



# 2018

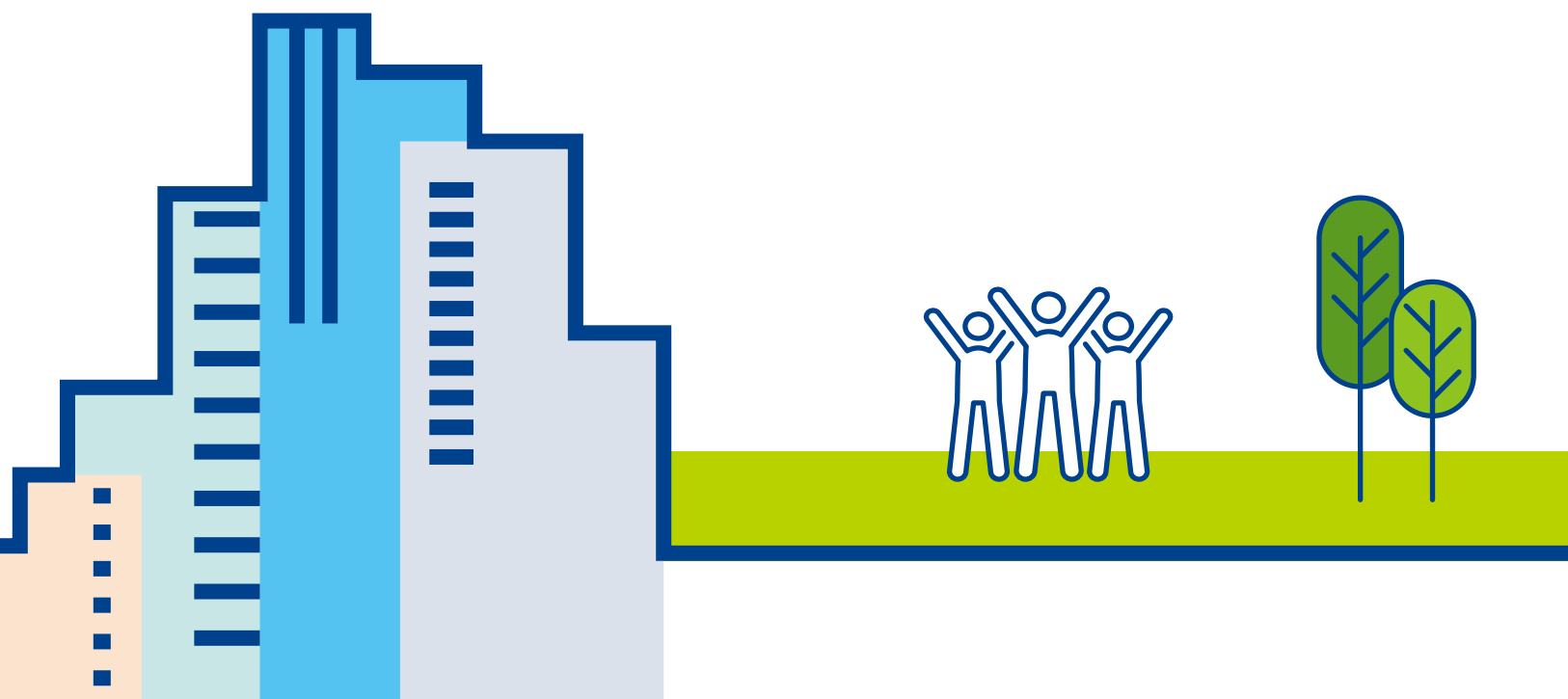
## Environmental, Social and Governance Report

Stock Code: 6823

a **PCCW** Group member

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# GROUP MANAGING DIRECTOR'S MESSAGE

I am pleased to present the third HKT Environmental, Social and Governance (“ESG”) Report.

As set out in our Corporate Social Responsibility (“CSR”) Policy, we endeavor to incorporate considerations for the community, the environment and our people into our business operations.

Our employees dedicate their time and expertise to digitally empower the community and serve the needy in our ongoing and special volunteer community service programs. We also support meaningful causes by donations and sponsorships of telecommunications services.

We care about our environment and strive to minimize carbon emissions in our operations, while developing green ICT solutions to help customers go green.

Employees are our most valuable asset. Positioning ourselves as an employer of choice, we follow a people-centric talent acquisition, training and development strategy to create a productive and inclusive workplace.

HKT is committed to helping to build a smarter and more connected community as we grow our business. I would like to thank our employees for their commitment and other stakeholders for their support in achieving this goal together.

**Susanna Hui**

*Group Managing Director*

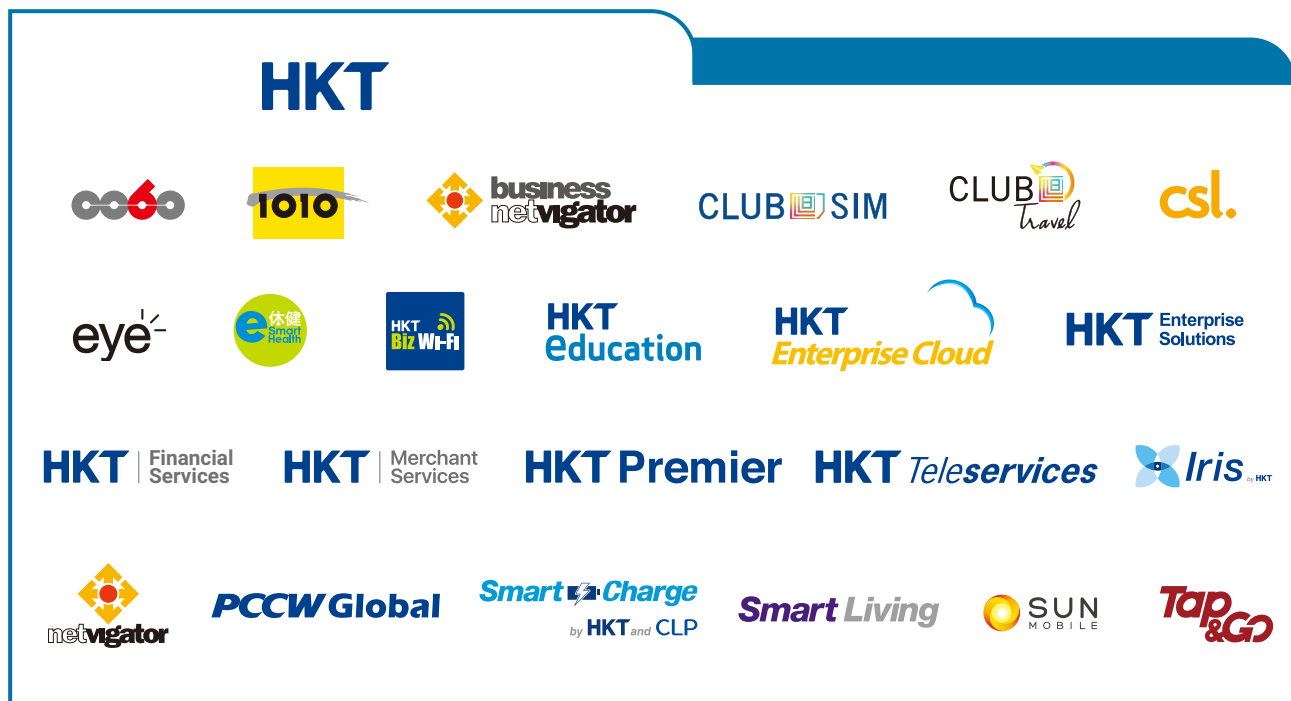


# ABOUT THIS REPORT

This is the Environmental, Social and Governance (“ESG”) Report for HKT Trust and HKT Limited (“HKT” or the “Company”), and the subsidiaries of HKT Limited for the year ended December 31, 2018.

HKT (SEHK: 6823) is Hong Kong’s premier provider of telecommunications services and the leading operator in fixed-line, broadband and mobile communications services. It meets the needs of the Hong Kong public and local and international business with a wide range of services including local telephony, local data and broadband, international telecommunications, mobile, enterprise solutions, and other telecommunications businesses such as customer premises equipment sales, outsourcing, consulting, and contact centers. HKT also provides a range of innovative and smart living services beyond connectivity to make the daily lives of customers smarter, whether they are at home, in the workplace, or on the go.

Many HKT product and service brands have become household names in Hong Kong. Some of our more recognizable brands are:



## Reporting Scope

This report covers HKT’s ESG accomplishments and challenges from January 1 to December 31, 2018, as well as our ongoing initiatives to enhance our ESG performance. Consistent with the ESG Report 2017, the report addresses HKT’s core telecommunications and mobile businesses in Hong Kong, including the operations of our offices, retail shops, exchange sites, telecommunications sites and transmissions, unless otherwise stated. Where relevant, it also references the activities of subsidiaries and outsourced operations.

The report discloses information and data regarding HKT’s approach, initiatives and priorities in managing material ESG aspects. In addition to this report, the Combined Corporate Governance Report of the HKT Annual Report 2018 makes further disclosures on corporate governance.



## Reporting Standards and Assurance

This report has been prepared in accordance with the “comply or explain” provisions of the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

We regard this report as a communication channel with our stakeholders and believe that we should disclose ESG information that is meaningful and important to their decision-making. To serve this purpose, this report is prepared with reference to the fundamental reporting principles set out in the ESG Reporting Guide.

### Materiality

We performed a materiality review based on stakeholder engagement processes that determined material ESG aspects to HKT and guided the focus of this report.

### Quantitative

We deployed a cloud-based data management platform to collect our ESG metrics and keep track of our performance. Where applicable, we compared year-to-year data and discussed its implications.

### Balance

To provide an unbiased picture of HKT’s performance, we discussed both our achievements and room for improvement in ESG.

### Consistency

This report adopted consistent methodologies to allow for a fair comparison of our performance over time.

HKT engaged Hong Kong Quality Assurance Agency to undertake an independent verification for the environmental performance data stated in this report. Please refer to the Assurance Report for the verification scope and conclusion.

This report has been reviewed and approved by the Board of Directors (the “Board”) of HKT.

Available in Chinese and English, this report can be accessed at The Stock Exchange of Hong Kong Limited’s (“HKEX”) website and HKT’s website.

We value stakeholders’ views and suggestions. Please let us know your feedback on our ESG management and reporting through contacting our Department of Group Communications via

Mail: 39/F, PCCW Tower, Taikoo Place, 979 King’s Road, Quarry Bay, Hong Kong

Phone: +852 2888 2888

Fax: +852 2962 5634

Email: [esg@hkt.com](mailto:esg@hkt.com)



# HIGHLIGHTS

## TALENT DEVELOPMENT

- ◆ **1,662** learning and development programs and seminars

## TALENT DIVERSITY

- ◆ **1:1.75** female to male staff
- ◆ **26%** young talents aged 30 or below

## HEALTH AND SAFETY

- ◆ Over **300** sessions of health and safety-related training



## COMMUNITY INVESTMENT

- ◆ **30** ongoing and **14** special programs with NGOs and charities
- ◆ **20,532** volunteer service hours
- ◆ Over **HK\$16 million** monetary donations and in-kind sponsorships



## SUPPLY CHAIN

- ◆ Founding Member of the Sustainable Procurement Charter
- ◆ Attained **ISO 9001:2015** Quality Management System
- ◆ Conducted **350** supplier visits to assess performance



## EMISSIONS

- ◆ E-billing saved over **40 million** sheets of paper
- ◆ Upgrade **20%** of our fleet in the next three years
- ◆ Greenhouse gas emissions intensity per million revenue in HKD decreased by **7.99%** ↓



## USE OF RESOURCES

- ◆ Energy intensity per million revenue in HKD decreased by **6.89%** ↓
- ◆ Adopted environmentally friendly paper for copy paper and bills



## DATA PRIVACY AND SECURITY

- ◆ **ISO 27001** certified Information Security Management Systems
- ◆ Updated privacy policies and procedures to meet international regulatory standards

## RESPONSIBLE NETWORK MANAGEMENT

- ◆ **100%** mobile reliability and **99.99%** broadband network stability
- ◆ **88.3%** Fiber-To-The-Home coverage



