line with laws and regulations, normalised management and risk management and control ability; strengthen audit and supervision on the effective control over the operating performance and internal control, and promote the healthy development of the Company.



## ANTI-CORRUPTION AND INTEGRITY ADVOCACY

### Deepen the reform of discipline inspection and supervision system and mechanism

China Unicom thoroughly implements the requirements of Central Committee for Discipline Inspection and deepens the reform of discipline inspection and supervision system and mechanism.

- Implement nomination, investigation, appointment/dismissal and assessment of secretary and vice secretary of discipline inspection committee primarily by the superior disciplinary inspection committee in conjunction with the human resources department, with allocation of full-time secretary of discipline inspection committee to 38 provincial branches (subsidiaries) and affiliated organisations of the Head Office;
- Formulate the *Measures on the Management of Disciplinary Inspection and Supervision Personnel of Provincial Branches (Subsidiaries) of China Unicom (For Trial Implementation)*, implement the separate responsibility sequence management in respect of discipline inspection and supervision cadres, and link up the dual access for management sequence and professional sequence;
- Cancel the provincial branches (subsidiaries) supervision office system and the discipline inspection committee will take over the functions of the supervision office.

### Carry out the in-depth anti-corruption initiatives

By heightening the “sense of politics awareness, overall situations awareness, core awareness and conformance awareness”, China Unicom carries out various in-depth anti-corruption measures. It insists on taking discipline as priority and strives to create an environment of integrity. In addition to intensifying its efforts in preventing corruption risks, it also focuses on creating a clean corporate political environment. Further, it tightens up its position in respect of implementing anti-corruption measures through coerced means and encourages tackling both the problems and their causes.

- Set up an annual report system for leaders, cadres and members to follow six disciplines, and issued two sets of disciplinary regulations and governing documents such as the “Guidelines on the Prevention of the Corruption Risks in Key Fields”;
- Inspected and supervised eight provincial branches, carry out spot check of issues relating to the violation of the rules and regulations, discipline rules and laws;
- Established discipline inspection and supervision report platform and multiple reporting channels such as correspondences, mails and phone calls; created rigorous and normalised management procedures to ensure that the reporting clues are controllable in the entire process;
- Launched the China Unicom discipline inspection and supervision website, which offers the functions such as discipline education, work-related communication and visits and whistle-blowing;
- Leaders of China Unicom at all levels, particularly the “highest leaders”, signed the *Commitment on Accountability System Governing the Implementation of Building an Ethical Party and Administration* to make open commitments on implementing such system on the part of the entity in building an ethical Party and administration.

In 2016, China Unicom cooperated with the procuratorial authorities to conduct investigation upon 3 key responsible persons of its provincial branches and handed over 13 staff suspected of violating the law to the judicial authority.

NUMBER OF COMPLIANCE TRAINING SESSION: **1,591** TIMES

NUMBER OF PARTICIPANT ATTENDING THE COMPLIANCE TRAINING: **254,628** TRAINEES

## LAWS AND REGULATION ENFORCEMENT

China Unicom further promotes putting in place the law and compliance management for state-owned enterprise under the central government, and strives to position itself as a state-owned enterprise under the central government that has developed a well-established governance structure, conducted business operation in compliance with the regulations and regularised its management and acts in a law-abiding and trustworthy manner and that is also subject to the rule of law.

- The Group established the “Legal Construction Promotion Committee”, and all affiliated units set up legal construction group leading system under the leadership of “highest leader”; formulated the “Implementing Proposal for the Development of State-owned Enterprises under the Central Government Subject to the Rule of Law” and the “Five-Year Plan for Legal Education”;
- Conducted stringent legal review over the rules and regulations, economic contracts and important decisions; prepared the *China Unicom Compliance Manual*, and drew red lines on laws and regulations that cadres and employees must abide by;
- Strengthened the protection of patent, trademark, copyright and business secrets, set up incentive mechanisms in respect of scientific and technological innovation and the conversion of scientific achievements and at the same time developed a strict verification process to avoid infringing intellectual property rights of other parties;
- Set law learning as a mandatory course for the Party committees central groups at all levels; invited experts to give lectures on the rule of law, propagandised laws and regulations and enhanced the law awareness of all staff of the Company personnel by internal training, created the “Law Popularisation Corner” and organised law popularisation contest;
- Conducted in-depth research on the telecommunication market supervision policies and provided guidance to branches of each province in implementing and fully utilising the policies; proactively prevented and curbed irregular competition so as to protect the interests of the enterprise and to promote a healthy and orderly development of telecommunication market.

## RISK MANAGEMENT AND CONTROL

China Unicom ceaselessly perfects audit and risk management system and effectively prevents operating risks to ensure a steady operation of the Company.

- Sufficiently use networking audit information system, and perform the responsibilities of supervision, evaluation and service; explore to establish a “three-tier collaboration” working mechanism among professional departments, units subject to audit and supervision system and human resource and disciplinary inspection departments to improve the audit quality and efficiency;
- Set up comprehensive risk management system for the purpose of integrating management of day-to day general risk and spontaneous critical risk, and protect company operation by formulating risk prevention and control measures, performing risk evaluation and upgrading internal control regulations. During the year, China Unicom has not been suffered from any material event associated with risks and also has not identified any material defect and substantial loopholes in respect of the construction and implementation of internal control.

China Unicom Beijing Branch spent 8 months to study and publish *Discussion on Internet+ Legal Thinking and Hot Legal Issues*, which comprehensively summarises the main points of Internet + legal risk prevention. The book relates to the research of legal risks covering six major fields, namely the Internet medical, education, finance, transportation, big data and e-commerce. This is the first kind of book relating to the Internet+ sector in China introducing the prevention of legal risks by businesses, and has been awarded the 2016 “Internet+ laws” Excellent Innovation Project Award.