



About this Report

This Environmental, Social and Governance Report provides an overview of the sustainability performance and key initiatives of the Group for the year ended 31 December 2019, and is prepared in accordance with Appendix 27 of the Main Board Listing Rules and the ESG Reporting Guide issued by the Stock Exchange in 2015.

This report includes material quantitative data, detailed ESG requirements, as well as policies and programmes to illustrate the key initiatives implemented by the Group. The six sections set out in this report summarise the Group's commitments to Employees, Customers, Supply Chain, Anti-corruption, the Environment and the Community. Key initiatives and activities have been included in each section to exhibit our efforts in generating sustainable long-term value for the Group's stakeholders.



Approach to ESG Strategy, Reporting Principles and Boundary

The Group's ESG philosophy is to create long-term value for its stakeholders that aligns with the strategic development and sustainability of its business. The Group attests that transparency and accountability underpin the success in building trust with its stakeholders.

As one of the leading mobile telecommunications operators in Hong Kong and Macau, the Group acknowledges the significance of sound ESG practices and the importance of integrating ESG considerations in its daily operations. The Board and senior management oversee the direction of the Group's ESG practices through formulation of policies and objectives. An ESG working group was formed with managers and team leaders responsible for the translation of policies into actions. Team leaders set up and execute ESG initiatives, regularly review and evaluate their performance in order to identify opportunities for improvement and create sustainable values for the Group's stakeholders.

Based on the associated risks to the Group's business and their related impacts on the stakeholders, the Group has identified key ESG topics as disclosed further in this report. All relevant entities

and operations of which the Group has exercised control with ESG significance are included in this report. The Group will revisit the reporting principles and boundary on a periodic basis. Further disclosure would be made on relevant changes if applicable.

Stakeholder Engagement and Materiality Assessment

The Group maintains open and transparent dialogue with its key stakeholders, including employees, shareholders and investors, customers, business partners, suppliers, professional institutions, non-government organisations, authorities and media partners. The Group engages its stakeholders periodically through ongoing communications and collects their views on the aspects of ESG which they regard as important and relevant through various channels such as meetings, workshops, surveys and feedback programmes.

ESG compliance and how it is leveraged with the Group's operation to benefit the community are among the key interests of the Group's stakeholders. Key ESG topics range from GHG emissions to customer privacy and data security, as well as community investment. Material aspects identified are reviewed periodically by the Board and senior management and are updated as appropriate.



As 5G arrives, staff members share innovative ideas to reshape the future in a workshop.

Commitment to Our People

With 986 employees in Hong Kong and Macau as at 31 December 2019, the Group believes its people are the foundation of consistent delivery of reliable products and quality services to its customers. Effective talent management is fundamental for the Group to remain ahead of competition, whilst sustaining long-term success. The Group aspires to be an employer-of-choice through effective pursuit of best talents, ongoing skill development and training, and provision of an inclusive working environment.

Recruitment, engagement and retention

Our business performance and our customers' experience depend on our ability to attract, retain and develop suitable talent in competitive labour markets. The Group works closely with educational institutions to recruit young talent that can support its growth. The Group also offers internship opportunities to university students who are interested in pursuing a career in the telecommunications industry.

The Group adheres to fair employment practices and promotes diversity and equal opportunity in its recruitment and promotion process. Employees are