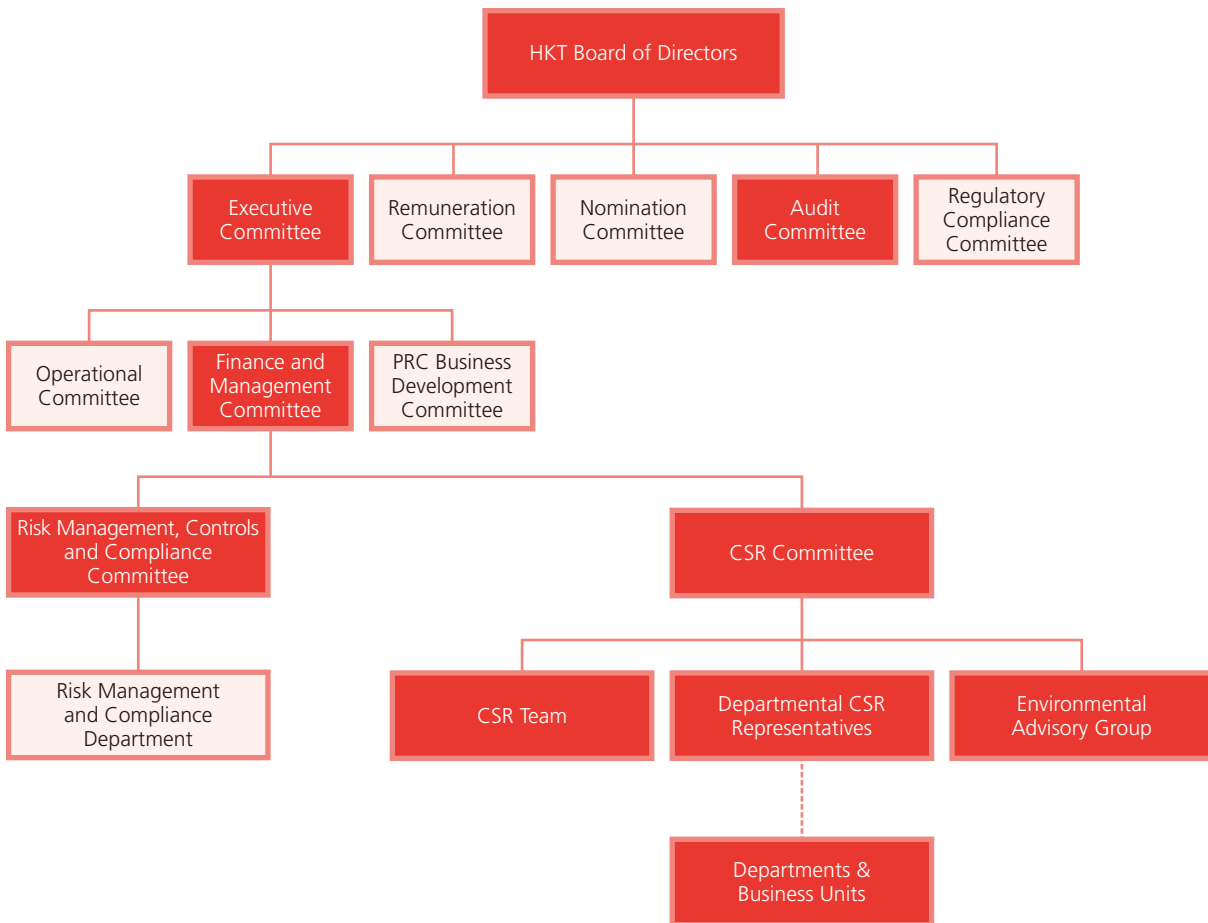
## CUSTOMER SATISFACTION

- ◆ **50,824** customer compliments



# 1. CORPORATE SOCIAL RESPONSIBILITY AT HKT

## 1.1 CSR Governance Structure



HKT's commitment to corporate social responsibility ("CSR") begins at the top of the organization. The Board formulates strategies and oversees our environmental, social and governance ("ESG") performance. The Executive Committee oversees several sub-committees and working groups to ensure that they implement CSR policies and risk management systems effectively.

Each of the following entities has defined roles and responsibilities in managing various aspects of CSR:

| Top management oversight   |                                                                                                                                                                                                                                                                                                                                                    |
|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Board of Directors</b>  | <ul style="list-style-type: none"> <li>Monitors corporate governance practices and procedures</li> <li>Maintains appropriate and effective risk management and internal control systems of the Group to ensure compliance with applicable rules and regulations</li> <li>Approves CSR Policy and Corporate Responsibility ("CR") Policy</li> </ul> |
| <b>Executive Committee</b> | <ul style="list-style-type: none"> <li>Operates as a general management committee with overall delegated authority from the Board</li> </ul>                                                                                                                                                                                                       |



|                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-----------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Audit Committee</b>                                    | <ul style="list-style-type: none"> <li>Assists the Board with ensuring the objectivity and credibility of financial reporting, and that the directors have exercised care, diligence and skills prescribed by law when presenting results to unitholders</li> <li>Assists the Board with ensuring that effective risk management and internal control systems are in place and good corporate governance standards and practices are maintained</li> </ul> |
| <b>Finance and Management Committee</b>                   | <ul style="list-style-type: none"> <li>Reviews management and strategic matters across the Group and sets overall financial objectives and policies</li> </ul>                                                                                                                                                                                                                                                                                             |
| <b>Risk Management, Controls and Compliance Committee</b> | <ul style="list-style-type: none"> <li>Reviews procedures for preparation of HKT annual and interim reports and, from time to time, corporate policies of the Group to ensure compliance with the various rules and obligations of a Hong Kong-listed company, and assists directors in the review of the effectiveness of the risk management and internal control systems of the Group on an ongoing basis</li> </ul>                                    |

#### Managing CSR issues and implementing CSR initiatives

|                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>CSR Committee</b>                    | <p>As a sub-committee reporting to the Finance and Management Committee and chaired by the Head of Group Communications, it is comprised of Group Functional Unit Heads from eight departments. The Committee:</p> <ul style="list-style-type: none"> <li>Reviews the Company's CSR strategy, principles and policies to ensure the Company operates in a manner that enhances its positive contribution to society and the environment</li> <li>Sets guidance and direction of and oversees CSR practices and procedures</li> <li>Monitors progress on CSR and related initiatives</li> </ul> |
| <b>Environmental Advisory Group</b>     | <p>Established in 2018 as an internal advisory body that:</p> <ul style="list-style-type: none"> <li>Advises on environmental policies and targets and makes recommendations to the CSR Committee</li> <li>Assists in the coordination of Business Units ("BU") and cross-BU environmental initiatives</li> </ul>                                                                                                                                                                                                                                                                              |
| <b>CSR Team</b>                         | <p>Together with Departmental CSR Representatives, it:</p> <ul style="list-style-type: none"> <li>Promotes CSR internally and externally</li> <li>Organizes and implements CSR initiatives</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Departmental CSR Representatives</b> | <p>A total of 20 Departmental CSR Representatives:</p> <ul style="list-style-type: none"> <li>Serve as a bridge between the CSR Team and the department/BU</li> <li>Facilitate implementation of CSR initiatives</li> <li>Raise CSR awareness of colleagues</li> <li>Assist in ESG reporting and ESG-related surveys</li> </ul>                                                                                                                                                                                                                                                                |
| <b>Departments and Business Units</b>   | <ul style="list-style-type: none"> <li>Implement CSR practices and ensure CSR compliance in daily operations</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

The Group has a risk management framework guided by ISO 31000:2009 Risk Management – Principles and Guidelines and the Three Lines of Defense model, through which directors regularly evaluate and determine significant risks which may impact on the Group's performance.



Operating units identify, evaluate, mitigate and monitor their own risks and report quarterly to the Risk Management and Compliance Department for further assessment. The department then assesses these risks and report regularly to the Risk Management, Controls and Compliance Committee and senior management. In parallel, Group Internal Audit provides independent assurance and recommendations to the Board and the Audit Committee on the adequacy and effectiveness of internal controls through periodic and special reviews of the Group's operations and policies.

For more details on the composition and responsibilities of various committees of the Board, our risk management and internal controls, as well as the principal risks and uncertainties identified in relation to our key areas of management, please refer to the Combined Corporate Governance Report and the Combined Report of the Directors of HKT's Annual Report 2018.

## 1.2 ESG Strategy

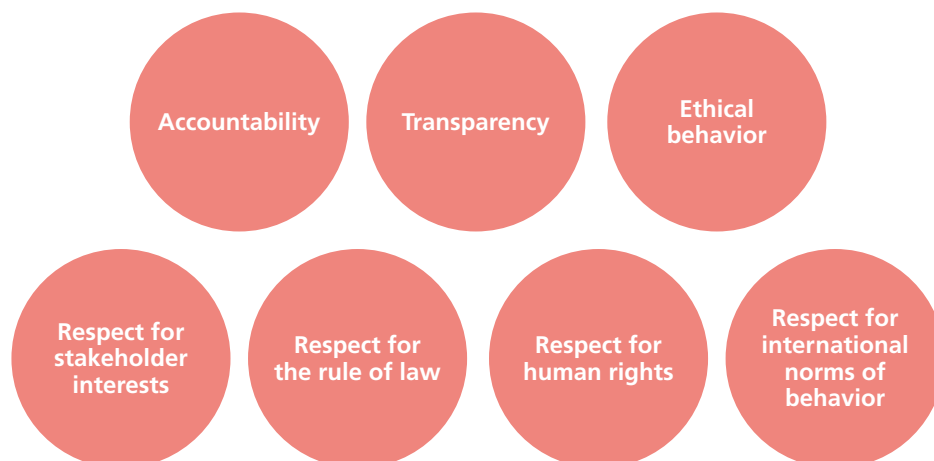
Telecommunications is an essential infrastructure component that supports the city's technological advancement. It helps to maintain citizens' quality of life and facilitates smooth business operations. As demographics change and technology evolves, telecommunications providers must innovate to continue contributing effectively to society.

Our management approach is to run our business in an ethically, socially and environmentally responsible manner, supporting and connecting the communities we serve. We must do this while maintaining service excellence and financial returns.

Referencing ISO 26000 Guidance on Social Responsibility, HKT's CSR Policy sets out our overarching management principles, objectives and approach in the key areas of management in CSR. Our CR Policy provides the code of behaviors guiding all members of HKT to work collectively on CSR integration in our business. Both policies are applicable to all directors, officers and employees of the Group, and communicated with third parties such as suppliers and contractors where applicable. We review and update these policies regularly with the Board's approval.

Our approach to CSR requires recognizing the seven principles of socially responsible behavior:

### Principles of socially responsible behavior



To ensure effective implementation, we have maintained detailed policies, guidelines and procedures to turn our commitments and requirements into operating practices across departments.

## Core CSR areas of management and relevant policies



### 1.3 Ethics and Integrity

HKT is committed to conducting its business and operations with high standards of ethics, honesty and integrity, in compliance with all applicable laws, regulations and the Group's policies. This requires all members of the Group to uphold an aligned standard of behavior that exceeds statutory mandates.

In this regard, our CR Policy and other HKT Group policies provide practical guidelines on business conduct. Applicable to our directors, officers and employees, these policies ensure responsible behaviors and protection to stakeholders' rights in case of breach. Topics covered include but are not limited to:

- Bribery, gifts and entertainment
- Conflicts of interest
- Fair competition
- Inside information
- Discrimination, harassment and inappropriate conduct
- Equal opportunities
- Privacy and information protection
- Workplace health and safety
- Considerate and civic responsibility
- Whistleblowing to report improper conduct



## Anti-corruption

HKT has adopted a zero-tolerance policy for bribery or corruption in any form or at any level. HKT members are required to act in compliance with the Group's Bribery, Gifts and Entertainment Policy. This internal policy defines the behaviors that constitute corruption which should be avoided. It covers advantages in both monetary and in-kind forms, such as kickbacks, improper gratuities, contracts, duty or power in return for favorable treatment, business outcome or benefit. Exchanging advantages with government officials is strictly prohibited.

HKT takes specific measures to encourage diligence among employees. Employees must acknowledge and comply with our CR Policy by signing a declaration upon employment and annually during their performance review. When potential conflicts of interest arise, employees may consult their line manager for clarification. Application and declaration forms are available on the Company's intranet.

## Whistleblowing

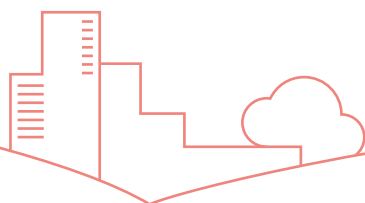
HKT's Improper Conduct Notification Policy encourages all internal and external stakeholders to report actual or suspected improper conduct in confidence to the Company's Group Internal Audit function. Employees can make written reports via mail or email. They can also make verbal reports by phoning a dedicated hotline that does not log caller ID.

Following a report, an independent senior staff member conducts an investigation on behalf of the Audit Committee, assisted by relevant Internal Audit, Human Resources and Legal functions. The investigation follows procedures laid out in the Group's Unethical Conduct Notification Procedures Manual, and the complainant is informed of the progress. Results including the final disposition, impact, implications, and disciplinary or corrective actions are reported to the chair of the Audit Committee and to the Board and/or regulatory authorities where appropriate.

## Ensuring compliance

Any individual who violates HKT policies, procedures and guidelines may receive verbal or written warnings or be summarily dismissed depending on the severity of the infraction. We monitor and identify applicable laws and regulations which have a significant impact on the Group as well as their latest development. Various measures including internal controls and approval procedures and training are in place to raise staff awareness. For more details, please refer to the Combined Report of Directors in HKT's Annual Report 2018.

In 2018, there were no cases of non-compliance with the Prevention of Bribery Ordinance and other applicable laws and regulations related to corruption at HKT, nor any legal cases concerned with corrupt practices brought against the Group or our employees.



## 1.4 Stakeholder Engagement and Materiality

Through regular stakeholder engagement, HKT aims to make stakeholder-inclusive decisions and review our management priorities and performance. We also disclose material information in response to stakeholders' needs and expectations. These processes are guided by our CSR Policy, CR Policy and Unitholders Communication Policy.

