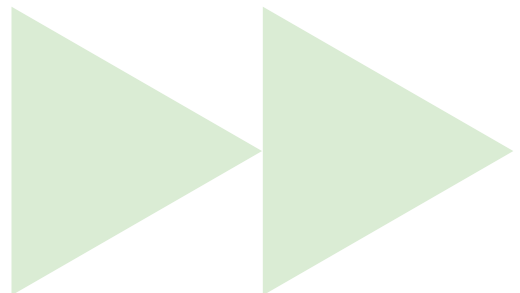
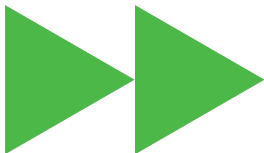


Environmental, Social and Governance Report

We provide employees with a safe and opportunity-rich workplace,
while adhering to stringent business ethics,
preserving our environment and
channeling skills and resources into the community.



The Group is committed to the long-term sustainability of its various businesses and the support it provides to the communities in which it operates. We deliver quality products and services to our customers by managing our business prudently, while executing management decisions with due care and attention. Continuous dialogue is maintained with stakeholders, which include shareholders, customers, employees, suppliers, creditors, regulators and the general public. We seek to balance the views and interests of these constituencies via constructive conversation with a view to charting a course for our long-term prosperity and the communities we touch.

Workplace Quality

Our employees are vital assets, and we treasure loyal and industrious staff members. They 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.

Working conditions

The Code of Ethics of the Group sets out our commitment to providing a work environment free from all forms of discrimination on the basis of ethnicity, gender, creed, religion, age, disability or sexual orientation. Group policy is to provide equal opportunities to all company personnel with regard to hiring, pay rates, training and development, promotions and other terms of employment.

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, bonuses and incentive systems. Benefits include medical cover, provident funds, retirement plans, long-service awards and a share option scheme.

As of 31 December 2013, the Group employed 1,934 full-time staff members. Staff costs during the year ended 31 December 2013, including directors' emoluments, totalled HK\$783 million.

Health and safety

The Group provides a healthy and safe workplace for all employees, and has established internal guidelines and systems to protect their health and safety.

In addition, the Group engages with employees to address occupational health and safety issues. For example, first-aid training is given and designated first-aiders are present throughout various offices. We also provide access to occupational health and safety resources. In fact, health and safety considerations are incorporated into the design, operations and maintenance of our business premises.

Development and training

Heavy emphasis on career development translates into extensive and ongoing training, according to Group needs. Group policy provides in-house staff training wherever and whenever possible. Education sponsorship is also available to employees for job-related courses offered by external institutions.

We 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.



► We encourage employees to participate in activities that help achieve a work-life balance.

Environmental Protection

Use of resources

The Group is committed to environmental protection and strives to minimise the impact of existing business activities on the environment, while supporting conservation and environmental protection programmes.

The Group extended the scope of the "Recycling of Handset Accessories" programme initiated in 2012 to include handsets. Mobile users are encouraged to donate unwanted handsets and accessories for recycling or reuse. Recycling boxes were provided in 3Shops and handy assistance remains available to help mobile users remove old information from unwanted handsets for peace-of-mind handover. More than 2,000 items were handed to voluntary organisations in 2013.

Our retail outlets also provide an effective channel to promote environmental conservation. Videos on the "Food Angel's Food Rescue and Assistance Programme" – a food assistance initiative launched by the Bo Charity Foundation to fight hunger and food waste – were shown at 3Shops to spread green messages such as "Waste Not. Hunger Not".



► Mobile users are encouraged to hand in unwanted handsets and accessories for recycling or reuse.

Short Message Service ("SMS") was sent to 3 Hong Kong customers to raise awareness of the need to reduce food waste at source.

Environment and natural resources

As part of our long-term environmental strategy to reduce paper consumption, the Group continued a large-scale "Go Paperless" campaign during 2013, which was successful in encouraging customers to opt for electronic billing via email or SMS.

3Shops switched off neon signs and billboards for an hour on the designated day, as we continued to take part in "Earth Hour" organised by the World Wide Fund for Nature Hong Kong.

We supported promotion of green adoption and green innovation in the ICT sector by sponsoring the Best Green ICT Award in the Hong Kong ICT Awards 2013. During the year, we were awarded the "Class of Good" Wastewi\$e Label and Energywi\$e Label in the Hong Kong Awards for Environmental Excellence, organised by the Environmental Campaign Committee, in recognition of our efforts to reduce waste and save energy.

Operating Practices

Supply chain management

The Group has the highest respect for the laws and regulations that govern the way we go about our business. We always seek to align diligently with international best practices and conduct fair and unbiased tender processes when dealing with vendors.

