



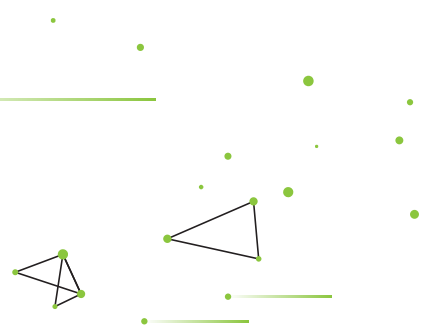
Environmental, Social and Governance Report

The Group acknowledges the importance of sound environmental, social and governance practices in terms of employees, customers, suppliers and anti-corruption measures, as well as environmental and community matters.





Environmental, Social and Governance Report



About this Report

This ESG report provides an annual update of sustainability performance progress in respect of the Group for the year ended 31 December 2018. It has been brought up to date to reflect the interests of various stakeholders. Additional quantitative data and detailed ESG requirements, as well as internal policies and programmes, have been included to illustrate key initiatives that have positive impact on the community and environment. This report is prepared in accordance with Appendix 27 of the Main Board Listing Rules and 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

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

As one of the leading mobile telecommunications operators in Hong Kong and Macau, the Group acknowledges the importance of sound ESG practices in daily operations. The Board and senior management provide strategic direction, establish sustainability policy and objectives, oversee corporate governance matters and monitor progress.

The ESG working group was formed to formulate and translate policy into action, while facilitating exchange of best practices throughout internal cost centres and divisions. Heads of cost centres and divisions then incorporate such initiatives into operations and processes. They also collect and analyse data, evaluate performance and report major issues periodically.

Stakeholder Engagement and Material Assessment

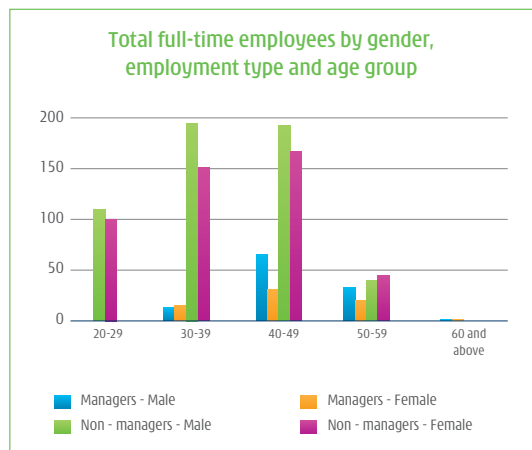
The Group maintains ongoing dialogue with key stakeholders including employees, shareholders, investors, customers, business partners, suppliers, professional institutions, non-government organisations, authorities and media partners. The Group collects views from stakeholders on a frequent basis via a variety of channels such as meetings, workshops, surveys and feedback programmes.

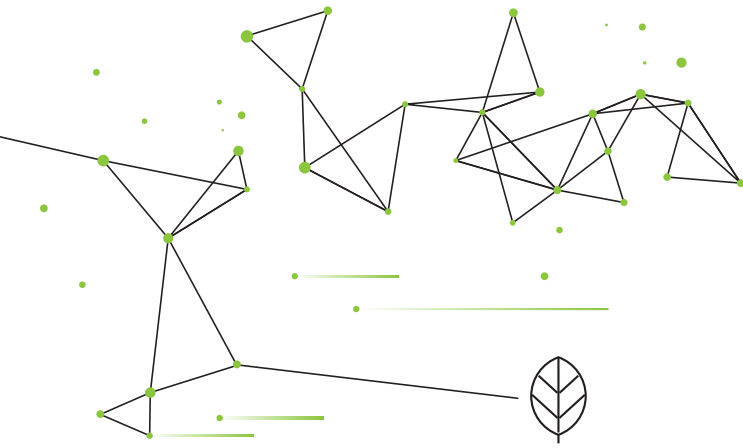
ESG compliance and how the Group benefits the community are among key stakeholder interests. Important aspects vary and range from sourcing practices and environmental emissions through to employment and operating practices, as well as community involvement. Material aspects identified are reviewed periodically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

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

Commitment to Our People

Our employees are key to consistent delivery of quality and reliable services. Effective talent management is integral to our prospects for long-term success. The Group aspires to be an employer-of-choice through effective talent acquisition, systematic training and provision of an inclusive working environment.





Recruiting, engaging and retaining talent

Our success depends heavily on attracting, retaining and motivating suitable talent in competitive labour markets. The Group works closely with educational institutions to recruit the calibre of young talent able to support the Group's growth.

As of 31 December 2018, the Group employed 1,180 full-time staff members, and is committed to complying with employment guidelines and regulations including Hong Kong Employment Ordinance. 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 in order 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 taking up employment with us. Our code of ethics requires staff to comply with applicable government and regulatory laws, rules, codes and regulations.

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, respectful and safe working environment, free of discrimination and harassment. The selection process affords equal opportunities to all persons subscribing to a commitment to excellence, and is carried out with a neutral approach to 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.