### Stakeholder groups

We recognize stakeholders' right to be heard and informed. On an ongoing basis, departments and BU of HKT maintain communication with stakeholders through diverse channels.

| External stakeholders                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Customers</b> <ul style="list-style-type: none"> <li>• Service hotlines</li> <li>• Website and social media</li> <li>• Live webchat</li> <li>• My HKT portal</li> <li>• Customer satisfaction survey and transaction survey</li> <li>• Net promoter score survey</li> </ul> | <b>Unitholders, investors and analysts</b> <ul style="list-style-type: none"> <li>• Meetings</li> <li>• Annual general meeting</li> <li>• Annual, interim and ESG reports</li> <li>• Circulars and press release</li> <li>• Analyst briefings</li> <li>• Website of HKEX</li> </ul> | <b>Community and Media</b> <ul style="list-style-type: none"> <li>• Campaigns</li> <li>• Seminars</li> <li>• Website and social media</li> <li>• Press releases and conferences</li> <li>• Media enquiries</li> </ul> |
| <b>Government and regulators</b> <ul style="list-style-type: none"> <li>• General liaison</li> </ul>                                                                                                                                                                           | <b>Suppliers and business partners</b> <ul style="list-style-type: none"> <li>• Supplier review and assessment visits</li> </ul>                                                                                                                                                    | <b>NGOs</b> <ul style="list-style-type: none"> <li>• Corporate volunteering</li> <li>• Collaborative projects</li> </ul>                                                                                              |
| Internal stakeholders                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                       |
| <ul style="list-style-type: none"> <li>• Face-to-face meetings</li> <li>• Let's Chat sessions</li> <li>• Forums</li> <li>• Town-hall-style gatherings</li> <li>• Employee satisfaction survey</li> </ul>                                                                       |                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                       |



## Materiality review

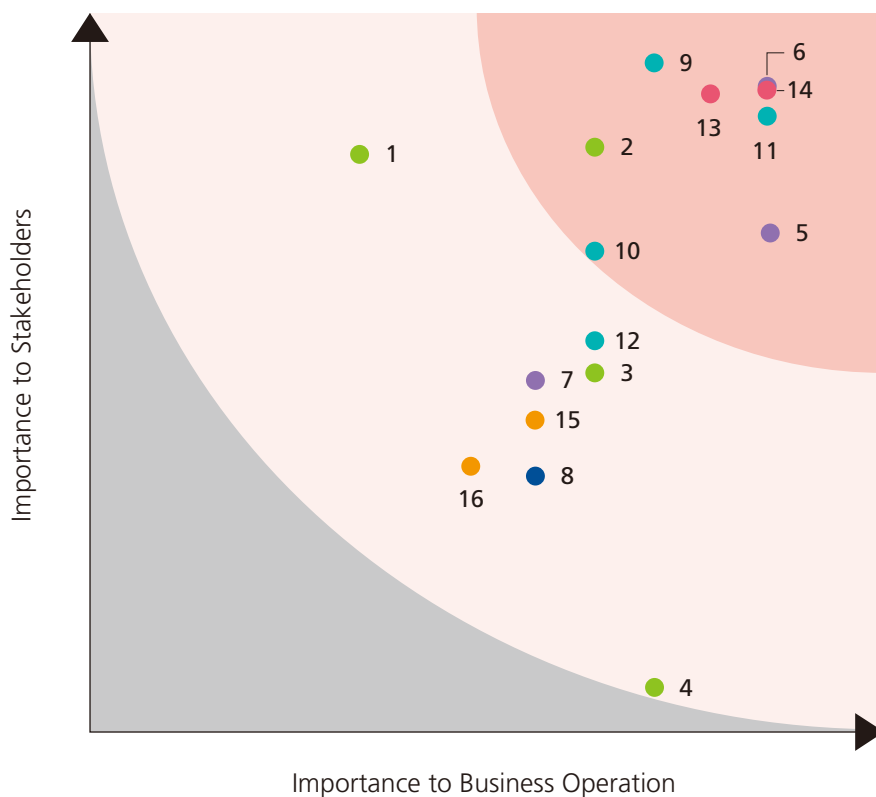
HKT conducts an annual materiality review on ESG-related topics based on stakeholder engagement activities. This year, HKT refined the list of ESG topics using a peer benchmarking exercise and internal evaluation that keeps it relevant to industry-specific topics and Group development.

Facilitated by an independent consultant, HKT engaged both internal and external stakeholder groups through focus groups and interviews. Internally, it worked with the Group Unit Heads and staff members. Externally, it engaged investors, suppliers and contractors, corporate clients, business partners, academics and community partners.

These in-depth dialogues helped us to collect stakeholder feedback on HKT's ESG performance, and suggestions for future priorities. We also invited participants to score ESG issues based on their importance to stakeholders and HKT business operations.

Our CSR Committee evaluated this feedback using a mixture of qualitative and quantitative analysis.

HKT's Materiality Matrix 2018



| ESG Aspects                     |                                           |
|---------------------------------|-------------------------------------------|
| Environment                     |                                           |
| 1                               | Energy and carbon emissions               |
| 2                               | Waste management                          |
| 3                               | Green ICT solutions                       |
| 4                               | Employee environmental awareness          |
| Employment and Labour Standards |                                           |
| 5                               | Employee retention and talent development |
| 6                               | Occupational health and safety            |
| 7                               | Human rights                              |
| Supply Chain Management         |                                           |
| 8                               | Supply chain and procurement              |
| Product Responsibility          |                                           |
| 9                               | Customer data privacy and security        |
| 10                              | Responsible advertising                   |
| 11                              | Reliable services and products            |
| 12                              | Customer service and satisfaction         |
| Corporate Governance            |                                           |
| 13                              | Corporate governance and risk management  |
| 14                              | Anti-corruption                           |
| Community                       |                                           |
| 15                              | Community investment                      |
| 16                              | Technology and education initiatives      |

Based on the dialogues and the scores given to each ESG aspect, HKT noticed that the major change of materiality is related to environmental aspects, which were of medium to low priority in previous years but showed more variation across the priority spectrum in 2018. Among these environmental aspects, stakeholders have regarded waste management is an important aspect and given higher rating to it.

In general, most aspects under product responsibility and corporate governance, namely customer data privacy and security, responsible advertising, reliable services and products, corporate governance and risk management, and anti-corruption remained the top priority. Employee retention and talent development also continued to fall into the sphere of high materiality.

In the long term, we will continue to engage stakeholders in shaping our management priorities and ESG agenda.



## 2. OUR PEOPLE

HKT fosters a productive and inclusive workplace. We operate wellness training programs alongside health and safety policies in our pursuit of personal health, growth and development for our 17,258 employees in Hong Kong and overseas.

### OBJECTIVES

- Promote employee well-being and workplace safety
- Attract, develop, motivate and retain suitable people
- Create a vibrant and diverse workforce

### MEASURES

- Provide well-being initiatives and a healthy and safe workplace
- Provide career development and promotion opportunities
- Engage and connect with our employees

Our people strategy is crucial to our long-term success and our custom-developed policies embed HKT's vision, strategy and values in our staff. We aspire to be an employer of choice through effective talent acquisition, systematic development and an inclusive working environment.

We have tailored our comprehensive employment policies to protect employees' rights and benefits while offering competitive pay and career progression opportunities. Our Occupational Safety and Health ("OSH") policy sets out clear actions that all employees must follow to ensure safe operations.

Our human resources policies strictly comply with employment related laws and regulations in Hong Kong. These include:

- the four ordinances of anti-discrimination (sex, disability, family status, and race);
- Employees' Compensation Ordinance (Cap. 282);
- Employment Ordinance (Cap. 57);
- Factories and Industrial Undertakings Ordinance (Cap. 59);
- Inland Revenue Ordinance (Cap. 112);
- Mandatory Provident Fund Schemes Ordinance (Cap. 485);
- Minimum Wage Ordinance (Cap. 608);
- Occupational Retirement Schemes Ordinance (Cap. 426);
- Occupational Safety and Health Ordinance (Cap. 509); and
- Personal Data (Privacy) Ordinance (Cap. 486).

### Staff number in Hong Kong:

Full-time staff

10,865

Part-time staff  
(as full time equivalent)

139



### Staff number outside Hong Kong:

6,254



## 2.1 Health, Safety and Well-being

### Work-life balance

At HKT, we recognize the importance of work-life balance to our employees' well-being. We meet this need with several initiatives to give employees more flexibility when managing their work and personal time.

Weekly working hours and staff rosters are customized to make working arrangements more employee-centric. We pay particular attention to new parents, providing facilities including designated breastfeeding rooms in offices. We extended maternity leave benefit from 10 weeks to 14 weeks and paternity leave benefit from three days to five days in 2018. This allows our staff to spend more time caring for their newborn babies. In 2018, CSL Mobile was granted the Meritorious Family-Friendly Employers 2017/18 of the Family Friendly Employers Award by the Family Council.

To encourage a healthy lifestyle, we also offer various training courses including fitness, dancing, and stretching at our sports complex at Lai Chi Kok. In 2018, we also launched a series of health and well-being programs such as "Do It Yourself – Fitness/ Yoga Workshop" at our headquarters. In addition, health sessions with DIY raw cooking workshops were offered to help our staff pursue a healthy eating habit. We also organized 22 health talks to raise health awareness among employees.

#### Do It Yourself – Fitness Workshop

We launched our Do It Yourself – Fitness workshop in April 2018 to help employees build a habit of physical exercise and develop a healthier lifestyle.



Our Sports and Interest Group (SIG) organized sports and recreational programs for our staff to enjoy. In 2018, it coordinated 17 staff sports teams ranging from volleyball to water sports, and four interest groups covering activities including photography and videography. Our corporate teams competed in 11 group matches organized by the Inter-Hong Games Association in 2018.

Mental health is also crucial for employees' well-being and productivity. Our Employee Assistance Program (EAP) provides professional counselling and emotional support to help our staff overcome difficulties arising from personal, family or work issues.

This year, we organized two types of Workplace Financial Wellness workshops for employees in different age groups, including the RetireWise workshop for pre-retirees and the SaveWise workshop for other employees. We also partnered with the Investor Education Centre, a subsidiary of the Securities and Futures Commission, to organize a new Enduring Power of Attorney and Will seminar to educate staff on passing belongings to their loved ones.

We also conduct an annual questionnaire at the beginning of each year to collect employee ideas of health and wellness advice or knowledge they want to get in the monthly wellness workshops.

#### Health Lounge, Online Health Assessment and Free Medical Check-up

In 2018, we cooperated with health professionals to arrange a health lounge with free medical tests in six office locations for our employees. The lounge included eight different zones with free tests and information booths.

We offered blood pressure and blood glucose checks, musculoskeletal exams, eye tests, dietary advice, and Chinese medicine consultation.

Moreover, we cooperated with our medical plan's provider and offered a self-service online health assessment. Participants received an instant report on individual health status, risk factors, and recommendations for lifestyle changes to minimize risks and improve their health.

For employees aged 40 or above, we provided a free simple medical check-up which included tests on blood pressure, coronary risk, diabetes screening and renal function.



### Connecting with our staff

We regularly publish a staff newsletter on our intranet to keep all staff up to date with latest news and Group-wide business developments. Our employees are welcomed to share feedback and suggestions with senior management via face-to-face meetings, “Let’s Chat” sessions with senior management and town-hall-style gatherings. The Joint Staff Council (JSC) also provides staff and management with a forum to meet regularly and exchange ideas on operational efficiency, career development and training, working conditions and the provision of social activities and recreational facilities. These are crucial for our staff to voice out their opinions and contribute to the development of the Company.

### Health and safety

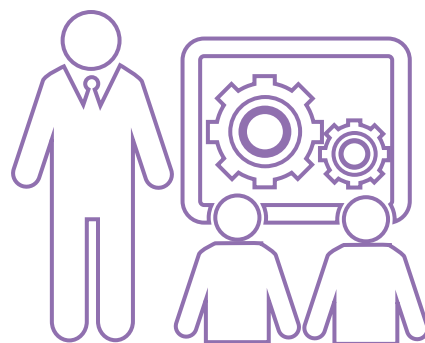
HKT has a Statement of Safety and Health Policy in place which sets out high OSH standards among employees. This policy is based on an OSH Safety Management System which we have developed since 2005. It is regularly audited and certified as level three on the Occupational Safety & Health Council’s Continual Improvement Safety Program Recognition of System (CISPROS).



We have also conducted a Safety Climate Index Survey every two years to gauge employee opinions on key aspects of safety and health management within their workplace. This has been a useful tool to help us further nurture a culture of safety within the Group.

Throughout the year, we also provided a wide range of training sessions to increase employees’ awareness of safe and healthy workplace behaviors. We also regularly train new employees on our health and safety policy and systems to prevent accidents from happening. The trainings included:

- Fire safety ambassadors training
- Hazard identification training
- Safety inspection training
- Certification in first aid
- Confined space training
- Internal safety auditor training
- Accident investigation skills
- On-site staff education including work-at-height training



In 2018, we provided staff with over 300 sessions of health and safety-related training.

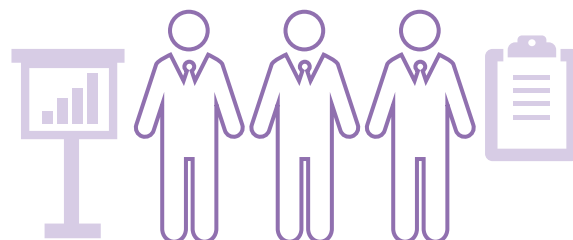


As part of our training, we explicitly instruct employees to report all injuries and unsafe conditions promptly to their immediate supervisor. We have also appointed members of staff as Designated Office Coordinators and Designated Fire Officers and First Aiders. These individuals are responsible for carrying out safety inspections to eliminate hazards and providing first-aid assistance in the event of an accident.

We insure all employees when undertaking business travel on HKT's behalf. Our personal accident insurance covers eligible employees against accidental death and/or permanent disablement for both work- and non-work-related accidents. Our work injury care program supports injured employees during their recovery, including doctor consultations and treatments.

We offer medical benefits to all eligible staff. These include medical checkups for staff aged 40 or above, and flu vaccinations. We have introduced onsite flu vaccination as well. A total of eight sessions were held in the reporting year. Our health care program also covers hospital and surgical benefits, an outpatient doctor plan, and a supplementary major medical plan.





