

Environmental, Social and Governance Report

At a Glance



Our CSR Vision

To be an ethically, socially and environmentally responsible provider of telecommunications and related services that delivers an excellent customer experience while supporting and connecting the communities we serve.

Our CSR Mission

Our mission is to utilize our services to empower, connect and transform communities and businesses by:

- minimizing the environmental impacts of our business, and helping our customers to do the same through our products and services;
- valuing and developing our talented team;
- promoting corporate social responsibility principles throughout our operations and supply chain;
- pioneering products and services that make people live better and help businesses thrive; and
- addressing and responding to the needs and concerns of communities through social partnerships, thereby making them a better place to live in.

Group Managing Director's Message

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We will continue to embrace innovation and new technology to build a sustainable business, enhance quality of life for our customers, and contribute even more to the communities we serve. In the many areas highlighted throughout this report, HKT is taking concrete steps to make the future better. I look forward to working together with our customers, our communities and other stakeholders to further improve our ESG efforts in 2018 and beyond.

*Alex Arena
Group Managing Director*

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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 or corruption. The Group has in place a Corporate Responsibility Policy and a Corporate Social Responsibility Policy to set forth standards and requirements of professional behaviour.

This is the second Environmental, Social and Governance ("ESG") report of HKT, which 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, 2017. This summary highlights our efforts in the following five aspects:

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For details of our corporate governance, please refer to the Combined Corporate Governance Report set out in HKT's Annual Report 2017.

Highlights

The highlights below summarize the achievements of our key environmental and social initiatives in 2017:

EMISSIONS

- ◆ **98%** of broadband customers, **97%** of mobile customers, and nearly **34%** of fixed-line customers receive e-billing. In 2017, around **13** million e-bills were generated saving nearly **39** million sheets of paper.
- ◆ Gradually upgrade **60** more vehicles in the coming four years.

RECYCLING/ USE OF RESOURCES

- ◆ Collected **12,806** handsets for donation or responsible disposal.
- ◆ Recycled **1,983** printer ink cartridges.
- ◆ **26.44** tonnes of copper, iron and steel were recycled.

HEALTHY AND SAFE WORKPLACE

- ◆ Launched Group Safety Charter to enhance safety standard and culture.

STAFF DEVELOPMENT

- ◆ **1,838** learning and development programs and seminars.
- ◆ **15.6** training hours per staff in 2017.

SUPPLY CHAIN

- ◆ Conducted **100** visits to assess suppliers' performance.
- ◆ Compliance with **ISO 9001:2008** Quality Management System.

RESPONSIBLE NETWORK MANAGEMENT

- ◆ **100%** mobile reliability and **99.99%** broadband network stability in 2017.
- ◆ Fiber-To-The-Building coverage reaches **88.3%**, with **85.6%** Fiber-To-The-Home coverage.

CUSTOMER SATISFACTION

- ◆ Received **36,408** customer compliments in 2017.

DATA PRIVACY AND SECURITY

- ◆ **ISO 27001** certified IT Security Management Systems.

COMMUNITY INVESTMENT

- ◆ **26** ongoing and **17** special programs with NGOs, charities, etc.
- ◆ **21,131** volunteer service hours in 2017.

Our Community

In 2017, we continued to support a diverse range of initiatives through our corporate volunteer services, education and community services, and financial and in-kind contributions. Our corporate Volunteer Team, which consists of employees, their family members and Company retirees, has been active for over 20 years.

Cumulative number of volunteers since 1995

4,872



Active volunteers in 2017

582



Volunteer hours in 2017

21,131



Ongoing programs in 2017

26



Special programs in 2017

17



We focus our efforts on providing ICT solutions that promote active and smart aging, and enabling students and youth to engage in the digital world.

Community services highlights:

Elderly

- A VR (virtual reality) world tour was organized at an elderly center for the elderly residents to experience world travel.
- Organized smartphone workshops to teach elderly people how to use smartphones and apps.
- eSmartHealth aims to create a smart aging community which facilitates big data analysis for elderly's health conditions.



Students and Youth



- Sponsor of the Shanghai-Hong Kong-Taiwan Youth IT Summer Camp, which facilitates the exchange of ICT knowledge among students from the three places.
- Participating in the "Girls Go Tech" Program to encourage junior secondary school girls to pursue STEM subject.
- HKT Education creates quality eLearning to students and teachers in primary and secondary schools.

Children

- Partnered with Po Leung Kuk to promote financial management concepts to the next generation.

People with Disabilities

- 1010 sponsored "Concert in the Dark" in which volunteers provided on-site support with the visually impaired to promote social inclusion.

Others

- The Company joined the "Dress Pink Day" organized by Hong Kong Cancer Fund to increase awareness of breast cancer and raise funds for cancer care service.



Academia and Research

- We support research projects of local universities and institutes to foster the development of the ICT industry in Hong Kong.

Philanthropic Sponsorship

- Offered annual scholarships and bursaries to university students of computer science, IT and related disciplines.
- Provided communication systems for Oxfam Trailwalker and sponsored the Care for the Elderly Line and Personal Emergency Link service.



Volunteer team of HKT and PCCW received an award for volunteer service hours from the Social Welfare Department for the 16th straight year. The volunteer team also won the Silver Award in the volunteer team category of the 8th Hong Kong Outstanding Corporate Citizenship organized by the Hong Kong Productivity Council.

