

Environmental, Social and Governance Report



About this Report

This ESG report provides an annual update of sustainability performance in respect of the mobile business of the Group for the year ended 31 December 2017. It has been updated to reflect the interest of various stakeholders. Additional material quantitative data, detailed ESG requirement as well as policies and programmes have been included to illustrate the main initiatives implemented by the Group. This report is prepared in accordance with Appendix 27 of the Main Board Listing Rules, ESG Reporting Guide, issued by the Stock Exchange in 2015 and should be read in conjunction with the Corporate Governance Report section of this annual report.

Approach to ESG Strategy and Reporting

The approach to ESG seeks for alignment with the long term strategic development of the Group and enhancement of shareholder value. Key issues are identified, prioritised and addressed in a way that demonstrates transparency and accountability.

As a leading mobile telecommunications operator, the Group acknowledges the importance of sound ESG practices in its daily operations. The Board and the senior management provide

strategic direction, establish sustainability policy and objectives, oversee corporate governance matters and monitor progress.

All business units and departments formulate and translate policy into action, while facilitating exchange of best practices throughout group companies. They build and incorporate such initiatives into operations and processes. They also collect and analyse data, evaluate performance and report major issues periodically.

Stakeholder engagement and materiality assessment

The Group maintains on-going dialogue with key stakeholders, including employees, shareholders, customers, suppliers, local communities, professional institutions, non-government organisations and authorities. The Group regularly collects views from its stakeholders through a variety of channels, such as meetings, workshops, surveys and feedback programmes.

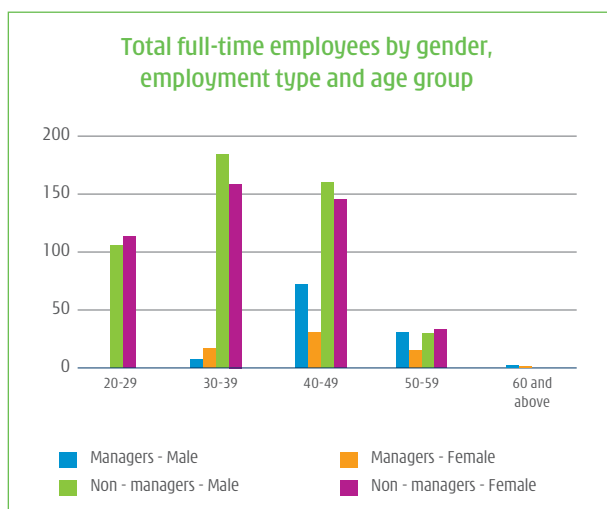
ESG compliance and how the Group benefits the community are among stakeholders' key interests. Important aspects vary and range from sourcing practices to environmental emissions to employment and operating practices, as well as community involvement. Material aspects identified are reviewed periodically and the Board is updated as and when appropriate.

The six sections set out in this report summarise the Group's commitments to its employees, customers and supply chain, as well as to anti-corruption, the environment and service to the community. Key initiatives and activities have been included in each section to demonstrate and highlight the efforts in enhancing long-term value for stakeholders.

Commitment to Our Employees

Recruiting, engaging and retaining talent

Employees represent a precious asset, and career opportunities are made available to loyal and industrious staff members as the Group expands.





As of 31 December 2017, the Group employed 1,099 full-time mobile staff members. It is committed to complying with the employment associated guidelines and regulations, including laws prohibiting child and forced labour. Every aspect of employment is subject to a stringent internal review process involving a well-defined monitoring procedure to verify a candidate's personal information so as to prevent misrepresentation and any form of forced labour. An employment contract comes complete with easily-understood terms and conditions, and each individual is well briefed before being employed. The code of ethics of the Group requires staff to comply with applicable government and regulatory laws, rules, codes and regulations.



Employees take part in sports activities to help maintain a work-life balance.

The Group adopts equal employment opportunity policies and runs programmes to ensure employees are hired, promoted and assigned on the basis of skill and ability. The Group is committed to providing all employees with a positive, diverse, respectful and safe working environment, without discrimination or harassment. The selection process affords equal opportunities to all persons subscribing to the commitment to excellence - and is carried out regardless of race, colour, gender or religious belief. This non-discrimination policy continues throughout a staff member's career and applies to all employment matters including placement, transfer, promotion and compensation.

Investing in training and development

Heavy emphasis on career development manifests itself as a variety of workshops and on-the-job training. Comprehensive and structured programmes are designed to familiarise new staff members with the industry. The Group also extends tailored programmes to certain educational institutions to help identify potential employment candidates and allow those interested to find out more about a career development path.

Educational sponsorship is available to employees in the form of job-related courses provided by external institutions. Employees are encouraged to take part in work-life balance activities and community service. These include employee outings, sports events and volunteering activities in the community.