## 2.2 Talent Retention and Development

HKT's extensive training and development programs help foster a culture of personal and professional growth and support career progression among staff. In 2018, we provided 1,662 training sessions to help employees keep pace with market trends and enhance their skills.

We pride ourselves on our ability to develop promising young talent. In 2018, we hired 175 graduate trainees with a male to female proportion of 1.87:1 and an increased number of female young graduates compared with 2017. We support these new recruits by grooming them for future leadership via our graduate trainee programs. This program provides career opportunities in fields including engineering, IT, customer service, sales, marketing, and media. Working in different areas broadens candidates' skills and gives them a holistic view of our business.

We also arranged six sessions of Manage My Finance workshop into our graduate trainee program in order to build financial management discipline among young talents at the early phase of their career.

Two in-house monthly training programs, the Supervisory Development Program (SDP) and Managerial Development Program (MDP), are core to improve our staff's leadership and people management skills.

The SDP targets supervisory-level employees across different business units. It encourages supervisors to foster motivational tactics that help to create a strong team morale. We train them to appreciate individual differences in leading and managing a team.

The MDP encourages managers to perform fundamental leadership skills including delegation, provides practical tips to groom team members and teaches coaching skills to enhance staff performance.

We have also established a Future Leaders Development Program for middle management employees across various business units. Alongside personnel management and customer facing skills, this program enhances awareness of the dynamic business environment and fosters participants' capability to innovate. We believe this comprehensive program assists in developing business strategies and delivering better services.



In late 2018, we introduced the What's New Out There Forum, a new initiative designed to help promote new technology and related business development, so as to strengthen our innovative spirit and relevance. In each session, internal or external experts shared their insights on the latest technology and business developments.

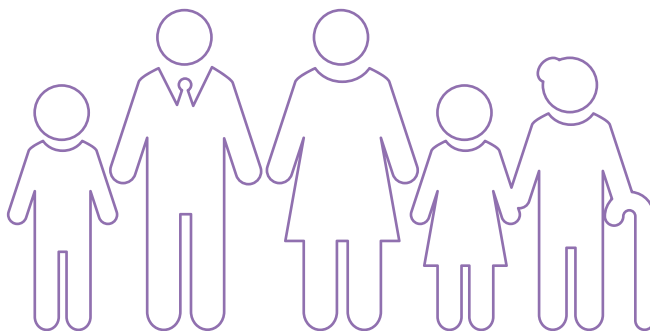


We actively appraise our staff performance and encourage a culture of continuous learning and improvement. To motivate employees, different business units organize team building exercises and those who have demonstrated outstanding performance receive incentive trips.

Employees participate in projects to enrich their career development. Some of these projects equip them with state of the art technology or overseas work exposure.

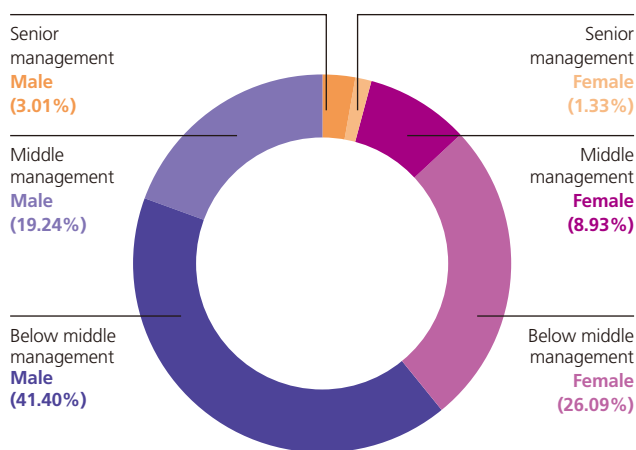
### 2.3 Diversity and Inclusiveness

HKT's workforce comprises employees of over 50 nationalities with a diverse range of expertise and background. We provide equal opportunities for them all. We embrace our employees' differences and welcome the energy and new ideas that this diversity brings to our operations. We prohibit all forms of discrimination based on gender, age, family status, sexual orientation, disability, race and religion.

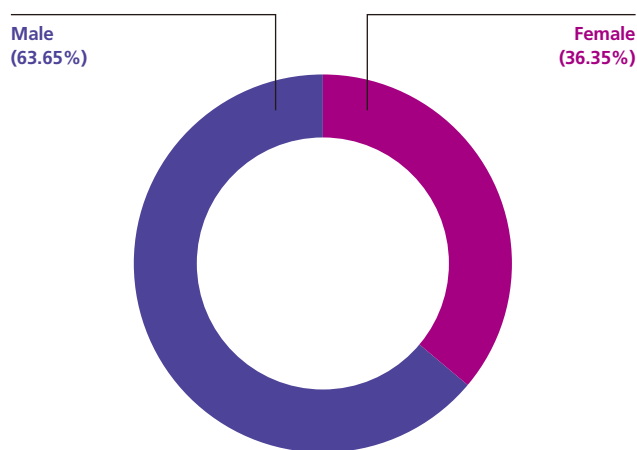


We encourage and support women to take on leadership roles at HKT. Around one-third of our leadership roles are currently filled by female colleagues. In order to further promote diversity and inclusion in the corporate world, we will become a signatory to the Racial Diversity and Inclusion Charter for Employers under the Equal Opportunities Commission (EOC) in 2019 to demonstrate our commitment to driving racial diversity and inclusion within the Group.

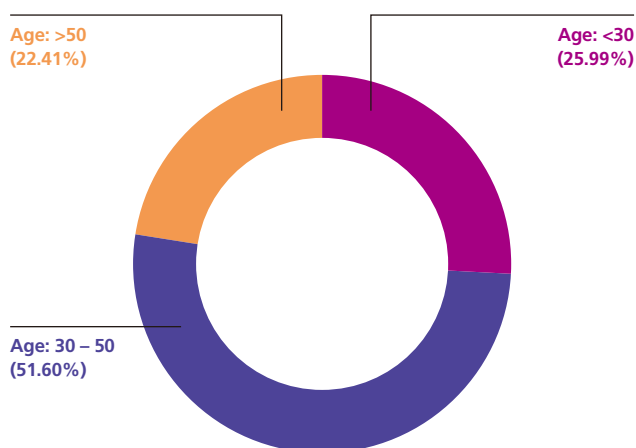
**Total employees by employment category**



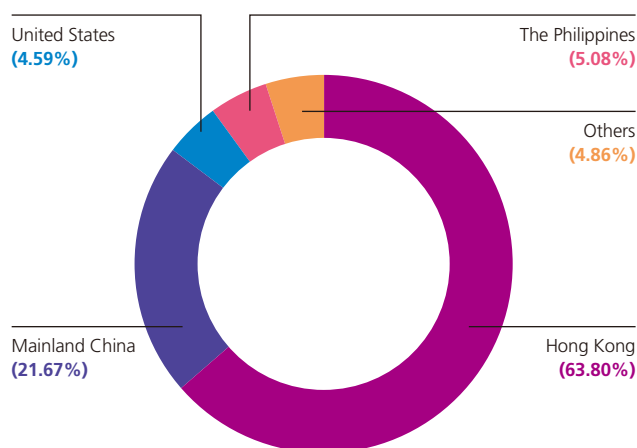
**Total number of workforce by gender**



**Total number of workforce by age group**



**Total number of workforce by geographical location**



### Dialogue Experience Empower (DEE)

HKT has been supporting the social inclusion program Dialogue Experience Empower: Career Empowerment Platform for People of Differences (PoDs) since 2016.

This multi-disciplinary program offers people with disabilities a six-month job immersion opportunity in an office environment providing a unique mixture of workplace skills, ability enhancement training, and on-the-job experience. By unleashing the potential of diverse talents, the experience assists PoDs in their pursuit of professional career. Our inclusive and diverse spirit was recognized by DEE and we are one of the DE Empower Champions.



### 3. OUR ENVIRONMENT

Sustainable operations is one of our business priorities. We pursue this by complying with the applicable environmental laws and regulations. These include the Product Eco-responsibility Ordinance (Cap. 603), and the Product Eco-responsibility (Regulated Electrical Equipment) Regulation (Cap. 603B). We have also established internal standards such as our Energy and Water Management Policy and Guidelines, our Gas Emission Reduction Policy, and our recycling procedures and programs.

#### OBJECTIVES

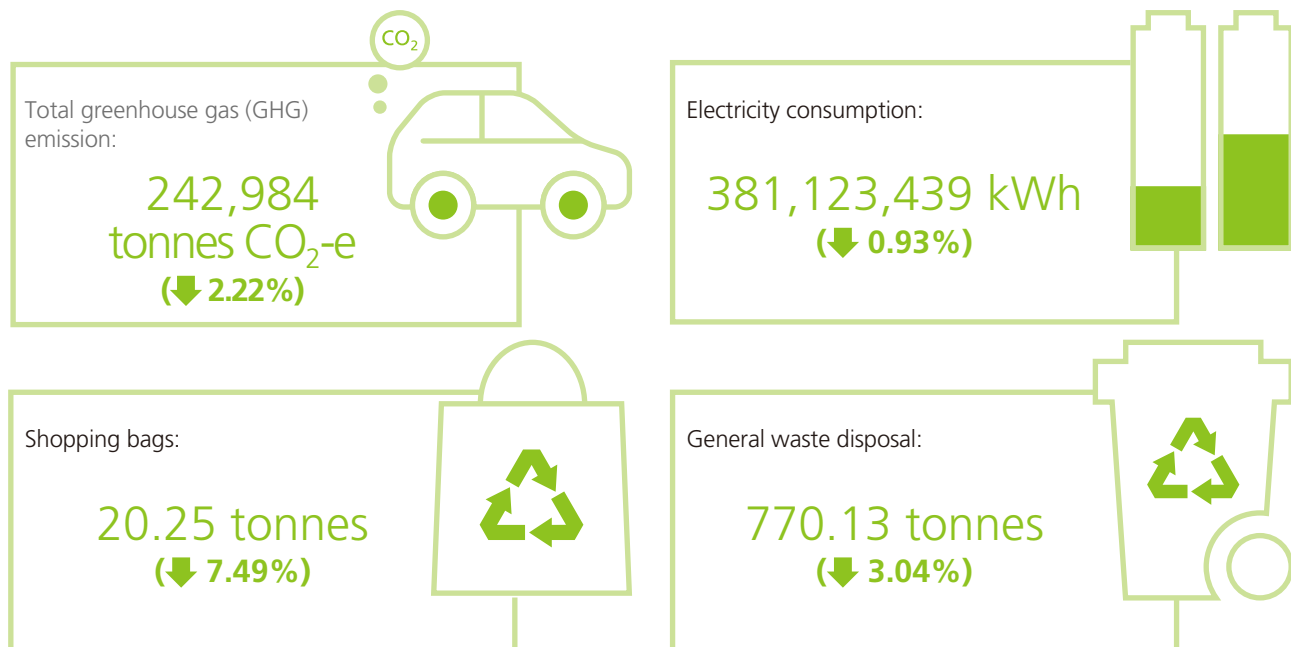
- Minimize energy consumption and carbon emissions
- Responsible waste management
- Help customers become more environmentally friendly

#### MEASURES

- Modernize exchange buildings, equipment and infrastructure
- Upgrade and electrify our fleet
- Promote recycling
- Develop green ICT solutions to optimize and reduce resource consumption

As mentioned earlier, we established an Environmental Advisory Group (EAG) comprising group unit heads during the year to strengthen our efforts on sustainability.

#### Environmental performance highlights:



### 3.1 Sustainable Use of Resources

We regularly review our energy consumption patterns and carbon emissions record to increase efficiency, reduce carbon emissions and save costs.

#### Improving energy efficiency

The facilities that consume the most energy are our infrastructure, exchange buildings, telecom and IT equipment, and offices. We set a policy for optimal temperature environments between 24°C and 26°C at offices, buildings and general facilities. We also review our exchange buildings' management systems and energy consumption quarterly, and minimize electricity consumption by upgrading equipment and facilities.

We have adopted the following measures to manage our energy consumption levels:

- Ongoing replacement of air-cooled chillers with more energy efficient chiller units
- Ongoing replacement of fluorescent tubes by LED
- Installation of LED lights at new premises
- Modernization of lifts

We have reduced 3.2 million kWh in electricity consumption with upgrade of our network equipment in 13 exchange buildings for a 12-month period to end of May 2018 compared to a year before. This earned us the Biggest Units Saver Award (Organization) at the Power Smart Energy Saving Contest organized by Friends of the Earth (Hong Kong) for the fifth consecutive year in 2018.



### Reducing carbon emissions

HKT has provided carbon emissions data to the Carbon Footprint Repository for Listed Companies in Hong Kong since the repository started in 2014. The repository is a voluntary environmental reporting platform organized by the Environmental Protection Department. It encourages listed companies to disclose their greenhouse gas emissions and reductions.

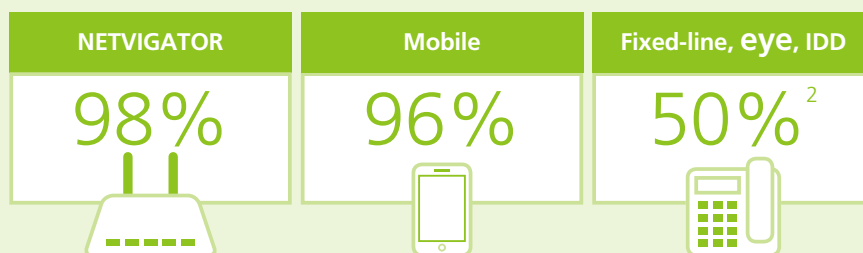
Since 2013, we began to replace old vehicles with eco-friendly and energy efficient models. We further upgraded our fleet with 11 fuel-engine-type of Euro 5 vehicles and three electric cars in 2018. We will continue to upgrade 44 vehicles which account for some 20% of our fleet in the next three years.