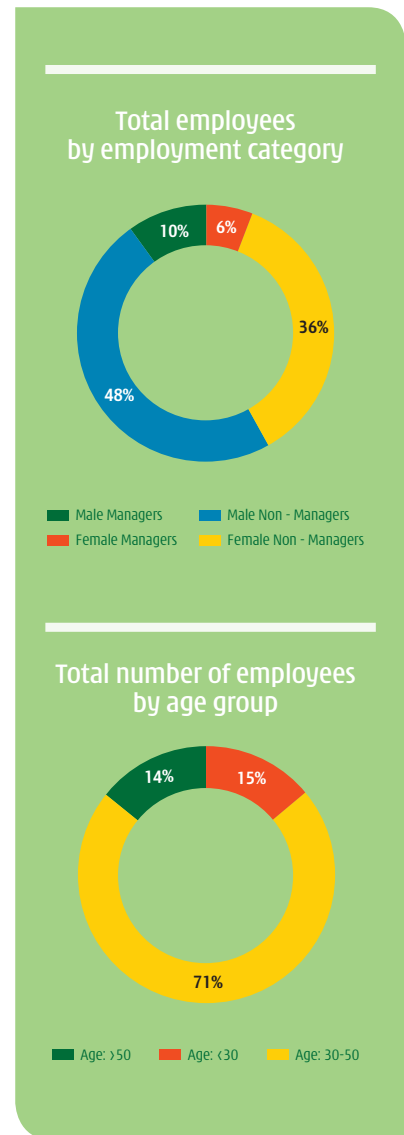
hired and selected based on their skill set and abilities, regardless of their race, colour, gender or religious beliefs. The Group is devoted to providing a positive, respectful and safe working environment to all employees. The Group will not tolerate any form of discrimination and has zero tolerance to any kind of harassment that consists of unwelcome and offensive conduct (whether verbal, physical or visual) which is based upon a person's sex, marital status, disability or otherwise.

The Group upholds labour standards and complies with applicable employment guidelines and regulations, as well as labour-related legislation that are relevant to where it operates, for example the Hong Kong Employment Ordinance. Its policies strictly prohibit the use of child and/or forced labour, and rigorous measures and audits are taken to prevent such unethical practices in the operations.

In light of the fast pace of change in technology and growing demands for sophisticated services, the Group is committed to acting swiftly in response to this changing world to grasp new opportunities and remain sustainable. Over the past years, the Group has implemented various organisational initiatives to support its strategy and operating business models, and to enhance efficiency and synergies between teams.

Valuing employees

The Group respects the rights of employees in expressing their views and has established various communication channels. These include seminars and workshops which are designed to facilitate open dialogues with employees and where they can exchange viewpoints and collect ideas. Feedback from employees through the many channels help improve and enhance its talent management practices. The Group also regularly shares with its employees up-to-date business developments via emails and newsletters with its employees.





The Group was granted awards in recognition of its achievements in various areas of employment practice. The Group was recognised as one of the “Asia’s Best Employer Brands” in the 10th Asia’s Best Employer Brand Awards in 2019. This demonstrates its commitment to talent retention and motivation to have employees build their careers within the Group.

Investing in training and development

The Group believes in talent investment and endeavours to realise the potential of employees through learning and development programmes. Employees are inspired to pursue further knowledge and are encouraged to consistently develop themselves. Training programmes are developed to meet specific business needs and support day-to-day job functions. Such training programmes take many forms, from structured learning and formal training (including orientations, sharing sessions, seminars, workshops and internal-external courses), to personal coaching and mentoring. Employees are also entitled to various subsidies and sponsorships for job-related training courses which encourages lifelong learning.

In 2019, the Group organised leadership workshops in Hong Kong and Macau, providing managers and team leaders with the opportunity to learn agile and effective ways to lead in a digital environment. Participants were encouraged to share their innovative ideas on how the Group can respond swiftly to the rapidly changing market environments and the increasing demands from its customers.

Building our employees’ skills through continuous development programmes is essential in driving business performance and remaining sustainable. To support network evolution, prepare for the 5G rollout and take advantage of new opportunities and challenges, the Group organised various sharing sessions and workshops throughout the year. The focus of these sharing sessions was on the development of digital skills, as well as cyber security and 5G technology knowledge, including IoT technology, software design and cloud platform.