Valuing our employees

The Group respects the rights of employees in expressing their views, and has established various channels to facilitate a two-way flow of communication. The Group conducts regular seminars and activities to share views and collect ideas. Feedback from employees through our many channels help enhance talent management

practices. The Group upholds labour standards and our policies strictly prohibit use of child or forced labour, and rigorous measures and audits are undertaken to prevent such practices from occurring in our operations.

Investing in training and development

The Group ensures employees at every level are developed and motivated to deliver against our commitments to stakeholders. Each division develops training programmes to meet specific business needs. Training includes orientation, information-exchange sessions, workshops and internal/external courses. Employees are entitled to various subsidies and sponsorships in respect of job-related training courses to encourage lifelong learning.

Employees are encouraged to take part in work-life balance activities and community service. These include employee outings, sports events and community volunteering activities.

In 2018, the Group won "9th Asia's Best Employer Brand Awards - Asia's Best Employer Brand", demonstrating commitment to retention of talent and motivating employees to build careers within the Group.



● Staff take part in The Green Earth's Country Parks Plantation Enrichment Project to help protect the countryside.

Promoting well-being, health and safety

The Group cares about the well-being of its employees and promotes the work-life balance concept, while providing a range of paid-leave entitlements. Where operational needs allow, many businesses are exploring and offering greater flexibility in terms of managing work and free time for staff members.

The Group strives to create a safe workplace for all employees. Safety training programmes are provided based on nature of work, and safety standards are applied consistently throughout the workplace.

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

Regulatory compliance

The Group is committed to ensuring its businesses are operated in compliance with local laws, rules and regulations. Regulatory frameworks within which the Group operates are analysed and monitored, internal policies are prepared and updated accordingly. Tailor-made workshops are also conducted where necessary so as to strengthen the awareness and understanding of the internal controls and compliance procedures of the Group.

During the year, the Group was not aware of any non-compliance with laws and regulations that have a significant impact on the Group relating to employment, occupational health and safety, or labour standards.

Commitment to Our Customers

Building trust through reliability and quality

The Group won a number of service awards in 2018, reflecting the importance it attaches to customer satisfaction. These accolades applaud 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.



A robust system protects consumers and safeguards their privacy.

Improving the customer experience

The Group maintains a range of customer communications channels such as customer service centres, social networking pages, focus group studies 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 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 periodically on the website.

Protecting our customers

Protecting consumers and safeguarding their privacy are top priorities. The Group is committed to complying with data privacy laws and regulations including Hong Kong Personal Data (Privacy) Ordinance. Such commitment to protecting the personal information of customers is well supported by corporate strategies and policies. A robust system is in place to control the collection, access, updating, security and retention of data received.

Additionally, the Group develops an internal platform with links to operational 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 is committed to ensuring its businesses are operated in compliance with local laws, rules and regulations. Regulatory frameworks within which the Group operates are analysed and monitored, internal policies are prepared and updated accordingly. Tailor-made workshops are also conducted where necessary so as to strengthen the awareness and understanding of the internal controls and compliance procedures of the Group.

The Group was not aware of any incidents of non-compliance with laws and regulations that have a significant impact on the Group concerning product responsibility during the year.

Supply Chain Management

The Group is supported by a wide range of suppliers and contractors. Internal policies are implemented in close collaboration with the business partners. Through regular dialogue and cooperation, the Group and its partners are able to deliver sustainable value to all our stakeholders.

Sourcing responsibly and engaging suppliers

The Group addresses supply chain challenges through risk management, responsible sourcing, supplier engagement and oversight.

Approach to supply chain management

Purchasing policy and business partner evaluation policy, as well as 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 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 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

Our anti-bribery and anti-corruption policy sets out standards of conduct for all employees 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 (eg 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. Cases will be followed up independently by an internal auditor and reported to the Audit Committee and senior management.



● Staff learn to make their own terrariums at a lunchtime workshop in preparation for an exhibition in the Hutchison Telecom Tower lobby, where staff members vote for their favourite displays.



● Secondary school students visit HTHKH to learn about the telecoms industry and careers during a business-school partnership programme.

Regulatory compliance

The Group is committed to ensuring its businesses are operated in compliance with local laws, rules and regulations. Regulatory frameworks within which the Group operates are analysed and monitored, internal policies are prepared and updated accordingly. Tailor-made workshops are also conducted where necessary so as to strengthen the awareness and understanding of the internal controls and compliance procedures of the Group.

During the year, the Group was not aware of any breach of laws and regulations that have a significant impact on the Group relating to anti-corruption.

Commitment to Our Environment

Optimising use of resources

The Group's environment-protection policy details a commitment to minimising the negative impact of business activities on the environment, while supporting 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 recycle or reuse old handsets and accessories. The programme launched in 2012, since when the handsets and accessory items have been collected.

The Group contributed to the Computer Recycling Programme run by the Environmental Protection Department. Items fit for reuse have since been donated to people in need.