To support the Montreal Protocol in reducing the use of ozone-depleting hydrochlorofluorocarbon (HCFCs), our old air conditioning systems are being progressively replaced by eco-friendly refrigerants with a view to minimizing negative impact on the ozone layer.

### Reducing paper consumption

#### E-billing

We encourage customers<sup>1</sup> to receive electronic bills for our various services. In 2018, we saved over 40 million sheets of paper. The percentages of customers using e-billing are listed below:



Copy paper has been a major source of paper consumption in the Group. The EAG studied different types of papers from sustainable sources and recommended the adoption of paper certified under the Programme for the Endorsement of Forest Certification (PEFC) as copy paper and paper for bill printing on a group basis with effect from January 2019. PEFC is an international non-profit, non-governmental organization dedicated to promoting the use of wood and wood products from credibly certified, independently verified and sustainably managed sources.

### 3.2 Waste and E-waste Management

Our approach to waste management follows the key principle of waste hierarchy, including reuse, recycling, reprocessing and responsible waste disposal. We evaluate recycling programs and activities on a regular basis. In our telephone exchange buildings and offices, we use waste water from water-cooled condensers as flushing water.

<sup>1</sup> This refers to consumer customers.

<sup>2</sup> E-bill service was first offered to fixed-line, eye and IDD customers only in November 2016. The percentage of customers opting for e-bill has increased from 34% in 2017 to 50% in 2018. The percentage is expected to gradually increase over time.



## Recycling programs

We continue to support waste recycling of materials on our premises including toner and ink cartridges, scrap materials, copper, iron and steel, mobile phones and accessories, and paper in 2018. We complemented our recycling efforts by donating obsolete IT products such as computers and printers to various charitable organizations, which helped to reduce waste while helping those in need.

| Recycled items                    | 2018    | 2017      | Change<br>(2018 vs 2017) |
|-----------------------------------|---------|-----------|--------------------------|
| Toner and ink cartridges (pieces) | 1,762   | 1,983     | ↓ 11.14%                 |
| Scrap materials <sup>3</sup>      |         |           |                          |
| • SIM cards (pieces)              | 729,913 | 2,858,640 | ↓ 74.47%                 |
| • Other materials (pieces)        | 300,201 | 554,748   | ↓ 45.89%                 |
| Copper (tonnes)                   | 15.57   | 18.68     | ↓ 16.65%                 |
| Iron and steel (tonnes)           | 7.37    | 7.76      | ↓ 5.03%                  |
| Paper (tonnes)                    | 156.02  | 145.45    | ↑ 7.27%                  |

## E-waste recycling

On August 1, 2018, the HKSAR Government fully implemented the Producer Responsibility Scheme on waste electrical and electronic equipment (WPRS). In accordance with the WPRS, we provided removal services for waste electrical and electronic equipment (WEEE). We also educate our customers on the legislation and the relevant arrangement. As at the end of 2018, we had helped customers to remove over 700 pieces of WEEE.

Although not required by the regulations, HKT also recycles our **eye** service devices. We have been encouraging our customers to return them to us in exchange for cash coupons when they upgrade their services. In 2018, 2,500 **eye** devices were recycled.

We continue to run the Help Yourself • Help the Needy • Help the Earth Handset Recycling Program, which allows our customers to bring their old mobile phones and accessories such as batteries and chargers to our shops. After thorough checks conducted by government-endorsed recycling contractors, handsets in good condition are refurbished and donated to charities for distribution to families in need. We collected a total of 8,137 mobile phones and accessories in 2018.

## Hazardous and non-hazardous waste

We work with approved chemical waste collectors and specialist contractors to handle hazardous waste such as florescent tubes, industrial batteries, WEEE and general office batteries.

<sup>3</sup> Scrap materials such as SIM cards, scrap cables, scrap telephones, obsolete devices and accessories, modems and router, set-top boxes, WEEE and transmission equipment. In 2017, the Group conducted an exercise to dispose of a large stock of outdated SIM cards for recycling, which contributed to the large number reported.



General office waste and construction waste from the renovation of our retail outlets are the main types of non-hazardous waste. We engage professional cleaning service providers and contractors to handle this waste in compliance with local regulations.

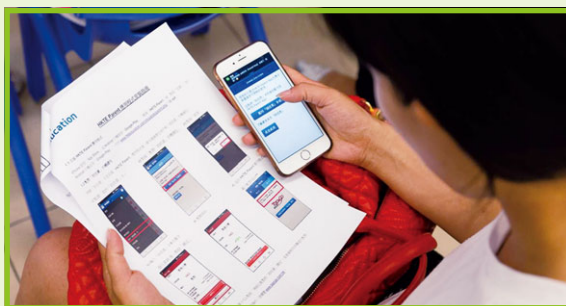
### 3.3 Green ICT Solutions

#### Our Solutions

We combine green elements in our products and services to help our individual and corporate customers attain eco-friendly lifestyles and business solutions.



Our Smart Charge service provides green charging solutions suitable for residential areas, shopping malls and commercial buildings. We work closely with buildings and facilities management companies, developers and engineering companies to pave the way for a greener environment.



HKT Education provides a convenient and easy-to-navigate platform for parents to interact with schools. They can view and reply to school eNotices, check their children's attendance records, monitor the eHomework list, and view school activities on their smartphones. The number of users has increased significantly from around 1,200 parents in six schools when the app was first launched in 2015 to around 24,000 parents in more than 80 schools in 2018. The initiative saved approximately 3.6 million sheets of paper last year.

HKT Smart Living service uses advanced technology to make life more convenient, efficient and enjoyable at home. Our customers are able to automate and control home or workspace ambience, entertainment and security systems through mobile applications. Our Smart Living energy management system also enables users to monitor and control energy consumption for a greener home.



1O1O has collaborated with a shopping mall to launch Hong Kong's first e-parking service using Internet of Things (IoT) technology. Drivers can make remote parking space reservations so they no longer need to wait in a queue or drive around looking for parking space, thereby reducing greenhouse gas emissions.



智易泊  
E-PARKING



### 3.4 Employee Environmental Awareness

We engage our employees in various ways to help protect the environment. A set of Go Green labels encourage activities such as saving water, using less paper, and switching off lights and computers when not in use. We post these labels at eye-catching locations to constantly remind our colleagues to save natural resources. We also regularly publish a Green Matters column in our internal newsletter to inform staff on environmental measures, issues, and initiatives.

In August 2018, we launched the No Straws on Wednesdays campaign at our staff canteens, which encouraged employees to skip drinking straws every Wednesday. Following positive feedback on this initiative, we have stepped up this effort and stopped providing straws at all our canteens in October.

We also partnered with The Green Earth to organize upcycling DIY workshops for our staff. Unwanted promotion banners were collected from our business units and community partners, and our colleagues learned how to turn them into name card holders and small bags.

Our Environmental Protection Volunteer Group, which was established more than 20 years ago, has been participating in various green events to help foster partnership with green NGOs and raise employees' awareness of environmental issues. In 2018, over 330 volunteers participated in 10 environmental programs in partnership with six charity and social service groups. For highlights on these programs, please refer to the "Our Community" chapter.



We support various government and NGO initiatives including the Charter on External Lighting. We joined the Charter when it was launched in 2016 and have received the Platinum Award for two consecutive years for switching off our external lighting from 11pm to 7am everyday. We continued to support WWF Earth Hour to raise public awareness of low-carbon living by switching off signage lighting for 10 office buildings, exchanges and shops for one hour on March 24.

To contribute to food waste reduction, we joined the Eat Wise Charter of the Green Mid-Autumn Festival 2018 Campaign organized by Food Grace and encouraged our colleagues to understand our business partners' preference before sending mooncakes as a corporate gift.

We also won the Friends of EcoPark 2018 award for our contributions to waste recycling and recovery.



## 4. OUR COMMUNITY

HKT is committed to making a positive impact on our community. We draw on our information and communications technology (ICT) expertise to empower underprivileged groups and help develop an inclusive society. We continuously identify and support social causes through education, community volunteer services, financial donations and in-kind contributions.

### OBJECTIVES

- Support vulnerable and underprivileged groups
- Digital empowerment
- Leverage technologies to improve quality of life

### MEASURES

- Corporate volunteering in community service projects
- Telecom services sponsorships
- Programs and workshops for youths and the elderly
- Initiatives to support smart city evolution

Guided by the Group's CSR policy, our primary focus is to empower the community by promoting digital literacy. Among our various programs in 2018, we gave young people the skills and resources to excel in the digital age and connected elderly members of the community with technologies that promote active and smart aging.



### Our work in the community:

Cumulative number of volunteers since 1995

5,276



Active volunteers in 2018

631



Volunteer hours in 2018

20,532



Ongoing community service programs in 2018

30



Special community service programs in 2018

14



Volunteer leave days granted in 2018

405



Number of partnering NGOs and academic institutes in 2018

Over 130



Monetary donations and in-kind sponsorships for charitable causes in 2018

HK\$16M+



## 4.1 Community Engagement

Our employees, their family members and company retirees form the Corporate Volunteer Team, which has been continuously creating positive changes in the community for the past 23 years.

We recognize our staff volunteers' valuable contribution via our annual Volunteer Award Ceremony. Our Volunteer Appreciation Scheme also encourages employees to take part in community services by awarding up to two days of volunteer leave every year.



In 2018, our Corporate Volunteer Team earned several accolades:

- The Social Welfare Department's Steering Committee on Promotion of Volunteer Service once again recognized our Corporate Volunteer Team, giving it the Award for 10,000 Hours of Volunteer Service. The team also won the Merit of Highest Service Hour Award 2017 (Private Organizations, Category 1).
- We took home the Bronze Award in the Hong Kong Corporate Citizenship Program's volunteer team category, organized by the Hong Kong Productivity Council and the Committee on the Promotion of Civic Education.
- We received the Social Capital Builder Logo Awards from the Labour and Welfare Bureau's Community Investment and Inclusion Fund (CIIF).
- HKT has been a Caring Company for five years under the Hong Kong Council of Social Service's Caring Company Scheme.



### Philanthropic sponsorship

We are proud to continue our collaboration on philanthropic programs with a diverse group of community partners sharing similar social and ethical values. We also support community initiatives with monetary donations and sponsorships. In 2018, HKT and its parent company PCCW made over HK\$16 million in monetary donations and in-kind sponsorships including hardware and communications services. These included:

- Sponsorship to the Care for the Elderly Line under Hong Kong Council of Social Service for Hong Kong citizens aged 60 or above
- Telecom support for Oxfam Trailwalker 2018
- Telecom and electrical power support for Scouts-HKG100 Charity Run 2018
- Sponsorship to the Shanghai-Hong Kong-Taiwan Youth IT Summer Camp
- Telephone hotlines support for the fundraising TV shows of the Tung Wah Group of Hospitals, Po Leung Kuk, Yan Oi Tong and Yan Chai Hospital
- Scholarships and bursaries to local university students
- HKDSE consultation services hotlines for Hok Yau Club, Hong Kong Children & Youth Services, Hong Kong Sheng Kung Hui and Tai Hang Youth Centre to the HKDSE candidates
- Telecom support for NGOs including Cheshire Home (a residential home for the disabled) and a pediatric ward at Princess Margaret Hospital
- Sponsorship of the Hong Kong Cycling Team to demonstrate our support to the sport events in the community



### Oxfam Trailwalker 2018

HKT has supported Oxfam's Trailwalker since it began in 1981. The initiative challenges teams to walk 100km in 48 hours to raise funds to combat poverty and injustice around the world, bringing relief to many including smallholder farmers in developing countries.

We provided fixed-line and mobile communications, data and broadband Internet services to 4,228 participants in 2018. Our engineers conducted several meetings and field observations with Oxfam to ensure uninterrupted communication between the organizers, support teams and participants six months prior to the event.

In addition to providing telecom support, our Corporate Volunteer Team worked with The Green Earth to remind participants to separate waste for recycling.



Mr Frankie Chan from our Commercial Group (right) has been a member of the HKT Trailwalker teams for four years. His team completes 100km at its best time of 24 hours and 10 mins.



Mr Wong Kam-sing, Secretary for the Environment, and Mr Bernard Chan, Oxfam Trailwalker Advisory Committee Chair, cheer on the HKT teams.



### Nurturing IT Talent

The Group has been sponsoring the Shanghai-Hong Kong-Taiwan Youth IT Summer Camp for 17 consecutive years. In 2018, with the theme of Intelligent IT for a Better Life, 60 students from the three places visited business and academic institutions in Shanghai to enhance their knowledge of the latest IT applications.

The camp aims to broaden participants' understanding, knowledge and perspective of how ICT is changing the way we live, and nurture young people who are interested in considering a future career in the technology sector.

The event is organized by the Hong Kong Computer Society and its counterparts in Taiwan and Shanghai.



### Community service highlights in 2018

In 2018, the Corporate Volunteer Team ran 30 ongoing community service programs and 14 special community service programs in partnership with various charitable organizations and social services groups.

