



Environmental, Social and Governance Report 2016

At a Glance



Introduction

HKT is Hong Kong's premier telecommunications service provider and leading operator in fixed-line, broadband and mobile communication services. It meets the needs of the Hong Kong public and local and international businesses with a wide range of services including local telephony, local data and broadband, international telecommunications, mobile, and other telecommunications businesses such as customer premises equipment sales, outsourcing, consulting, and contact centers.

HKT's Board of Directors monitors corporate governance practices and procedures, which set out clear guidelines on employee conduct to ensure the Company operates in a manner that maximizes its contribution to society and the environment. We uphold a high standard of ethics, transparency and integrity, and have zero tolerance for bribery and corruption. The Group has also in place a Corporate Responsibility Policy and a Corporate Social Responsibility Policy.

HKT's Environmental, Social and Governance (ESG) Report 2016 has been prepared in accordance with the ESG Reporting Guide of The Stock Exchange of Hong Kong Limited. The report describes HKT's ESG management approach and strategy in the financial year ended December 31, 2016. This summary highlights our efforts in the following five aspects:

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For details of our corporate governance, please refer to the Corporate Governance Report set out in HKT's Annual Report 2016.



Highlights

The highlights below summarize the achievements of our key environmental and social initiatives in 2016:

EMISSIONS

20,000+ handsets sent to NGOs and Government-endorsed contractors for distribution to the underprivileged or for responsible disposal as e-waste.

Company e-procurement, e-payment and e-leave systems reduce paper usage.

Around **90%** of broadband and mobile customers receive e-bills. E-billing extended to residential fixed-line customers in November 2016.

SUPPLY CHAIN AND PROCUREMENT

Compliance with **ISO 9001** (2008 version).

RESPONSIBLE NETWORK MANAGEMENT

Fibre-To-The-Building coverage reaches **87.6%**, with **83.5%** Fibre-To-The-Home coverage.

USE OF RESOURCES

Voluntary disclosure of carbon emission data on the Carbon Footprint Repository of Environmental Protection Department.

Continually modernizes telecom exchanges and equipment; mobile network integration achieves energy efficiency and savings.

Smart Charge electric vehicle charging solutions promote electric mobility and a cleaner environment.

DATA PRIVACY AND SECURITY

ISO 27001 certified IT Security Management Systems.

COMMUNITY INVESTMENT

26 ongoing and **15** special programs in partnership with NGOs, charitable organizations and social services groups.

Over **20,000** volunteer service hours in 2016.

DEVELOPMENT AND TRAINING

1,400 learning and development programs and seminars held for staff.



Our Environment

We integrate environmental considerations into our business processes. To improve our environmental performance, we have implemented Energy and Water Management Policy and Guidelines, Gas Emissions Reduction Policy, and waste paper recycling procedures.

Key environmental initiatives:

Through the launch of “Help Yourself • Help the Needy • Help the Earth Handset Recycling Program”, more than 20,000 handsets were collected for recycling or donation to NGOs for redistribution to the needy.

Recycling

To save energy of our exchange buildings, conventional air-cooled air-conditioning systems have been continually replaced with water-cooled chillers.

To achieve operational efficiency and energy saving by integrating HKT and csl radio cell sites.

Save Energy

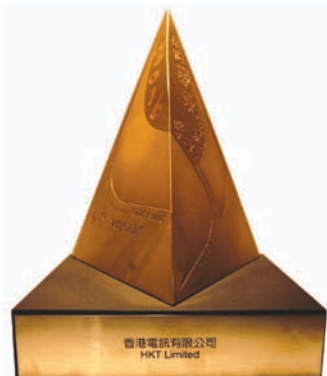
Environmental Awareness

Staff newsletters provide various environmental information.

Raises employees’ environmental awareness through the distribution of “green labels” in our offices.

Protect the Environment

In 2016, HKT formed a joint venture with CLP Holdings Limited to provide electric vehicle charging solutions and promote electric mobility for a cleaner environment in Hong Kong.



HKT received the Gold Award in the media and communication sector of the Hong Kong Awards for Environmental Excellence (HKAEE) 2016 granted by the Environmental Protection Department.



Our Supply Chain Management

We maintain business relationships with over 2,000 suppliers. Our suppliers are encouraged to operate responsibly. To promote sound practices in the supply chain management, our Group Purchasing Policy and Principles integrates social responsibility considerations into our supplier selection procedures.



Our Customers

We have implemented a comprehensive range of information privacy and data security procedures to protect individual privacy and safeguard commercially sensitive information. Data Protection Officers are appointed to ensure the Group's compliance with the Group Privacy Policy and the Personal Data Privacy Ordinance.

As a customer-focused service provider, we have established Integrated Customer Service Hotline, customer surveys, the Mystery Shopper Program and Service Excellence Awards, to continuously improve our services and keep close contact with customers, ensuring total customer satisfaction.



Our People

HKT employs over 18,900 employees, who are the key to maintaining our competitiveness and delivering the best services. We provide employees with high levels of work variety and career development opportunities, including skills development and leadership training, job rotation and secondment programs, and a “promotion from within” policy.

The Occupational Safety & Health Unit is committed to maintaining a healthy and safe work environment, as well as providing advice and regular training programs for different departments. Healthcare workshops are also arranged to strengthen employee’s health awareness.

Direct and effective communication is essential to good partnership between management and employees. In addition to staff newsletters and communications through the intranet, management holds regular meetings and forums to brief employees on company’s latest developments and obtain their feedback.



Our Community



We support the community through a diverse range of volunteering initiatives serving the elderly, children and young people, individuals with disabilities and the underprivileged. The corporate volunteer team, comprising staff volunteers and their families, ran 26 ongoing programs and 15 special programs for various charities and social service groups in 2016.

We are committed to bridging the digital divide. We contribute our core expertise and ICT knowledge of our employees to the community. To cultivate future IT professionals, the Group has been sponsoring different programs as well as providing scholarships and bursaries to students of computer science and information technology.

Community services highlights:



The elderly

- Educational Smartphone Workshops enable the elderly people to enjoy the convenience brought by technologies.
- Visiting the elderly with gifts and care during festivals.



Students

- Life Buddies Mentoring Scheme helps students widen their horizon and develop a positive vision for their future.
- Shanghai-Hong Kong-Taiwan Youth IT Summer Camp facilitates the exchange of ICT knowledge among the students from the three places.



Children

- Financial Education Activity promotes financial management concepts to the next generation.
- Benji's Centre fundraising walkathon raises fund for children with speech difficulties.



People with disabilities

- Providing IT support for long-term disabled patients at Cheshire Home (Shatin).
- 1010 sponsors "Concert in the Dark" in which volunteers provide on-site support with the visually impaired to promote social inclusion.

To encourage the staff to actively take part in voluntary services, our Volunteer Appreciation Scheme grants up to two days of volunteer leave every year to eligible employees.

Volunteer team of HKT and PCCW received an award for volunteer service hours from the Social Welfare Department for the 15th straight year. The volunteer team also won the Bronze Award in the volunteer team category of the 7th Hong Kong Outstanding Corporate Citizenship organized by the Hong Kong Productivity Council.



If you have any feedback on the Environmental, Social and Governance Report and other related enquiries, please contact us by email at esg@hkt.com.

The full Report is available at www.hkt.com/hktesg.



HKT Trust (A trust constituted on November 7, 2011 under the laws of Hong Kong and managed by HKT Management Limited)
and

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The Share Stapled Units are listed on The Stock Exchange of Hong Kong Limited (SEHK: 6823).

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