Promoting well-being, health and safety

The Group considers the well-being of its people to have a fundamental impact on the level of employee engagement and productivity. The Group upholds relevant guidelines and regulations including the Hong Kong Occupational Safety and Health Ordinance. The Group is committed to maintaining and updating the welfare programmes offered to its people; promoting work-life balance;



2019 Day Day Walk 一萬步

- Employees are encouraged to take part in well-being activities such as the “2019 Walking Challenge”.

and providing a range of paid leave entitlements to employees, where operational needs allow.

Employees are encouraged to take part in various well-being activities, including outings, sports events and volunteering activities. During the year, the Group organised the “2019 walking Challenge” event to promote walking for health. Employees were invited to participate in a challenge - “10,000 steps a day”. Participants achieving a large number of steps during the seven-day challenge were awarded with special prizes.

Apart from promoting health and well-being of our employees, this event successfully raised awareness about reducing energy uses and it encouraged changes in behaviour that, collectively, could have a significant impact.



- The Group endeavours to realise the potential of employees through learning and development programmes.



This event was also a meaningful charity campaign as the total number of steps achieved by participating staff members were converted into a cash donation. A total of HK\$45,000 was donated to HOPE Worldwide Centre for Kids, Christian Action SHINE and Cha Duk Chang Children's Cantonese Opera Association.

Creating a safe and healthy working environment is of the utmost importance for ensuring quality of life at the workplace for our employees. It contributes to productivity and creates an optimal well-being and attractive environment for our people. The Group has implemented health and safety management programmes, and training is provided to all employees based on the nature of work and safety standards that are applied throughout the workplace.

Employees can access the latest health and safety information via our intranet. The Group also provides periodic refresher courses to its employees, ensuring that the importance of following the safety guidelines is truly ingrained into its operational culture.

Regulatory compliance

The Group is committed to complying with applicable local laws, rules and regulations that are relevant to where it operates. Regulatory frameworks within which the Group operates are analysed and monitored, and internal policies are prepared and updated accordingly. Tailor-made workshops are also conducted where necessary, in order to strengthen the awareness and understanding of the Group's internal controls and compliance procedures. In addition, its Code of Ethics requires staff to comply with applicable government and regulatory laws, rules, codes and regulations.

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

Commitment to Our Customers

The Group focuses on providing quality products and services to bring excellent customer experience. In recognition of its high product quality and excellent customer service within the telecommunications industry, the Group has been granted various awards during the year.

Building trust through reliability and quality

The Group endeavours to create better everyday life and deliver sustainable value to its customers. This joint vision is being delivered through its commitment to the provision of reliable, safe and high-quality products and services.

Delivering reliable and quality services

The Group embraces a service-oriented culture and is committed to delivering service quality and customer satisfaction at the highest possible levels through its reliable and extensive network. The Group's network reach covers more than 99% of the population, and the availability of core network maintains at over 99% during the year. The Group will continue to strive for better connectivity in terms of coverage and quality.

Furthermore, the Group's continuous efforts to increase customer engagement and to stay connected with customers' digital lifestyle is well supported by the enhancement in its online platforms and mobile applications (such as the website three.com.hk and the My3 application). Other than providing products and services information, customers can also gain access to other information relating to the service provided, charges invoiced, data usage, and even top-up their accounts through the self-service function. Online contract renewal, roaming data top-up, and online sales of handsets and accessories were also made available to enhance customer experience.

Enabling sustainable options

To ensure delivery of sustainable value to its stakeholders, the Group continues to invest strategically in advanced digital technologies. This allows the Group to provide innovative digital services and solutions, enabling customers to make environmentally responsible choices in how they live and work. For example, our customers are offered e-billing and electronic payment options to reduce paper waste.



• Enhancement of the My3 and 3Care mobile apps helps us increase customer engagement.



• Various workshops and events are held at 3Shops to increase interactions with customers and improve the customer experience.

Enhancing the customer experience

The Group offers a range of communication channels such as customer service centres, social networking pages, focus group studies, websites and mobile applications, providing customers with ample opportunities for feedback. The Group collects and acts on feedback with due care and in a timely manner. Guidelines have been established to handle customer enquiries and complaints, and our representatives are trained to professionally address customer concerns. Complaints received are acknowledged, investigated and duly followed up. Reviews and analyses of complaints received are conducted periodically for continuous improvement.