#### The elderly

- We celebrated the Dragon Boat Festival and Mid-Autumn Festival by distributing caring packs to the elderly.
- To mark the December 5 International Volunteer Day, volunteers supported the Share-to-Care Volunteer Campaign organized by the Agency for Volunteer Service and visited elderly residents in Kwun Tong.



### Smartphone Workshops for the Elderly

The Group has been organizing for several years free workshops to advance the elderly people's knowledge on mobile applications, from online shopping to social media, with the aim to enhance their digital literacy.

In 2018, over 622 workshops on Android and iOS mobile applications were held at csl shops, attracting 6,100 participants. We also arranged 53 sessions with nine NGO partners at their elderly centers. These included Po Leung Kuk, Hong Kong Sheng Kung Hui, Pok Oi Hospital, Christian Family Service Centre, Yang Memorial Methodist Social Service, Happy Retired, St. James' Settlement, Tung Wah Group of Hospitals and Senior Citizen Home Safety. More than 1,300 participants benefited.



### Students and youth

- We supported the Commission on Poverty's Life Buddies mentoring scheme to provide out-of-classroom learning experiences for secondary school students.
- HKT Education launched the With You Always campaign to commend teachers for their contributions and promote a positive learning culture.
- We mentored City University of Hong Kong marketing students during their final year projects.
- In partnership with the WebOrganic Internet learning support initiative, NETVIGATOR provided discounted broadband services plans including fiber-to-the-home for students from low-income families via the Broadband Service Concession Scheme. A total of 27,128 eligible families have benefited since the service was launched in 2011.
- HKT continued to help The Women's Foundation's Girls Go Tech program. In 2018, the program expanded to benefit around 60 teachers and over 500 female students from 13 schools.



### Intergeneration VR

In 2018, HKT Education and eSmartHealth worked with other partners to create a program which for the first time used VR technology to strengthen communication between young and elderly people.

The program recruited 96 secondary school students from 24 schools to shoot and produce VR work on Hong Kong attractions. The students visited 24 senior community homes to engage 360 elderly residents in a VR experience. They applied their STEM knowledge to help elderly people with limited mobility reconnect virtually with the wider community. The VR exposure also helped the elderly maintain a positive emotion.

HKT's volunteer IT team also helped organize ten VR workshops at other retirement homes to let seniors experience the latest technologies and engage them in a positive and active lifestyle.

Our partners were the Jockey Club School of Public Health and Primary Care at The Chinese University of Hong Kong, the Hong Kong Association of Computer Education, Hong Kong Design Institute and eLearning Consortium.



### Children

- The Club rewards program supported Save the Children Hong Kong and Against Child Abuse (Hong Kong) by disseminating SMS messages to customers that promote their child abuse hotline services.
- Our volunteers organized a balloon sale at our 2018 annual dinner to support Benji's Centre in its child speech therapy work.
- We supported Po Leung Kuk Children & Youth Service's Building a Brighter Future for Children with Community Networking program. Through role-play and group discussion, volunteers shared with primary school students the importance of sowing caring seeds in the community.



### People with disabilities

- We supported the Stargaze Camp for All and the Blind 2018 to promote inclusiveness.
- Our staff volunteered at the Cheshire Home in Sha Tin to teach residents how to use computers and the Internet.
- Our volunteers joined Tung Wah Group of Hospitals' iRun Hong Kong Jockey Club Special Marathon 2018. The event raised awareness of healthy lifestyles for people with intellectual disabilities and promoted social integration.



### Environmental protection

- HKT supported Feeding Hong Kong to collect surplus bread from bakeries and redistribute to schools, shelters and charities in need.
- We joined hands with The Green Earth to help clear plastics debris and waste brought by the super typhoon Mangkhut at Lai Chi Wo and Little Palm Beach.
- We participated in the Missing Link – Polyfoam Recycling scheme, organized by the Hong Kong Association of Youth Development's Tsuen Wan District Branch, to raise public awareness of recyclable polyfoam.



## Others

- In 2018, we extended the Scholarship and Bursary Scheme from four to six local universities to support students of computer science, IT and related disciplines.
- Our 1010 mobile network brand partnered with fashion designers and celebrities to design shirts for a charity sale in May. All proceeds went to the Hong Kong Breast Cancer Foundation.
- We promoted initiatives of the Community Chest, including Love Teeth Day, Dress Casual Day, Green Day and Skip Lunch Day.
- HKT supported the Hong Kong Cancer Fund's Dress Pink Day to increase awareness of breast cancer and raise funds for cancer care services.



### Encouraging Customer Donations

The Club is a customer loyalty and rewards program offering a wide variety of privileges to members. Members can earn Clubpoints through spending on our products and services as well as those of our partners. Members can use Clubpoints to redeem various merchandise.

The Club also encourages members to convert their Clubpoints into monetary donations or product donations to charitable organizations. In 2018, more than 1,700 members made approximately HK\$260,000 in monetary donations and HK\$19,000 in product donations to eight charity partners.



### Reunion of Long Lost Families

HKT has been assisting the Hong Kong Red Cross's (HKRC) tracing service for many years in the search and reunion of separated family members. In September 2018, a family that had been separated for more than 20 years was reunited through our assistance.

The enquirer registered for the HKRC tracing service to locate her elder sister. HKRC then provided the basic information of the sought person to us. In compliance with the relevant regulations, we found that the sought person was an existing customer of one of our services. We contacted her about the search and the sisters were reunited on the eve of the Mid-Autumn Festival.



In a sharing session organized by HKRC, the enquirer (right) extends her gratitude to one of the HKT colleagues who made the reunion happen.



## 4.2 Digital Empowerment

HKT works with various community organizations, especially educational partners, to incorporate ICT in meeting social needs.

### HKT-ASTRI Smart City Joint Laboratory

HKT supports the Government's vision for an innovation-led smart Hong Kong. In November 2018, we established a laboratory with the Hong Kong Applied Science and Technology Research Institute (ASTRI) to use our joint R&D capabilities to explore smart city applications in Hong Kong and the Greater Bay Area.

The HKT-ASTRI Smart City Joint Laboratory will explore applications such as smart mobility, including electronic road pricing and connected vehicles. It will also research foundational technologies such as blockchain, big data analytics, and Artificial Intelligence for smart economies.

5G mobile communication networks will be a cornerstone of smart city services in public safety, environmental information, utilities and transportation. In June 2018, we successfully conducted 5G technical trials. We believe 5G will bring positive changes to the lives of Hong Kong people and the economy at large.



We employ our competencies to encourage STEM education and help society for the rapid adoption of technology.

### Unity AR/VR Competition

In August 2018, HKT Education partnered with the Hong Kong Institute of Vocational Education (IVE) and the Hong Kong Association of Computer Education to organize the Unity AR/VR Competition. We taught students how to use Unity, a professional multimedia and game development platform, to produce augmented reality (AR) and VR programs related to daily life applications.

The competition allowed the students to apply STEM knowledge and reinforced the kinds of logical thinking skills which are especially important to the digital media industry. The entries demonstrated excellent creativity and practicality, and some had great commercial potential.

The winning team designed an experience called Chemical Element Chess, which integrated chemical elements into a Scrabble game using AR technology.



## 5. OUR CUSTOMERS

HKT is committed to providing excellent services and products, including fixed-line, broadband and mobile communication offerings. We strive to enhance customers' confidence in our services and products and enable customers to make informed decisions by providing accurate and transparent information on our services and products.

### OBJECTIVES

- **Provide reliable and quality services and products**
- **Meet and anticipate customer needs**
- **Maintain high quality customer service**
- **Safeguard personal data and information**

### MEASURES

- **Meet and exceed performance targets**
- **Continuous innovation**
- **Promote customer service excellence**
- **Privacy and personal data policies**

We maintain this standard using strict internal policies on customer privacy, labelling and advertising. We regularly watch for relevant new laws and regulations so that we can communicate them quickly to the responsible departments for execution.

During the reporting period, there were no non-compliance cases regarding relevant laws and regulations, including but not limited to the Personal Data (Privacy) Ordinance (Cap. 486), the Telecommunications Ordinance (Cap. 106) and license conditions and code of practice issued by the Office of the Communications Authority (OFCA).

### 5.1 Reliable and Responsible Services and Products

HKT implements systematic and stringent procedures to ensure the services and products that we offer to customers are safe, well-tested and reliable. We have designated teams specializing in the development and management of customer services and products. We also endeavor to ensure compliance with the OFCA requirement at all times.

Our service and product quality processes are accredited for a number of international certificates, including ISO 9001:2015 (Quality management systems); ISO 20000 (IT service management); ISO 27001 (Information security management) and TL 9000 (Quality management system for the telecommunications industry) for fixed voice, broadband, data and wireless services; ISO 27017 (Code of practice for information security controls for cloud services) and ISO 27018 (Code of practice for protection of personally identifiable information (PII) in public clouds for cloud services).

These quality and information management systems provide international best practices across various functional units, including fixed and wireless network planning and operation, cloud application and development, and field services and project management.



We have established corresponding performance indicators to help us monitor the standard of services and products delivered to customers.

|                                         | 📶 Performance Target | ⚙️ Actual Performance in 2018 |
|-----------------------------------------|----------------------|-------------------------------|
| <b>csl</b>                              |                      |                               |
| <b>Network Reliability</b> <sup>4</sup> | 99%                  | 100%                          |
| <b>Service Restoration</b> <sup>5</sup> | < 60 minutes         | 100%                          |
| <b>NETVIGATOR</b>                       |                      |                               |
| <b>Network Stability</b> <sup>6</sup>   | 99.99%               | 99.99%                        |
| <b>Service Restoration</b> <sup>7</sup> | 99%                  | 99.98%                        |

### Rapid Service Restoration

On a Sunday morning in August 2018, a traffic incident in Tai Po severely damaged HKT's roadside equipment, causing instability and in some cases suspension of fixed line and broadband services for nearby residents. More than 450 HKT customers were affected.

HKT deployed a team of engineers and set up a support task team in a nearby operation center to formulate a restoration plan. We provided regular incident updates for customers through our social media platform.

The site engineers initially assessed that the restoration would normally take two weeks to finish. As our customers relied on our services for day-to-day and business communication, we formulated an innovative solution with movable cabinets to expedite the restoration. The services eventually resumed before the start of the next business day.

Even though a third party caused the damage, HKT demonstrated professionalism and strong commitment in providing quality services to our customers.



HKT keeps customers informed about incidents through social media platform.

<sup>4</sup> Availability of the core network or core network uptime in a set observation period.

<sup>5</sup> Mean time for recovering a fault in the core network following its discovery and identification.

<sup>6</sup> Availability of broadband network.

<sup>7</sup> Provide restoration of services for customers within two calendar days.



## Planning for tomorrow's need

Telecommunications is a dynamic industry with rapid technological advancement and growing demand from customers.

On fixed broadband service, our Fiber-To-The-Home (FTTH) covered 88.3% of all households in Hong Kong by the end of 2018.

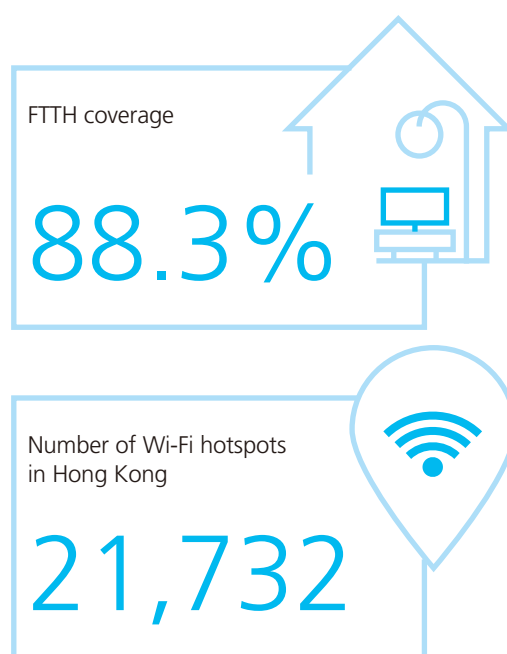
To date, HKT has installed fiber for over 100 villages and we are planning further improvements. One of the most significant projects in 2018 was upgrading our microwave link system for a better broadband service on Lamma Island. This benefits the residents by increasing the network speed almost tenfold.

HKT provides reliable wireless telecommunications services via its extensive mobile communication network covering more than 3,000 sites, and running along all transportation tunnels and railway lines. Our sites cater for educational institutions, covering both indoor and outdoor areas in major universities.

HKT has been preparing for the introduction of the fifth generation (5G) mobile communications technology. Last year, we successfully conducted 5G trials in both stationary environment and outdoor mobility conditions. HKT is building the first all-fiber mobile network architecture at a new line of the Mass Transit Railway (MTR) using an innovative digital indoor system. The network can be upgraded to 5G without the need for additional cabling.

A team of professional employees is crucial in maintaining our service and product quality. In 2018, 2,800 technical staff in our engineering team received 65,472 hours of internal and external trainings to help them keep up with industry trends.

HKT also encourages engineers to obtain certification and accreditations in various technological fields. At the end of 2018, our engineers hold 1,961 professional certificates and institutional memberships.



## 5.2 Responsible Advertising

HKT strictly complies with the Trade Descriptions Ordinance (Cap. 362) to ensure that sales and marketing materials do not misrepresent our services and products. We offer trainings for sales and marketing employees to refresh their knowledge on compliance. In 2018, there were no non-compliance cases.

## 5.3 Customer Service and Satisfaction

Customer service and satisfaction are core elements for measuring HKT's service quality especially in retail operations.