The Purchasing and Business Partner Evaluation Policies and Procedures of the Group provide direction and guidelines on the evaluation and engagement with major business partners. This encompasses our working relationships with suppliers of goods and services to ensure business is conducted with legally, financially and technically-sound entities. We take into consideration factors such as quality of services and products, past performance, financial standing and market share assessment for selection of vendors and suppliers. Tendering procedures are carefully communicated to vendors. We have also provided our stakeholders, including vendors, with procedures such that they can report any suspected impropriety.

Product responsibility

A high priority for the Group is to ensure customer satisfaction with respect to our products and services. Strenuous efforts are exerted to ensure compliance with the laws and regulations of the jurisdictions within which we operate. The Code of Ethics of the Group promotes honest and ethical conduct and requires our people to comply with applicable governmental and regulatory laws, rules, codes and regulations.



► A 3Smart Service Station at a 3Shop helps extend our caring customer service beyond sales.

Compliance Committees were set up to oversee compliance matters with representatives from different business units attending Committee meetings on a regular basis. Guidelines and handbooks are issued to elaborate compliance work in a comprehensive and systematic way. Internal policies are published and posted on the intranet of the Group. In addition, we have organised a series of training sessions for relevant staff members, agents, third party vendors and business partners. Orientation trainings are conducted for new joiners while refreshment trainings are held for existing staff regularly.

In a move to ensure cybersafety for our home broadband users, we have been working to promote awareness around protecting minors from undesirable Internet content. We introduced a child-friendly application that enables youngsters to browse content specific to age and interests, all under parental guidance and supervision. We also offer our customers a host of security services including anti-virus and anti-hacker packages to fend off online threats.

We introduced various initiatives as part of our efforts to educate customers on understanding and keeping up to speed with their data usage habits. This helps customers manage data usage in their best interests. In addition, we launched the My3 application and online customer service ambassador service to help address inquiries and troubleshooting issues in a timely fashion.

Anti-corruption

We take our anti-corruption responsibilities very seriously. The Anti-Bribery and Anti-Corruption Policy sets out standards of conduct to which all employees are required to adhere. We have established channels via which our stakeholders can report illegal or excessively-risky activities to the Board of Directors in a confidential manner. Persons making appropriate reports are assured of protection. During the year, we organised numerous corporate governance seminars to review good business practices and anti-corruption measures and guidelines, plus operating practices and business ethics.

Community Involvement

Year 2013 saw the Group being named a "Caring Company" by the Hong Kong Council of Social Service yet again. Our public engagement and donation policy helps us uphold our commitment to serving the community by way of cash donations, in-kind donations and staff participation.

Community investment

In 2013, a donation of approximately HK\$500,000 was made to charitable organisations in Hong Kong and Macau, covering community projects across our focus areas of community, education, youth and the elderly.

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 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 flexibility to volunteer for corporate-sponsored community activities during designated office hours, a move highly appreciated by charitable organisations.

Serving the community

Throughout the year, the Group participated in, and supported, various events run by social and charitable organisations. For example, the Group organised a food donation initiative in co-operation with the Gleaners Community Foodbank of Kwun Tong Methodist Social Service. The Group also supported the Information System Wing of the Hong Kong Police to take part in the Law Enforcement Torch Run for the Special Olympics 2013. This event was designed to raise funds for the Special Olympics, which organises year-round sports training and competitions for children and adults with intellectual disabilities.

We also draw on our strength in telecommunications to contribute to society. For example, we supported the Communications Association of Hong Kong to provide a free Global Positioning System (“GPS”) Hiker Tracking Service to locate hikers in the event of emergency. During the year, we continued the “Lo-Yau-Kei Handsets and Monthly Service Plans Donation Programme”, which was launched in 2010 to bring the elderly closer to their friends and families. Senior citizens from a number of participating charitable organisations enjoyed free elderly-friendly handsets and a waiver of service fee.

Nurturing youth

The Group also actively engages in promoting welfare among young people. During the year, the Group sponsored the “ACCA Hong Kong Business Competition 2013” to encourage the younger generation to contribute ideas towards building a better society.



► We supported the Communications Association of Hong Kong to provide a free GPS Hiker Tracking Service to locate hikers in the event of emergency.



► The Group organised a food donation initiative in co-operation with the Gleaners Community Foodbank of Kwun Tong Methodist Social Service.



► The Group actively engages in nurturing youngsters.

A Group cash donation went to the “One-to-One Student Sponsorship Programme” organised by U-Hearts to encourage underprivileged students in mainland China to complete their studies. A donation was also made to The Hong Kong Down Syndrome Association and Hong Kong Association for Cleft Lip and Palate to enable continued professional care and support.

The Group contributed to the “Sponsor a Student Campaign” organised by the Life Education Activity Programme, which provides drug prevention education and encourages children and young people to opt for healthy lifestyles. We also made use of our network to deliver anti-drug SMS messages to youngsters in co-operation with the Narcotics Division of the Security Bureau.