The Group won the "8th Asia's Best Employer Brand Awards 2017 - Asia's Best Employer Brand", thereby demonstrating commitment to retention of talent and motivating employees to build their career within the Group.

Promoting well-being, health and safety

The Group provides a safe and healthy workplace for all employees and is committed to complying with all applicable health and safety laws and regulations. Such considerations are an important element of the design, operation and maintenance of office facilities and the way our business is conducted.

Employees are able to access health and safety information posted on the intranet, which also offers hyperlinks to external sites. A list of first aid helpers is maintained in offices, along with information to help employees understand how to handle health and safety issues.

Regulatory compliance

The Group was not aware of any non-compliance with laws and regulations that has a significant impact relating to employment and labour practices, or occupational health and safety during the year. Neither did the Group identify any incidents relating to hire of child or forced labour.

Commitment to Our Customers

Building trust through reliability and quality

The Group won a number of customer service awards in 2017, reflecting the importance it attaches to customer satisfaction. These awards applauded frontline staff for adopting helpful and sincere attitudes when serving customers. The 24/7 online 3iChat customer interface uses emoticons to create a friendly rapport, while the eSelf-service initiative has blossomed into a swift, simple and good-natured customer experience.

Improving customer experience

The Group maintains a range of customer communications channels such as customer service centres, social networking pages, focus group study and smartphone applications so that feedback can be collected and acted upon. The Group treats customer feedback with due care and in a timely manner. Any customer complaints are handled efficiently and investigated to identify and rectify root causes. Records are kept as to how complaints are handled and whether any improvements resulted, and measures are in place to review outcomes. The Group also fosters a culture of continuous improvement by benchmarking and publishing service performance details on a regular basis. Service levels are gauged according to performance pledges, then published on the website periodically.



The Group listens intently to customer feedback and acts in a timely manner.

Protecting our customers

The Group is committed to complying with data privacy laws and regulations. Privacy Policy and Personal Information Collection Statements demonstrate a commitment to safeguarding each customer's personal data. The Group has developed a robust system to control collection, as well as access to, and updating, security and retention of personal data received.

Protecting consumers and safeguarding their privacy are top priorities. The Group distributes guidelines and handbooks, and issues periodic reminders to customer-facing employees, while running workshops to emphasise the importance of protecting personal data.

Regulatory compliance

The Group was not aware of any incidents of non-compliance with laws or regulations that has a significant impact concerning health and safety, advertising, labeling or privacy matters relating to products and services, or methods of redress during the year.

Commitment to Our Supply Chain

Fair assessment of suppliers

The Group is committed to upholding international and local laws and regulations. Purchasing and Business Partner Evaluation Policies and various procedures provide direction and guidelines on evaluation and engagement when dealing with major business partners. This encompasses working relationships with suppliers of goods and services to ensure business is being conducted only with legally, financially and technically-sound entities.

The Group adheres to international best practices and conducts fair and unbiased tender processes in dealings with vendors. When selecting vendors and suppliers, the Group takes factors into account such as quality of products and services, past performance, financial standing, capacity assessment and reputation including track records in handling social and environmental matters. The Group expects suppliers to observe the same environmental, social, health and safety and governance considerations when carrying out their own operating practices. Procurement teams are trained to apply each and every aspect of these policies and procedures when assessing suppliers, while tendering procedures are always communicated carefully to vendors. The Group also provides stakeholders, including vendors, with procedures such that they can report any suspected impropriety.

Anti-corruption

An Anti-Bribery and Anti-Corruption Policy sets out standards of conduct all employees are required to follow. The Group has also established procedures for reporting possible improprieties relating to matters of financial reporting, internal control and other matters. The aim is to encourage employees - and those who deal with the Group (e.g. customers, suppliers, creditors and debtors)

- to report any suspected impropriety, misconduct or malpractice within the Group. These procedures aim to provide reporting channels and guidance, while reassuring “whistleblowers” they will be protected against any unfair treatment. Relevant cases will be followed up independently by internal auditor and reported to the Audit Committee and senior management.

The Group organises periodic corporate governance seminars and training on anti-corruption measures and guidelines, as well as sound operating practices and business ethics.

Regulatory compliance

The Group was not aware of any of non-compliance with laws or regulations that has a significant impact concerning bribery, extortion, fraud or money laundering during the year.

Commitment to Our Environment

Optimising use of resources

Environment-protection policy of the Group details a commitment to minimise the negative impact of business activities on the environment and support protection initiatives.

The Group demonstrated a keen sense of community spirit by running the Recycling of Handsets and Accessories Programme and placing recycling boxes at 3Shops to encourage the public to dispose of, and recycle, unwanted phones and handset accessories. The programme launched in 2012, since when old handset and accessory items have been collected and handed to the Environmental Protection Department and voluntary organisations for recycling or reuse.