HKT listens to customers and understands their service needs. We take an omnichannel approach to customer communication, employing service hotlines, live webchat, online enquiry, Facebook, email, post, fax and customer service representatives in retail stores and service centers.

Our customers can also manage their e-bills and get instant online support through My HKT platform. As of end of 2018, My HKT had 1.1 million registered accounts.

HKT has incorporated accessibility features in its official website. We received a Silver Award in the Web Accessibility Recognition Scheme 2018 organized by Hong Kong Internet Registration Corporation Limited.

To cater to the needs of wheelchair users and the elderly, we provide portable ramps at csl/1010 and HKT shops with entrance steps.



## Ensuring quality service

HKT has various schemes in place to monitor customer service quality.

- Our call monitoring program evaluates the performance of our customer service representatives. They must complete up to 16 training hours of service mindset and technique in the first three months of recruitment and further four days of training in the first year to maintain service quality.
- We conduct customer transaction and net promoter score surveys after calls and visits to evaluate how customers see our service quality.
- We conduct our mystery shopper program at least twice a month per retail location to continuously benchmark our service quality. We arranged over 1,200 mystery shopper visits in our retail shops in 2018.



## We Smile Campaign

Quality customer service starts with a nice and warm greeting with smile. We launched the We Smile campaign early last year to reiterate the essence of excellent customer experience.

The campaign was mainly driven by a series of posters featuring smiling colleagues from various corporate units and business units. We would like to emphasize that:

- We care about you
- We care about doing a good job
- We care about providing an excellent service



HKT monitors not only the performance of individual representatives but overall quality of customer service. Service pledges and actual performance data are available on corporate websites. We aim to provide an initial reply to a complaint within two working days and to resolve the complaint within four working days. In 2018, over 98% of customer complaints were handled within four working days.

In 2018, HKT received 50,824 compliments from our customers<sup>8</sup>, while the number of complaints was 1,940. According to the latest customer satisfaction survey, 84% of the customers are satisfied or very satisfied with the performance of our customer service representatives. Management regularly reviews reports on customer suggestions, compliments and complaints.

HKT has also participated in the Communications Association of Hong Kong's Customer Complaint Settlement Scheme (CCSS), which offers mediation services to resolve disputes between customers and telecommunications service providers.

HKT won more than 140 sales and service awards in 2018. These included different awards granted by the Contact Center World, Hong Kong Association for Customer Service Excellence, Hong Kong Retail Management Association, and Mystery Shopper Service Association.



Ms Susanna Hui, HKT's Group Managing Director, receives the Grand Award of the Year in the Hong Kong Call Centre Association Awards 2018.

<sup>8</sup> Customers from fixed-line, NETVIGATOR broadband, The Club and mobile businesses.



### Dedication of Service Excellence in Dynamic Industry

Mr Santi Yu is a Sales and Service Manager in HKT's e-Customer Service (eCS) team. He joined the company in 1998 and has witnessed the dramatic change in customer services over the past 20 years.

He recalls: "When I first joined HKT, the service hotline was still the major channel for customer enquiries. With the increased adoption of the Internet, I was promoted to lead the email team to address customer enquiries." HKT added more customer service channels in 2014, including live webchat and Facebook.

New forms of customer service demand faster responses from the team. Santi supports and works closely with the quality assurance department to monitor service quality and enhance training program accordingly.

Last year, Santi and his team earned the Best Use of Social Media in the Contact Center (Asia Pacific and Oceania) in the Contact Center World Award.



Santi (front row, right) and his team.

### Service Excellence Awards (SEA)

The Service Excellence Awards (SEA) is an internal scheme which aims to encourage our staff to perform excellent customer service continuously for both external and internal customers. In 2018, a total of 200 individuals and 32 teams were awarded the SEA. The most outstanding 30 individuals and three teams during the year were named year-end winners with cash and travel prizes.



SEA year-end winners in Kyushu in an all-paid-for tour.



## 5.4 Customer Data Privacy and Security

HKT's business operations often require customers' personal information, payment data and addresses for service registration or product purchase processes. We understand the importance of safeguarding our customers' personal data and information through appropriate security measures.

HKT has a number of internal policies, procedures and guidelines for our staff to follow. These policies and guidelines set out the Company's commitment to and specify staff roles and responsibilities in protecting customer data. In 2018, there were no known issues of non-compliance in this area.

Faced with increasing concerns over data privacy and security, the European Union (EU) developed the General Data Protection Regulation (GDPR), which came into force in May 2018. Correspondingly, HKT has revised its privacy policies and procedures so that they are commensurate with and/or compliant to applicable privacy laws and regulations internationally.

Certain applicable business units or functions have attained ISO 27001 accreditation for its information security management system. Our system provides the formal framework we use to identify, manage, and mitigate potential risks to the data we collect, store, and process.

We complement our information security management system with our document retention and corporate security policies, and our corporate security principles for the retention of personal data. Staff access personal data on a need-to-know basis to ensure that the data access is appropriate.

We disseminate relevant policies to our staff through corporate training sessions and our intranet. We also incorporate the policies in our new staff orientation program and we regularly train our staff on the latest policy updates. New staff who handle personal data during daily operations are provided with data privacy training.

To complement its data privacy processes, HKT also works on protecting customers' data through a security infrastructure, including anti-virus and anti-spam software, network intrusion prevention systems and data loss protection. Facing more severe cyberattack, we have put in place our threat intelligence exchange and advanced threat defense infrastructure to enhance our cybersecurity. We have a designated internal IT and support team to identify and investigate suspicious traffic and minimize the risk of cyberattack. During 2018, the team's processes identified approximately 750,000 potential cyberattack instances and 38,000,000 untrusted emails.

Extending the effort on cybersecurity, HKT also provides NETVIGATOR customers with regular updates on identifying suspicious contents and activities in the Safe Internet Tips and Customer News channels. Our network engineering team will also closely monitor cybersecurity issues and take necessary security enhancement actions from time to time. We regularly post updates on our NETVIGATOR and customer service Facebook pages to alert our customers to the latest cyberattacks, potential scams or phishing emails. We also post messages to raise customer awareness of phone scams and remind them to contact us if they receive any suspicious phone calls claiming to be from HKT.



### First Hong Kong Cyber Combat Open Contest

As society becomes increasingly digitized, the need for cybersecurity skills is increasing. Apart from offering a secure network connection for clients, HKT also spares no effort in nurturing talents in cybersecurity.

In May 2018, HKT collaborated with security solutions company Ixia to present the first cyber combat open contest in Hong Kong, supported by the Hong Kong Institute of Bankers and the Hong Kong Computer Society. The intensive contest lasted for six hours with 14 teams of two. Each team had to attack the server and defend against counterattack using their cybersecurity skills and strategies. The contest attracted participants from banking and finance, retail, real estate, consulting and transportation.

HKT also offers total cybersecurity solutions as well as cybersecurity training services to help enterprises sharpen their cybersecurity professionals' skills.



## 6. OUR SUPPLY CHAIN MANAGEMENT

The quality of service and product delivery relies heavily on effective supply chain control. HKT procures a wide range of goods, equipment, materials and services from suppliers. Currently, we engage around 3,500 suppliers, of which approximately 75% are based in Hong Kong.

### OBJECTIVES

- Encourage suppliers and contractors to adopt sustainable initiatives
- Zero bribery and corruption

### MEASURES

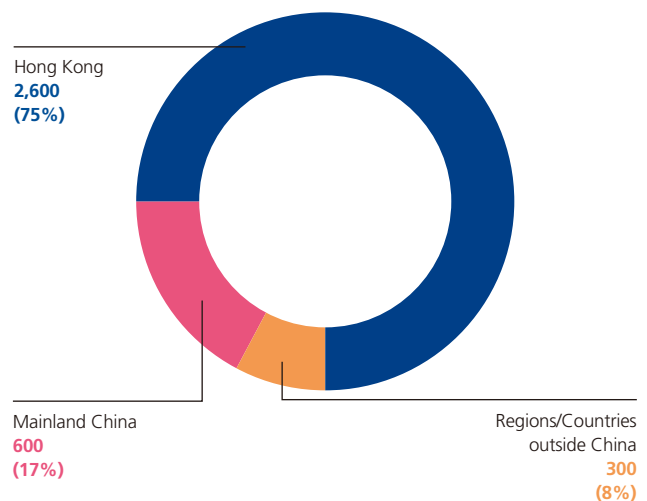
- Group Purchasing Policy and Principles
- Supplier Code of Conduct
- Regular supplier visits and performance reviews
- ISO standards for quality management system

We expect the highest ethical and professional standards from our suppliers and business partners. To this end, we have in place the Supplier Code of Conduct (the “Code”) which lists our expectations of suppliers in areas such as fair payment and working hours, prohibition of acts of discrimination, workplace safety, and prohibition of illegal sourcing and disposal. We also strictly prohibit any use of child labor or forced labor in our supply chain. We review the Code periodically to keep it up to date.

Governed by the Group Purchasing Policy and Principles, HKT encourages suppliers to operate in an environmentally and socially responsible manner. We consider their social responsibility performance in our supplier selection process. In 2018, we saw no environmental or social non-compliance cases among our suppliers.

Our CR Policy and our Bribery, Gift and Entertainment Policy strictly prohibit any form of bribery and corruption at HKT and in our supply chain. We maintain clear and private channels for reporting misconduct.

Distribution of suppliers by geographical locations



### 6.1 Supplier Selection and Monitoring

HKT maintains stringent supplier selection policies and procedures to help us deliver quality services and products. The Group Purchasing and Supply Department is responsible for engaging suppliers in accordance with the Code and the Group Purchasing Policy and Principles.



We vet potential suppliers, vendors and business partners according to our stringent procurement procedures, which include background research to assess a supplier's risk such as quality of previous delivery, environmental and social compliance and internal control. Suppliers must complete vendor registration forms, and in some cases take assessment surveys as part of our potential supplier performance evaluation mechanism.

During the engagement, business units assess the supplier's performance for each supply delivery on a continued basis. Our Group Purchasing and Supply Department also carries out selective annual performance reviews to ensure adherence to the Code and the Group Purchasing Policy and Principles. One of our review criteria is the supplier's corporate social responsibility performance. For example, suppliers are required to report their products' energy efficiency. We encourage our suppliers to adopt environmentally and socially responsible behavior.

If a supplier's rating is unsatisfactory, we will further communicate with the supplier aiming at improvement. If the concerns persist or the breach of our standards is severe, we will consider terminating or blacklisting the supplier.

Further to supplier performance tracking and performance review, we conducted 350 supplier visits in 2018 to assess performance and remind suppliers of our policy requirements.

## 6.2 Sustainable Procurement

In 2018, we attained the ISO 9001:2015 quality management system certification. The revised standard focuses on forward looking risk-based thinking and meeting the requirements of relevant interested parties. It is also framed in the high-level structure of Plan, Do, Check, Act model that enables us to continuously improve quality management in our procurement process and achieve the highest standard of business practices and service offering. Based on the requirements set by ISO 9001, we have established a number of quality objectives in line with our aims and strategy. These are measured, monitored, reported and reviewed on a regular basis.

In July 2018, we joined the Sustainable Procurement Charter launched by the Green Council as one of the founding members to influence more companies along the supply chain in Hong Kong to operate in the direction of sustainable procurement. The charter membership represents an opportunity to demonstrate leadership and innovation within our sector.



# ASSURANCE REPORT



## VERIFICATION STATEMENT

### Scope of Verification

Hong Kong Quality Assurance Agency (HKQAA) has been engaged by HKT (SEHK: 6823) to undertake an independent verification for the “Our Environment” chapter and the related environmental performance data stated in its Environmental, Social and Governance Report 2018 (The Report).

The scope of HKQAA's verification covers the data and information associating to HKT's environmental performance as described in the “Our Environment” and “Performance Data Summary” chapters of The Report for the period of January 1, 2018 to December 31, 2018.

### Level of Assurance and Methodology

The process applied in this verification was referring to the International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. Our evidence gathering process was designed to obtain a reasonable level of assurance for devising the verification conclusion. The extent of this verification process undertaken was provided for the criteria set in The Environmental, Social and Governance Reporting Guide of The Stock Exchange of Hong Kong Limited.

The systems and processes for collecting, collating and reporting the environmental performance data were verified. Our verification procedure covered reviewing of relevant documentation, interviewing responsible personnel with accountability for preparing the Report and verifying the raw data and supporting evidence of the selected samples during the verification process.

### Independence

HKT is responsible for the collection and presentation of the information presented. HKQAA does not involve in calculating, compiling, or in the development of the Report. Our verification activities are independent from HKT.

### Conclusion

On the basis of our verification results and in accordance with the verification procedures undertaken, it is the opinion of the HKQAA's verification team that:

- The Report illustrates HKT's environmental performance in a balanced, comparable, clear and timely manner;
- The environmental performance data and information states in the Report are reliable and complete.

The Report reflects appropriately HKT's context and materiality of its environmental issues and allows stakeholders to have a clear understanding of its commitments and stewardship towards environmental management.