The Group also fosters a culture of continuous improvement by benchmarking and publishing its service performance targets and actual performance details on areas, such as hotline performance and complaint handling, on its website at three.com.hk. During the year, the Group has been

granted various awards that attest to its exemplary network performance and service excellence.

Protecting customers

The Group provides transparent products and services information that enable its customers to make informed purchasing decisions through different online and offline channels.

Our commitment to privacy and security is an imperative part of our responsibility to our customers. The Group safeguards customers' personal data and respects their privacy to build and maintain their trust in its business. The policies on personal data privacy and customer data protection underpin our approach and govern how we collect, use, access, secure, and retain customers' personal data. These policies set out the resources and control processes that are in place to ensure compliance with applicable local data protection and privacy laws and regulations in which the Group operates. These policies are reviewed and updated periodically by finance department with inputs collected from relevant business units.

The Group is committed to ensure effective customer data management and that personal data is handled with due care.

- (1) Data collection - the Group only collects necessary and relevant personal data for the specific purposes in which it was collected.
- (2) Use of personal data - the Group provides a clear, transparent, easy to understand and updated "Personal Information Collection Statement" to reflect the way

the Group handles customers' personal data, whilst addresses the requirements under applicable laws and regulations.

- (3) Data access - customers can exercise their rights to access and/or correct the personal data which they provided via application form, Internet or other means.
- (4) Securing customers' data - use of various encryption techniques to retain, use and transmit customers' personal data. Stringent and adequate security measures are maintained to protect all personal data collected via our websites and retained in our system from unauthorised access.
- (5) Data retention - customers' personal data obtained during the service subscription period will be retained for a reasonable period of 2 years after termination of subscription and settlement of outstanding bill. Any unnecessary personal data are erased from the system in accordance with internal policy.
- (6) Internal guidelines and awareness campaigns - employees are required to adhere strictly to "Internal Guidelines on Record Retention and Access to Personal Data" policy. Access to physical or computer records containing personal data is strictly controlled and requires management approval, and such approvals are granted only on a "need to know" basis. The Group also develops an internal platform with operational guidelines and handbooks, issues periodic internal communication, and conducts workshops for customer-facing employees to reinforce the importance of customer data protection.



- Commitment to privacy and security is an imperative part of the Group's responsibility to its customers.

The Group also has an internal policy on cyber security to safeguard and to ensure proper controls are in place to manage the related risks. Periodic trainings and workshops are organised to keep its employees up-to-date with the latest requirements and development of the relevant rules and regulations.

Regulatory compliance

The Group is committed to complying with the requirements under the Personal Data (Privacy) Ordinance, the relevant code of practice and guidance issued by the Office of the Privacy Commissioner for Personal Data in Hong Kong, and applicable rules and regulations that are relevant to areas in which it operates. Regulatory frameworks within which the Group operates are analysed and monitored, and internal policies are prepared and updated accordingly. Workshops are also conducted where necessary to strengthen the awareness and understanding of the Group's internal controls and compliance procedures.

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

Supply Chain Management

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

Sourcing responsibly and engaging suppliers

The Group addresses supply chain challenges through risk management, responsible sourcing, supplier engagement and oversight. In order to ensure integrity in its supply chains, the Group requires its partners to meet certain criteria and standards in terms of quality, environmental performance, social, ethical, health and safety, and regulatory compliance.

Approach to supply chain management

The Group adopts international best practices and follows a set of fair, unbiased and transparent tendering process. Tenderers are required to

declare any conflict of interest and take a firm stance against fraud and misconduct. Supplier relationships will be suspended or terminated if contravention is discovered.

