

# Environmental, Social and Governance Report



The Group is committed to the long-term sustainability of its businesses and the communities with which it engages. We deliver quality products and services to our customers by managing our business prudently and diligently, while executing management decisions via our hard-working and dedicated employees.

## Stakeholder Engagement

Dialogue is maintained with stakeholders, which include shareholders, customers, employees, suppliers, creditors, regulators and the public. We seek to balance the views and interests of these various constituencies through constructive conversation with a view to charting a course for our long-term prosperity and the communities we touch.

### Shareholders

The Company is committed to enhancing long-term shareholder value. The Group maintains frequent discussion with financial community members, such as analysts, fund managers and institutional investors, in order to increase our transparency.

### Customers

Customer feedback plays an important role for us to operate in different markets. We deploy numerous mechanisms to gather customer comment and recommendations so as to improve our products and services. New technologies, such as social networking tools, are also used to gather customer views.

### Employees

Hard-working and dedicated employees are our vital assets. In this regard, we treasure our loyal and industrious staff members, who are able to take advantage of many career opportunities as the Group expands. In addition, the Group adopts non-discriminatory hiring and employment practices and strives to provide a safe and healthy workplace.

### Vendors and suppliers

The Group has implemented a policy relating to selection of vendors and suppliers that takes into consideration best practices including quality of services and products, past performance, financial position and market share assessment.

## Government and public

We make strenuous efforts to ensure compliance with the laws and regulations of the jurisdictions in which we operate. The public at large is also an important stakeholder of the Group. A stable and prosperous community is important to the steady growth and long-term future prospects of the Group.

## Quality of workplace

As of 31 December 2012, the Group employed 1,920 full-time staff members. Staff costs during the year ended 31 December 2012, including directors' emoluments, totalled HK\$737 million.

## Recruitment and promotion

We believe the quality of our employees is crucial to maintaining a leadership position in the market. With this in mind, we seek to attract and retain talented individuals committed to achieving goals and objectives in a work environment that nurtures values such as fair play, respect and integrity. Compensation packages are competitive, and individuals are rewarded according to performance, as well as an annually-reviewed framework of salary, working conditions, bonuses and incentive systems. Benefits include medical cover, provident funds, retirement plans, long-service awards and a share option scheme.



The Group has implemented a vendor and supplier selection policy that takes best practice into consideration.



Staff take a green tour of the EcoPark organised by the Group.

### Development and training

Heavy emphasis on career development translates into extensive and ongoing training, according to the needs of the Group. We also encourage employees to take part in work-life balance activities and community service. These included employee outings, sports events, community volunteering and supporting charitable organisations.