The Group was awarded an Excellence Level for both Wastewi\$e certificate and Energywi\$e certificate. The Green Office status had been conferred on the Group under the auspices of the World Green Organisation's Green Office Awards Labelling Scheme for many consecutive years.

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.

Helping to protect the environment ranks as one of our top commitments to society. The Group organised a tree-planting scheme in 2018 and sought to boost biodiversity and maintain woodland by planting native tree seedlings. Employees were encouraged to support the Country Parks Plantation Enrichment Project run by The Green Earth and the Agriculture, Fisheries and Conservation Department.

In December 2018, the Group initiated "Greening the Office" - a terrarium workshop and mini-plant project to raise environmental awareness among staff. Staff took part in a lunchtime workshop and created their own terrariums. Other staff members casted votes for their favourite displays and were given free mini-potted plants to "green" their office and living areas.

The use of electricity was reduced by 12%, from 125,791,648 kwh in 2017 to 111,277,682 kwh in 2018 as a result of retirement of certain aged equipment and decrease in locations of premises after implementation of internal efficiency enhancement initiatives.

Regulatory compliance

The Group is committed to ensuring its businesses are operated in compliance with local laws, rules and regulations. Regulatory frameworks within which the Group operates are analysed and monitored, internal policies are prepared and updated accordingly. Tailor-made workshops are also conducted where necessary so as to strengthen the awareness and understanding of the internal controls and compliance procedures of the Group.

The Group was not aware of any non-compliance of laws and regulations that has a significant impact on the Group relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste during the year.



● A student immerses herself in an interactive demonstration of artificial intelligence at the 3LIVE flagship store.



● HTHKH volunteers visit an elderly centre and hand out festive gift packs to senior citizens.

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 voluntary staff efforts and by way of cash and in-kind donations.

Cash and in-kind donations benefitting community projects in Hong Kong and Macau under the subject headings of community, education, youth and the elderly during 2018 amounted to approximately HK\$1.4 million, in which HK\$1.3 million was 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 network and technology expertise. In 2018, the Group supported the Hong Kong Jockey Club Online Youth Emotional Support Project, a text-based online-crisis support initiative that targets youth. The Group also supported fundraising programmes run by charitable organisations such as Save the Children Hong Kong, Sheng Kung Hui St. Christopher's Home and the Hong Kong Sheng Kung Hui Welfare Council. The Group supported the Narcotics Division of the Security Bureau to spread anti-drug abuse messaging via SMS.

The Group continued to help senior citizens by providing the free "e-Care Link" package, which includes voice minutes, local data usage and the all-year-round call-and-care "e-Care Link" service. All this was done 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, launched in 2010. Meanwhile, senior citizens from a number of charitable organisations benefitted from a waiver-of-service fee scheme. Some members of the Hong Kong Down Syndrome Association and U-Hearts received free SIMs from the Group in order to stay connected with friends and families.

The Group helps develop a more inclusive and caring society by easing the way people with disabilities and special needs obtain information and services. Our corporate website again won a gold award in the Web Accessibility Recognition Scheme organised by The Hong Kong Internet Registration Corporation and co-organised by The Office of the Government Chief Information Officer.

The Group plays an important role in imparting knowledge of mobile technologies and the telecommunications industry. The Group sponsored the "Make our lives easier with AI" App Enhancement Competition as part of the World Telecommunication and Information Society Day Hong Kong, and supported the Hong Kong 5G Industry Forum organised by the Communications Association of Hong Kong. The Group also supported the Business-School Partnership Programme of the Hong Kong General Chamber of Commerce. Our senior executives shared with students personal insight and experience during the career sharing session and visit to our office.

The Group emphasises the importance of striking a healthy work-life balance and encourages staff to participate in various charity sports events such as "A Drop of Life Walk for Water", "Youth Outreach Let's Walk the Road", the "Children's Heart Foundation Heart-to-Heart Charity Walk" and "Jardines Sports and Family Day". Our volunteers visited Hong Chi Fu Shin Centre, along with the Evangelical Lutheran Church Hong Kong Shatin District Community Centre for the Golden-Aged and Little Sisters of the Poor St. Mary's Home for the Aged, and handed out festive gift packs to members.

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 application technology.

Environmental Key Performance Indicators

	Unit	2018	2017
Emissions			
Total GHG emissions (mainly from use of electricity under Scope 2)	tonnes Co ₂ e	61,008	69,273
Total GHG emissions intensity	tonne Co ₂ e/revenue HK\$'000	0.008	0.010
Energy			
Electricity	kwh	111,277,682	125,791,648
Gasoline and Diesel*	kwh	177,248	217,057
Total energy consumption intensity	kwh/revenue HK\$'000	14.1	18.7
Paper			
Paper*	tonne	60	72
Paper recycled	tonne	40	18
Water			
Water	m ³	6,791	25,181
Water consumption intensity	m ³ /revenue HK\$'000	0.001	0.004
Waste management			
General office waste	tonne	62	26
Computer and network equipment	piece	3,170	2,773

* The comparative figures were adjusted to reflect the change in allocation basis to align with current year presentation.