The Group strives to bring a positive influence to the business community by setting expectations in environmental, social and governance related matters with key suppliers. The Group expects suppliers to observe similar environmental, social, health and safety and governance considerations when carrying out their own operating practices. The Group sets out policies including purchasing policy, business partner evaluation policy and anti-corruption policy. These are in conjunction with various controls and procedures, which provide direction and guidelines on evaluation and engagement with major business partners. Its procurement teams are trained to apply these policies and procedures with due care and diligence when engaging suppliers.

Anti-corruption

The Group values and upholds integrity, fairness, transparency and accountability. The Group has zero-tolerance to any forms of bribery, corruption and/or fraud. Anti-bribery and anti-corruption policy standards are important parts of its policies and operating practices which are reinforced by the Group's employees and communicated to relevant stakeholders who have dealings with the Group. Monitoring measures and procedures are developed to detect bribery, fraud or other malpractice activities. Its employees are required to conduct operations with high standards of ethics, honesty, objectivity and integrity, and in compliance with the Group's Code of Ethics and applicable laws and regulations.



Furthermore, employees and all other stakeholders engaging in dealings with the Group (including shareholders, customers and suppliers) are encouraged to report on suspected misconduct, malpractice or fraudulent activities through the Group's whistle-blowing mechanisms. Whistle-blowing policies apply to all stakeholders. Cases will be followed up independently; and all cases will be reported by the Group's internal audit function to the Audit Committee and senior management.

Regulatory compliance

The Group is committed to ensuring its businesses are operated in compliance with applicable local laws, rules and regulations in which it operates. Regulatory frameworks within which the Group operates are analysed and monitored, internal policies are prepared and updated accordingly.

Where necessary, workshops are also conducted to strengthen the awareness and understanding of the internal controls and compliance procedures of the Group.

The Group is not aware of any breach of laws and/or regulations that have had a significant impact on the Group relating to anti-corruption during the year.

Commitment to Our Environment

The Group's environment-protection policy sets out its commitment to reduce any negative environmental impacts that are generated by its business activities. The Group also promotes environmental protection initiatives.

Managing emissions

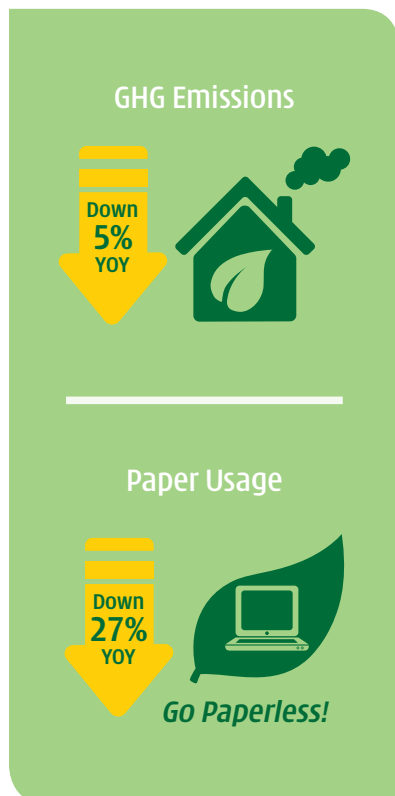
As a telecommunications operator, our operating activities are based on the use of network infrastructures which require a continuous power supply, for example, air conditioning to keep machinery within a constant temperature range. Energy needs to increase in line with the growing number of connected devices and with further gigabyte of data transmitted. The telecommunications industry is facing a growing GHG

emissions challenge while carbon and energy footprint increases.

Through the IoT, replacement of certain equipment with low energy efficiency and the reduction of premises locations form part of our efficiency enhancement initiatives, the Group's electricity consumption reduced from 111,277,682 kwh in 2018 to 110,157,880 kwh in 2019. These demonstrated our ongoing efforts in addressing the GHG emissions issues while at the same time maintaining high level infrastructure performance.