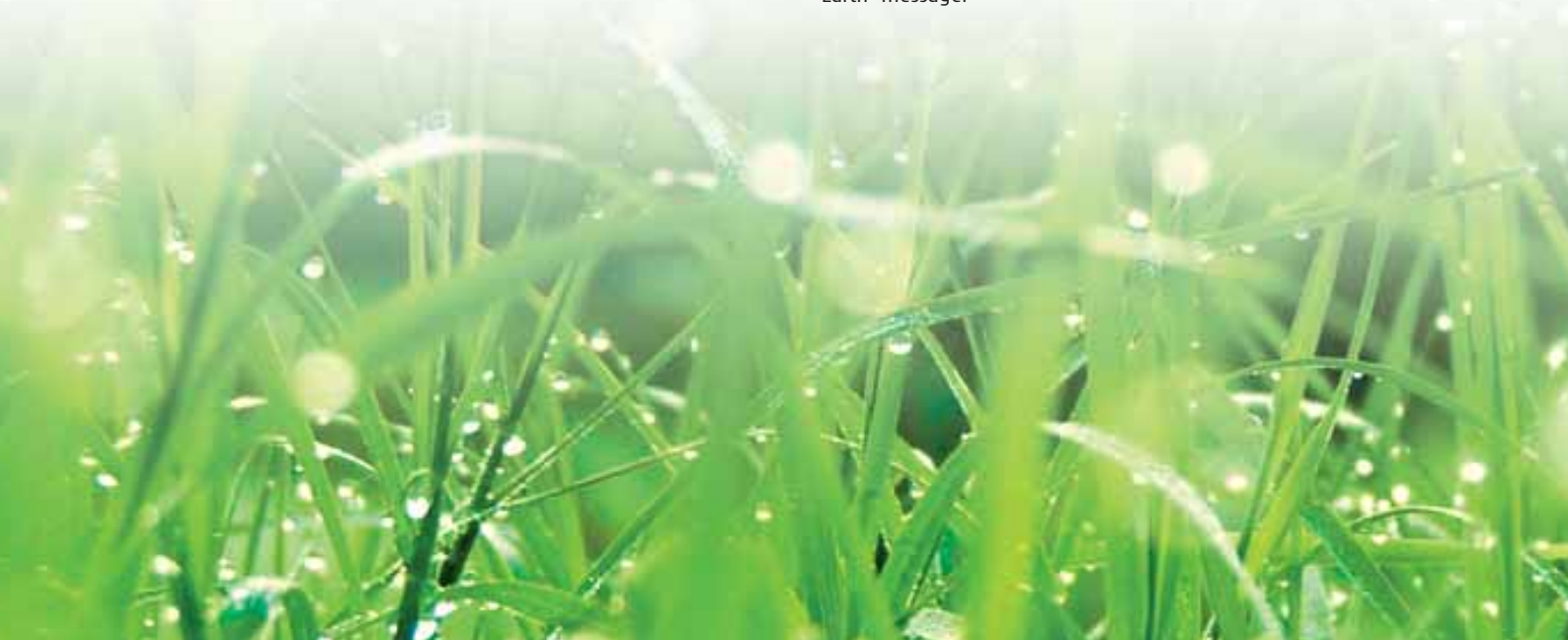
### Health and safety

The Group is committed to providing a healthy and safe workplace for all employees. Health and safety considerations are incorporated into the design, operations and maintenance of our business premises. The Group also engages with employees in order to address occupational health and safety issues.

### Environmental Protection

As part of our long-term environmental strategy to reduce paper consumption, the Group continued a large-scale "Go Paperless" campaign to encourage customers to receive electronic billing information via email or Short Message Service ("SMS"). The campaign helped reduce the volume of paper bills and served to demonstrate our ongoing commitment to conducting business in an environmentally-sustainable and responsible manner.

The Group launched a "One Love. One World" advertising campaign to herald launch of 4G LTE service. Videos containing messages on oceanic environmental conservation from WildAid were broadcast at 3Shops to spread the "love Earth" message.



The Group also initiated the “Recycling of Handset Accessories” programme to encourage everyone to help to protect the environment and to make good use of Earth’s resources. It was launched to encourage mobile users to hand over unwanted handset accessories for recycling, thereby promoting responsible disposal and environmental protection.

Handset accessories recycling boxes have been placed in many locations in Hong Kong and items collected were passed to the “Rechargeable Battery Recycling Programme” run by the Environmental Protection Department, counterparts in the telecommunications industry and green groups, as well as other voluntary organisations, for recycling or reuse.

The Group initiated a “Green Donation Month” to provide a convenient platform for staff participation. All employees were encouraged to bring in unwanted small-scale electrical home appliances, electronic devices, books and educational DVDs to the office, and the Group helped donate these items to charitable organisations.

We took part in “Earth Hour 2012” organised by the World Wide Fund for Nature Hong Kong. All 3Shops switched off neon signs and billboards for an hour on the designated day. The Group organised a Green Tour of the EcoPark and Yan Oi Tong EcoPark Plastic Resources Recycling Centre in Tuen Mun.



We support Bring Me A Book Hong Kong Limited to provide books and read-aloud training for primary school pupils and parents.



The Lo Yau Kee Elderly Handset and Service Sponsorship Programme helps the elderly connect with family and friends.



The Group’s “Recycling of Handset Accessories” programme encourages everyone to help protect the environment.