The Group acknowledges the importance of sound ESG practices in its daily operation

In 2017, the Group contributed to the Computer Recycling Programme run by the Environmental Protection Department. Recyclable equipment such as desktop PCs, laptops, monitors, printers and scanners were amassed as a result of computers and associated equipment being renewed. Items fit for reuse have since been donated to people in need.

In 2017, the Group was awarded Excellence Level for Wastewi\$e certificate and Basic Level for Energywi\$e certificate. This was the fourth year Green Office status had been conferred on the Group under the auspices of the World Green Organisation’s Green Office Awards Labelling Scheme.

The Group continues to encourage customers to opt for electronic billing by email or SMS, as part of a long-term strategy to reduce consumption of paper.

Regulatory compliance

The Group was not aware of any incidents of non-compliance with laws and regulations that has a significant impact concerning air and greenhouse gas emissions, discharges into water or land, or generation of hazardous and non-hazardous waste during the year.



The Group is committed to protecting and enhancing the environment as is evidenced by its well-kept roof garden.

The Group engages in a wide range of philanthropic efforts to benefit the community

Commitment to Our Community

The Group engages in a wide range of philanthropic efforts to benefit the community. Such initiatives include employee volunteerism, education and health care. In line with sound corporate governance practice, donations and contributions are subject to internal compliance guidelines and controls in order to safeguard stakeholder interests.

The Group has maintained “Caring Company” status - granted by the Hong Kong Council of Social Service - for a long period of time. The Group has adopted a public engagement and donation policy to encourage service to the community through staff voluntary efforts and by way of cash and in-kind donations.

Cash and in-kind donations benefitting community projects in Hong Kong and Macau during 2017 amounted to approximately HK\$5.4 million in which HK\$0.7 million was donation made to charitable organisations.

The Group has made in-kind donations to the benefit of a diversity of needy individuals by drawing on the strength of its superior mobile telecommunications network and technology expertise. For example, the Group sponsored senior citizens by providing the free “e-Care Link” package, which includes voice minutes, local data usage, certain smartphone models and the all-year-round call-and-care “e-Care Link” service. This was carried out under the auspices of the Safety Phone Service Packages Sponsorship Programme organised by the Senior Citizen Home Safety Association. The year under review also saw continuity of the Lo-Yau-Kee Monthly Service Plans Sponsorship Programme, which was launched in 2010. Meanwhile, senior citizens from a number of charitable organisations benefitted from a waiver-of-service-fee scheme.



The Group sponsors senior citizens by providing free “e-care Link” packages.

The Group supported launch of The Hong Kong Police Force’s Anti-Deception Coordination Centre to combat phone scams by sending SMS to 3 Hong Kong users in July and December 2017, and helped develop a more inclusive and caring society by easing the way people with disabilities and special needs can obtain information and services. The corporate website maintained a gold award in the Web Accessibility Recognition Scheme organised by The Office of the Government Chief Information Officer and the Equal Opportunities Commission.



Our volunteers officiate at a Career Fun Day to help students consider potential career paths.

The Group also plays an important role in imparting knowledge of mobile technologies and telecommunications industry. The Group supported the Digital Marketplace Seminar organised by the Hong Kong Internet Registration Corporation, as well as The Hong Kong General Commerce's 5G Seminar and Business-School Partnership Programme, in which senior executives shared insights and experience during career discussions with students.

The Group emphasises the importance of striking a healthy work-life balance and encourages staff to participate in various charity sports events such as the Standard Chartered Hong Kong Marathon and the Hong Kong Computer Society FACE Club Charity Walk.



A handset auction at 3LIVE flagship store helps raise funds for charitable organisations.



Staff and families in 3 Macau take part in a community walk to raise funds for the underprivileged.

As a responsible corporate citizen, the Group initiated a food donation programme in 2017 for the third time so staff could donate canned and other foodstuffs, as well as non-refrigerated beverages. Beneficiaries were the SKH St Christopher's Home, St Mary's Home for the Aged and Kwun Tong Methodist Social Service Gleaners Community Foodbank.

Meanwhile, staff in Macau took part in a community walk to raise funds for the underprivileged, while the Group continued to sponsor the Mobile Application Software Technologies Training Plan, which encourages youngsters to keep up to speed with the latest mobile app technology.

2017 Environmental Key Performance Indicators

Emissions	
Total greenhouse gas emissions (thousand tonnes Co ₂ e) (mainly from use of electricity under Scope 2)	69
Energy consumption	
Electricity (MWh)	125,792
Gasoline and Diesel (MWh)	158
Paper consumption	
Paper (tonne)	50
Paper recycled (tonne)	18
Water consumption	
Water (thousand m ³)	25
Waste management	
General office waste (tonne)	26