Optimising resource use

The Group continues to reduce its carbon and energy footprint from daily operations. Such efforts include encouraging electronic workflow, recycling and waste reduction in workplaces and improving the efficiency of its buildings and network switching centres. Aside from managing its own footprint, the Group supports its customers to live more sustainable lifestyles. The Group has run the "Recycling of Handsets and Accessories" programme since 2012, which encourages everyone to help protect the environment by placing their old or unwanted handsets and accessories (such as batteries, chargers,



• The Group reduces carbon emissions through making changes to the way it operates.



headphones, earpieces, USB cables and stylus pens) in the recycling boxes located at certain 3Shops. Handsets and accessories collected under this programme were passed to the “Computer and Communication Products Recycling” programme run by the government, industry and green groups, and other voluntary organisations for recycle or reuse.

In addition, the Group provides innovative digital services and solutions that enable its customers to make environmentally responsible choices relating to how they live and work. For example, as part of its long-term commitment in reducing paper consumption, its customers are encouraged to opt for electronic billing via email or SMS. Its customers can also choose to review their billing through the enhanced My3 application.

The Group participated in a Computer and Communication Products Recycling Programme. This programme enables the Group to manage its used computer equipment and communication products in an environmentally sound manner. Used computers and computer parts were collected for refurbishment and recycling. Refurbished items that are still in working condition were donated to people in need.

The Group has been awarded the Energywi\$e and Wastewi\$e Certificates from the Hong Kong Green Organisation Certification by Environmental Campaign Committee for many consecutive years. This was in recognition of its efforts in adopting measures to reduce the amount of waste generated and to save energy. Excellence Level and Basic Level were obtained for Energywi\$e and for Wastewi\$e Certificates respectively in the recent assessment period.

Safeguarding environmental and natural resources

As one of the leading telecommunications operators in Hong Kong, the Group aspires to be a positive role model for its stakeholders in protecting the environment and the ecosystems. The group policies ensure caution and discipline is applied that may impact natural resources. In addition, because of the nature of the telecommunications business, the Group does not produce significant hazardous waste.

Regulatory compliance

The Group is committed to ensuring its businesses operate in compliance with applicable local laws, rules and

regulations. Regulatory frameworks within which the Group operates are analysed and monitored and internal policies are prepared and updated accordingly. Where necessary, workshops are also conducted to strengthen the awareness and understanding of the internal controls and compliance procedures of the Group.

The Group is not aware of any non-compliance of laws and regulations that have had 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.

Commitment to the Community

The Group is dedicated to making the community a better place and providing long lasting benefits to stakeholders. In line with sound corporate governance practice, donations and contributions are subject to internal compliance guidelines and controls in order to safeguard stakeholder interests. In 2019, the Group was engaged in a range of community activities that had a focus on youth empowerment, supporting those in need and environmental conservation.



• HTHKH volunteers hand out new handsets which come with a service fee waiver to members of an elderly centre.



• The Group supports the Business-School Partnership Programme for the third consecutive year.



In order to have a positive impact on society, our volunteer team actively supported and participated in community activities during the year.

Cash and in-kind donations to charitable organisations benefitting community projects in Hong Kong and Macau under the subject headings of community, education, youth and the elderly during 2019 amounted to approximately HK\$3.7 million.

The Group was granted the "Caring Company" status for many consecutive years by the Hong Kong Council of Social Service. This was in recognition of the Group's achievement in incorporating social responsibilities and environmental protection into its business operations while helping to build a society of sustainable development.

Empowering the Youth

The Group created opportunities for youth through its sponsorship of the "JUMPSTARTER 2019", a not-for-profit platform that supports young people in jump starting their dreams. The Group's management shared their insights on how to embrace disruptive ideas and new technologies, advocate for changes and stand out against competitors in the market with innovation during the event. The Group also hosted a sharing session on corporate innovation with members from 3InnoCity. The collaboration between the Group and young talents shared insight into how their enterprise IoT solutions helped to solve legacy building and fleet management problems, making building facilities and vehicles smarter.