## Operating Practices

### Consumer protection

A high priority for the Group is to ensure customer satisfaction with our products and services, and we channeled tremendous effort into safeguarding the integrity of customer data. We have implemented strict data protection mechanisms and installed a group-wide data loss prevention system that provides extensive protection of confidential and sensitive customer data across our network and throughout storage facilities and end-point terminals. A well-communicated internal control system is in place to ensure data can only be accessed by authorised personnel for authorised use. We continually remind our employees of the importance of safety and protection where our customers are concerned. In addition to issuing guidelines and handbooks, the Group conducts regular customer-facing employee trainings to ensure customers' personal data is protected.

To ensure cybersafety for our home broadband users, we have been working to promote awareness to protect minors from undesirable content on the Internet, while delivering a safe and entertaining online experience for families. We introduced a kids-friendly application that enables children to browse content specific to their age and interest, all under parental guidance and supervision. We also offer our customers a host of security services including anti-virus and anti-hacker packages against online threats.

On another front, we introduced various initiatives as part of our efforts to educate customers on understanding their data usage habits. Usage alerts are sent via SMS and/or email when levels reach a certain percentage of the fair usage data threshold. Customers can also customise the usage levels for receiving SMS alert. This helps our customers manage data usage in their best interests. In addition, we launched the My3 application and the online customer service ambassador service to provide timely assistance to customers on enquiries and trouble-shooting issues.

### Supply chain management

The Group holds laws and regulations in utmost regard. We strive to align with international best practices and conduct fair and unbiased tender processes in dealing with vendors. Tendering procedures are communicated to vendors. We have set out procedures and channels for our stakeholders, including vendors, to report any suspected impropriety.

### Anti-corruption

The Group takes its anti-corruption responsibilities very seriously. We have established channels through which our stakeholders can report illegal or excessively-risky activities, in a confidential manner, to the Board of Directors. Persons making appropriate reports are assured of protection. We organised numerous corporate governance seminars to review good business practices, anti-corruption measures and guidelines, plus operating practices and business ethics. All managers are expected to communicate and instill a culture of good corporate governance among their staff.



The Group helps the Hong Chi Association spread festive cheer among its members.

In addition, we review group policies from time to time, including those relating to anti-bribery and anti-corruption.

## Community Involvement

The Group has been named a “Caring Company” by the Hong Kong Council of Social Service for a number of years and has nurtured a culture of serving the community. We uphold our commitment to helping the disadvantaged in the forms of cash donations, in-kind donations and active staff participation. In 2012, a donation of approximately HK\$500,000 was made to charitable organisations in Hong Kong and Macau, covering projects in the focus areas of community, education, youth and the elderly.

### A culture of giving

The Group prides itself on helping a wide range of charitable organisations. We provided scholarships for the “Outstanding Third Age Learner Awards 2012” – the first of its kind in Hong Kong – to recognise the achievements of elderly students in the pursuit of life-long learning and furtherance of contribution to families, workplace and society. This initiative was organised by the Institute of Active Ageing of The Hong Kong Polytechnic University to encourage senior citizens to learn and live life to the full.

The Group also draws on its strengths in telecommunications and extensive connectivity to bring about a positive impact on society. For example, in a move to help the elderly connect with family and friends, we continued the “Lo Yau Kee Elderly Handset and Service Sponsorship Programme” initiated in 2010. Elderly-friendly standalone handsets were donated to various charitable organisations.

The Group values long and lasting relationships established with the local community. We have provided free publicity via SMS and bill inserts for different non-profit organisations to raise public awareness of their activities. To help young people to experience Hong Kong’s Information and Communications Technology and telecommunications development, the Group sponsored mobile devices and SIM cards in different orienteering competitions.

### Encouraging staff participation

Staff members are encouraged to play an active role in charity projects, organised either by the Group at corporate level or by other organisations running meaningful community welfare programmes. The Group is dedicated to fostering volunteerism, as part of its corporate culture of giving back to the community. Employees are granted the flexibility to volunteer for corporate-sponsored community activities during designated office hours and the move was highly appreciated by charitable organisations.



Secondary school students visit the Group's data centre.



Staff members play an active role in community projects such as blood donation.



Our volunteers take part in a Poor and Rich Feast to experience the uneven distribution of food and wealth.