Our People

HKT employs over 17,600 employees, who are all key to maintaining our competitiveness and delivering the best services.

We have been positioning ourselves as an Employer of Choice. Our workforce now comprises employees from over 50 nationalities with a diverse range of expertise and backgrounds. We provide employees with high levels of work variety and career development opportunities.

38.6%
of our employees are
under the age of 35

By joining hands with the Dialogue Experience Empower (DEE) "Career Empowerment Platform for People of Differences" program, we promote inclusion for disabled talents in the workplace.

To support the progression of our young workforce into leadership roles, we offer skills development programs to transition our employees into more senior roles. In 2017, we organized 1,838 learning and development programs and seminars, with each staff receiving on average 15.6 training hours.



We have established channels for employees to share feedback and suggestions with senior management, including staff newsletter, face-to-face meetings, "Let's Chat" sessions with senior management and town-hall-style gatherings.

We make every effort to provide a safe working environment. We launched the Group Safety Charter in 2017 to uplift our safety standard and strengthen the safety culture.



Our Customers

With a commitment to transforming customers' lifestyle through continuous innovation, HKT has extended service offerings beyond connectivity into areas such as Smart Living to help customers build a modern and convenient home. An "io.t by HKT" concept store was opened during the year to promote Internet of Things (IoT) technology in customers' daily lives.

FTTB coverage

88.3%

HKT's Fiber-To-The-Building (FTTB) coverage reached 88.3% and Fiber-To-The-Home (FTTH) coverage reached 85.6% of all households in Hong Kong.

FTTH coverage

85.6%

Our customer service representatives can be reached via service hotlines, website live chat, online enquiry in My HKT portal, or at retail shops and customer service centers.

Customer compliments

36,408

In 2017, HKT received 36,408 customer compliments from our customers. Our ISO 27001-certified IT security management systems keep our customers' information secure.

3,400 members of our engineering staff received more than 9,000 days of training and professional development in 2017.



Our Supply Chain Management

We maintain relationships with more than 2,000 suppliers globally. Around 75% of our suppliers are based in Hong Kong. To integrate CSR principles throughout our supply chain, the Company has in place the Group Purchasing Policy and Principles, and a Supplier Code of Conduct.

In order to have a better and close monitoring of supplier performance, our buying units conducted 100 supplier visits in 2017. As an ISO 9001:2008-certified company, our quality management system ensures that our products consistently meet regulatory requirements and customer expectations. In 2018, we aim to achieve the ISO 9001:2015 standard.

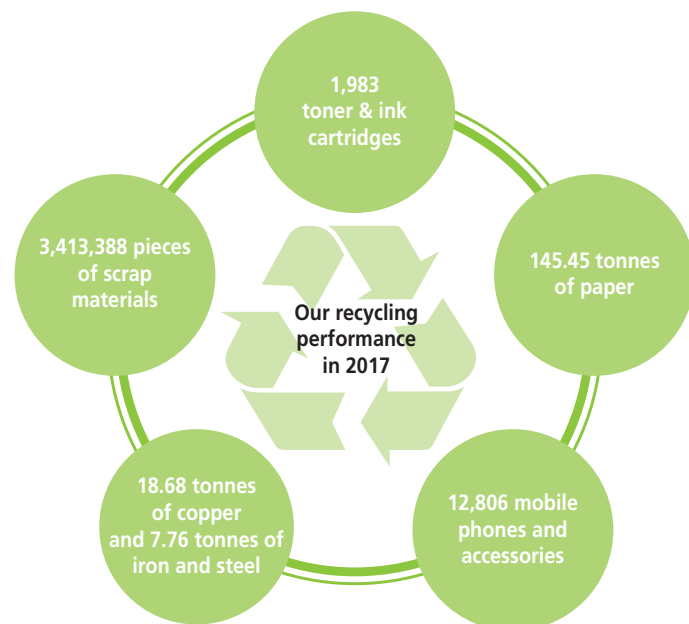
Our Environment

We integrate environmental sustainability into our business operations.

Key environmental initiatives:

Recycling

- We have well-established practices in recycling of used toner and ink cartridges, paper, scrap metals (which include copper, iron and steel), as well as scrap materials.
- In our "Help Yourself • Help the Needy • Help the Earth Handset Recycling Program", handsets are collected for recycling or donation to NGOs for redistribution to the needy.



Protect the Environment

- Through the Smart Charge electric vehicle (EV) charging service, we encourage the wider adoption of EVs and contribute to creating a cleaner environment.
- Nearly 13 million e-bills were generated, which collectively saved 39 million sheets of paper.



Save Energy

- We have replaced conventional air-cooled systems for more energy efficient water-cooled chillers at 25 exchange buildings since 2004. In 2018, we will replace more existing chillers with water-cooled systems. These upgrades will lead to a 20% reduction in energy consumption of these chillers.



Environmental Awareness

- We have launched a set of "Go Green" labels in all our offices.
- Our internal newsletter provides information on environmental issues and the Group's green initiatives.



HKT received the Gold Award in the media and communications sector at the Hong Kong Awards for Environmental Excellence (HKAAEE) 2016 granted by the Environmental Protection Department.

We welcome stakeholders' feedback and suggestions.
If you have any comment, please contact us 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
HKT Limited (Incorporated in the Cayman Islands with limited liability)

Principal Place of Business in Hong Kong:
39/F, PCCW Tower, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong
T: +852 2888 2888 F: +852 2877 8877 www.hkt.com

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