The Group continued to nurture students' interest in the telecommunications industry and imparted knowledge of mobile technologies by supporting the Business-School Partnership Programme

of the Hong Kong General Chamber of Commerce for the third consecutive year. Secondary school teachers and students visited its headquarters and Network Operations Centre, and its Senior Executives shared the latest network developments as well as their experiences in engineering and digital marketing in order to enhance students' understanding of the trends and career opportunities in the industry.

Furthermore, the Group participated in the "U-Lead", a work placement programme, for members of the Hong Kong Federation of Business Students. This enables students to gain experience and elevate their strengths from working with a leading mobile operator.

The Group contributes to the growth and development of young athletes in Hong Kong through its sponsorship to the Mantas Invitational Swim Meet, which is organised by Harry Wright International and the Mantas Swimming Club.

Supporting those in Need

Bridging the digital divide

In order to bridge the digital divide and foster inter-generational harmony, alongside responding to World Telecommunication and Information Society Day - Hong Kong, the Group has taken on title sponsorship of the "3 Hong Kong Smarter Senior Programme", which is hosted by the Communications Association of Hong Kong. The programme aims to promote use of mobile devices among senior citizens and encourage them to learn about new technology via



• HTHKH volunteers visit a centre for kids and hand out festive gift packs.

smartphone workshop. In April 2019, some 100 students from six secondary schools visited four elderly centres in Hong Kong, helping the elderly to understand basic mobile device functionality in a one-on-one daily interaction.

Serving the Community

Leveraging 3 Hong Kong's strength of network and extensive customer base, the Group supports a broad range of charitable activities such as disseminating free text messages for charitable organisations to mobile users. Benefitted charitable organisations included Sheng Kung Hui St Christopher's Home, Hong Kong Single Parents Association, Christian Action, Children's Heart Foundation, Youth Outreach, The Samaritan Befrienders Hong Kong and The Hong Kong Council of Social Service.



The Group also actively participates in various events to share its technology expertise. During the year, its senior executives imparted knowledge of 5G technology and the latest corporate mobile solutions in a 5G seminar for professionals in the financial sector, all of which was organised by the Institute of Financial Technologists of Asia.

The Group supports, encourages and facilitates events for employees to engage in volunteerism and benefit the community. Since the programme launched in 2010, the Group has continuously supported the Lo-Yau-Kee

Monthly Service Plans Sponsorship. During the year, its volunteers visited Harmony Garden Lutheran Centre for the Elderly and handed out new handsets which came with a service fee waiver to members of the centre. Its volunteers also visited HOPE worldwide Centre for Kids and Christian Action's Woo Sung Street Service Centre, which inspires children in need through group activities.

In Macau, the Group has been a supporter of the charitable events organised by the Charity Fund from the Readers of *Macao Daily News*.

Apart from cash donations, 3 Macau offered free donation platforms, which encourages its customers to make contributions to the charity fund. For the 10th consecutive years, its employees also actively took part in the annual major charity event "Walk for a Million", raising funds for the underprivileged. The Group also continued sponsoring the Mobile Application Software Technologies Training Plan which focuses on keeping young adults up-to-date with the latest smart city-related mobile application technology.

Environmental Key Performance Indicators

	Unit	2019	2018
Emissions			
Total GHG emissions (mainly from use of electricity under Scope 2)	tonnes CO ₂ e	57,822	61,008
Total GHG emissions intensity	tonne CO ₂ e/revenue HK\$'000	0.010	0.008
Energy			
Electricity	kWh	110,157,880	111,277,682
Gasoline and Diesel	kWh	156,074	177,248
Total energy consumption intensity	kWh/revenue HK\$'000	19.8	14.1
Paper			
Paper	tonne	44	60
Paper recycled	tonne	12	40
Water			
Water	m ³	4,384	6,791
Water consumption intensity	m ³ /revenue HK\$'000	0.001	0.001
Waste management			
General office waste	tonne	59	62
Computer and network equipment	piece	914	3,170