### Signed on behalf of Hong Kong Quality Assurance Agency

Connie Sham  
Head of Audit  
February 2019



# EXTERNAL CHARTERS AND MEMBERSHIP

## External Charters

| Name of Association                                        | Name of Charter                                            |
|------------------------------------------------------------|------------------------------------------------------------|
| The Environment Bureau                                     | Charter on External Lighting                               |
| Environmental Protection Department                        | Friends of EcoPark                                         |
| Green Council                                              | Founding Member, Sustainable Procurement Charter           |
| Labour Department/<br>Occupational Safety & Health Council | Occupational Safety Charter                                |
| Occupational Safety & Health Council                       | Charter on Preferential Appointment of OSH Star Enterprise |

## Membership

| Name of Association                     | Type of Membership                              |
|-----------------------------------------|-------------------------------------------------|
| eLearning Consortium                    | Executive Committee Member                      |
| Employers' Federation of Hong Kong      | Corporate Member                                |
| Girls Go Tech, The Women's Foundation   | Technology Partner, Council Member              |
| Hong Kong Management Association        | Corporate Member                                |
| The Green Earth                         | Green Earth Companion, Water Category           |
| The Hong Kong Council of Social Service | Caring Company Patron's Club – Coral Membership |



# PERFORMANCE DATA SUMMARY

## Environmental Performance Data

|                                                                                                              | 2018     | 2017    | Change<br>(2018 vs 2017) |
|--------------------------------------------------------------------------------------------------------------|----------|---------|--------------------------|
| <b>The types of emissions and respective emissions data</b>                                                  |          |         |                          |
| Sulfur oxides (SOx) – Direct (kg)                                                                            | 4.19     | 4.24    | –1.18%                   |
| Nitrogen oxides (NOx) – Direct (kg)                                                                          | 4,491    | 4,930   | –8.90%                   |
| Particulate matter (PM) – Direct (kg)                                                                        | 209.27   | 229.89  | –8.97%                   |
| <b>Greenhouse gas (GHG) emissions</b>                                                                        |          |         |                          |
| GHG emissions – Scope 1 <sup>9</sup> (tonnes CO <sub>2</sub> -e)                                             | 8,261    | 6,080   | +35.87%                  |
| GHG emissions – Scope 2 <sup>10</sup> (tonnes CO <sub>2</sub> -e)                                            | 233,299  | 241,449 | –3.38%                   |
| GHG emissions – Scope 3 <sup>11</sup> (tonnes CO <sub>2</sub> -e)                                            |          |         |                          |
| – Paper consumption                                                                                          | 1,150.11 | 968.15  | +18.79%                  |
| – Water consumption and sewage discharge                                                                     | 273.68   | N/A     | N/A                      |
| Total GHG emissions (Scope 1+2+3)                                                                            | 242,984  | 248,497 | –2.22%                   |
| GHG emissions intensity per employee <sup>12</sup><br>(tonnes CO <sub>2</sub> -e/employee)                   | 22.08    | 22.81   | –3.20%                   |
| GHG emissions intensity per million revenue <sup>13</sup><br>in HKD (tonnes CO <sub>2</sub> -e/HK\$ million) | 6.91     | 7.51    | –7.99%                   |
| <b>Hazardous waste produced</b>                                                                              |          |         |                          |
| Solid waste <sup>14</sup> (tonnes)                                                                           | 277.25   | 336.90  | –17.71%                  |
| Waste electrical and electronic equipment<br>(WEEE) disposal <sup>15</sup>                                   |          |         |                          |
| – Electronic and IT equipment (pieces)                                                                       | 52,676   | 53,191  | –0.97%                   |
| – Equipment cables (metres)                                                                                  | 137,918  | 109,102 | +26.41%                  |
| <b>Non-hazardous waste produced</b>                                                                          |          |         |                          |
| General waste <sup>16</sup> (tonnes)                                                                         | 770.13   | 794.31  | –3.04%                   |
| Construction waste <sup>17</sup> (tonnes)                                                                    | 309.84   | 156.50  | +97.98%                  |

<sup>9</sup> Scope 1 emissions generated from HFC and PFC emissions for refrigeration; diesel from fleet and standby emergency generators, and petrol from fleet.

<sup>10</sup> Scope 2 emissions generated from the electricity consumed by HKT major operations with individual meters.

<sup>11</sup> In 2017, Scope 3 emissions include generation from our office paper consumption. This figure is reported on a Group basis comprising HKT and parent company PCCW. In 2018, we extended the scope to include water consumption and sewage discharge.

<sup>12</sup> As at December 31, 2018, the number of employees in Hong Kong was 11,004, which is also the basis for electricity, energy and water intensity calculations.

<sup>13</sup> The calculation is based on the total revenue of HKT. In 2018, the total revenue of HKT is HK\$35,187 million. The results for the year ended December 31, 2018 reflect the adoption of several new accounting standards and, for comparative purposes, the results for the year ended December 31, 2017 have been restated as if these new accounting standards had been in place. The restated total revenue in 2017 is HK\$33,067 million. These figures are also the basis for electricity, energy and water intensity calculations.

<sup>14</sup> Solid waste includes industrial battery (valve-regulated lead-acid battery), office batteries and fluorescent tubes.

<sup>15</sup> The figure is reported on a Group basis comprising HKT and parent company PCCW. It does not include WEEE disposed of by the Group on behalf of customers.

<sup>16</sup> General waste includes mainly general office waste.

<sup>17</sup> Construction waste from renovation of shops.



|                                                                              | 2018        | 2017        | Change<br>(2018 vs 2017) |
|------------------------------------------------------------------------------|-------------|-------------|--------------------------|
| <b>Waste management and results<sup>18</sup></b>                             |             |             |                          |
| Scrap materials recycled <sup>19</sup>                                       |             |             |                          |
| – SIM cards (pieces)                                                         | 729,913     | 2,858,640   | –74.47%                  |
| – Other materials (pieces)                                                   | 300,201     | 554,748     | –45.89%                  |
| Toner and ink cartridges recycled (pieces)                                   | 1,762       | 1,983       | –11.14%                  |
| Paper recycled (tonnes)                                                      | 156.02      | 145.45      | +7.27%                   |
| Scrap metals recycled <sup>20</sup> (tonnes)                                 | 22.94       | 26.44       | –13.24%                  |
| <b>Direct and/or indirect energy consumption</b>                             |             |             |                          |
| Electricity (kWh)                                                            | 381,123,439 | 384,696,815 | –0.93%                   |
| Electricity intensity per employee (GJ/employee)                             | 124.69      | 127.13      | –1.92%                   |
| Electricity intensity per million revenue in HKD<br>(GJ/HK\$ million)        | 38.99       | 41.88       | –6.90%                   |
| Petrol fuel – vehicle fleet (L)                                              | 42,312      | 49,810      | –15.05%                  |
| Diesel fuel – vehicle fleet (L)                                              | 221,536     | 217,844     | +1.69%                   |
| Diesel fuel – standby emergency generators (L)                               | 54,309      | 54,882      | –1.04%                   |
| Energy intensity <sup>21</sup> per employee (GJ/employee)                    | 125.73      | 128.19      | –1.92%                   |
| Energy intensity per million revenue in HKD<br>(GJ/HK\$ million)             | 39.32       | 42.23       | –6.89%                   |
| <b>Water consumption</b>                                                     |             |             |                          |
| Water consumption <sup>22</sup> (m <sup>3</sup> )                            | 439,999     | 405,097     | +8.62%                   |
| Water intensity per employee (m <sup>3</sup> /employee)                      | 39.99       | 37.19       | +7.53%                   |
| Water intensity per million revenue in HKD<br>(m <sup>3</sup> /HK\$ million) | 12.50       | 12.25       | +2.04%                   |
| <b>Total packaging material</b>                                              |             |             |                          |
| Shopping bags (tonnes)                                                       | 20.25       | 21.89       | –7.49%                   |

<sup>18</sup> These figures are reported on a Group basis comprising HKT and parent company PCCW.

<sup>19</sup> Scrap materials such as SIM cards, scrap cables, scrap telephones, obsolete devices and accessories, modems and router, set-top boxes, WEEE and transmission equipment. In 2017, the Group conducted an exercise to dispose of a large stock of outdated SIM cards for recycling, which contributed to the large number reported.

<sup>20</sup> Scrap metals include copper, metal and steel.

<sup>21</sup> The calculation of energy intensity includes consumption of electricity, petrol fuel and diesel fuel.

<sup>22</sup> Water consumption of HKT major operations with individual meters.



# REFERENCES TO HKEX ESG REPORTING GUIDE

| A. Environmental            |                                                                                                                                                                                                                                                                                      | HKT's Comments                                                                                                                  |
|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| <b>Aspect A1: Emissions</b> |                                                                                                                                                                                                                                                                                      |                                                                                                                                 |
| General Disclosure          | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br><br>relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. | 3. Our Environment                                                                                                              |
| KPI A1.1                    | The types of emissions and respective emissions data.                                                                                                                                                                                                                                | Performance Data Summary                                                                                                        |
| KPI A1.2                    | Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity.                                                                                                                                                                                                     | Performance Data Summary                                                                                                        |
| KPI A1.3                    | Total hazardous waste produced (in tonnes) and, where appropriate, intensity.                                                                                                                                                                                                        | Performance Data Summary                                                                                                        |
| KPI A1.4                    | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.                                                                                                                                                                                                    | Performance Data Summary                                                                                                        |
| KPI A1.5                    | Description of measures to mitigate emissions and results achieved.                                                                                                                                                                                                                  | 3. Our Environment<br>> 3.1 Sustainable Use of Resources<br>> 3.3 Green ICT Solutions<br>> 3.4 Employee Environmental Awareness |
| KPI A1.6                    | Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.                                                                                                                                                                       | 3. Our Environment<br>> 3.2 Waste and E-waste Management, and Performance Data Summary                                          |



| A. Environmental                                        |                                                                                                                                         | HKT's Comments                                                                                                                                                                                                                                                   |
|---------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Aspect A2: Use of Resources</b>                      |                                                                                                                                         |                                                                                                                                                                                                                                                                  |
| General Disclosure                                      | Policies on the efficient use of resources, including energy, water and other raw materials.                                            | 3. Our Environment                                                                                                                                                                                                                                               |
| KPI A2.1                                                | Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity.                                                | Performance Data Summary                                                                                                                                                                                                                                         |
| KPI A2.2                                                | Water consumption in total and intensity.                                                                                               | Performance Data Summary                                                                                                                                                                                                                                         |
| KPI A2.3                                                | Description of energy use efficiency initiatives and results achieved.                                                                  | 3. Our Environment<br>> 3.1 Sustainable Use of Resources<br>> 3.3 Green ICT Solutions<br>> 3.4 Employee Environmental Awareness                                                                                                                                  |
| KPI A2.4                                                | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved. | HKT's operation is not located in water-stressed regions and does not involve intensive water use. We actively promote employees' awareness in water conservation. For details, please refer to:<br>3. Our Environment<br>> 3.4 Employee Environmental Awareness |
| KPI A2.5                                                | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.                | Performance Data Summary                                                                                                                                                                                                                                         |
| <b>Aspect A3: The Environment and Natural Resources</b> |                                                                                                                                         |                                                                                                                                                                                                                                                                  |
| General Disclosure                                      | Policies on minimising the issuer's significant impact on the environment and natural resources.                                        | 3. Our Environment                                                                                                                                                                                                                                               |
| KPI A3.1                                                | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.     | 3. Our Environment                                                                                                                                                                                                                                               |



| B. Social                           |                                                                                                                                                                                                                                                                                                                                      | HKT's Comments                                       |
|-------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|
| Employment and Labour Practices     |                                                                                                                                                                                                                                                                                                                                      |                                                      |
| <b>Aspect B1: Employment</b>        |                                                                                                                                                                                                                                                                                                                                      |                                                      |
| General Disclosure                  | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br><br>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. | 2. Our People                                        |
| KPI B1.1                            | Total workforce by gender, employment type, age group and geographical region.                                                                                                                                                                                                                                                       | 2. Our People<br>> 2.3 Diversity and Inclusiveness   |
| KPI B1.2                            | Employee turnover rate by gender, age group and geographical region.                                                                                                                                                                                                                                                                 | Note <sup>23</sup>                                   |
| <b>Aspect B2: Health and Safety</b> |                                                                                                                                                                                                                                                                                                                                      |                                                      |
| General Disclosure                  | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br><br>relating to providing a safe working environment and protecting employees from occupational hazards.                                                                               | 2. Our People                                        |
| KPI B2.1                            | Number and rate of work-related fatalities.                                                                                                                                                                                                                                                                                          | Note <sup>23</sup>                                   |
| KPI B2.2                            | Lost days due to work injury.                                                                                                                                                                                                                                                                                                        | Note <sup>23</sup>                                   |
| KPI B2.3                            | Description of occupational health and safety measures adopted, how they are implemented and monitored.                                                                                                                                                                                                                              | 2. Our People<br>> 2.1 Health, Safety and Well-being |

<sup>23</sup> This KPI will be reported in the future.



| B. Social                                  |                                                                                                                                                                                                   | HKT's Comments                                                                                                                                                      |
|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Employment and Labour Practices            |                                                                                                                                                                                                   |                                                                                                                                                                     |
| <b>Aspect B3: Development and Training</b> |                                                                                                                                                                                                   |                                                                                                                                                                     |
| General Disclosure                         | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.                                                                         | 2. Our People<br>> 2.2 Talent Retention and Development                                                                                                             |
| KPI B3.1                                   | The percentage of employees trained by gender and employee category.                                                                                                                              | Note <sup>24</sup>                                                                                                                                                  |
| KPI B3.2                                   | The average training hours completed per employee by gender and employee category.                                                                                                                | We report on the total training sessions for employees. For details, please refer to:<br>2. Our People<br>> 2.2 Talent Retention and Development                    |
| <b>Aspect B4: Labour Standards</b>         |                                                                                                                                                                                                   |                                                                                                                                                                     |
| General Disclosure                         | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br><br>relating to preventing child and forced labour. | 2. Our People                                                                                                                                                       |
| KPI B4.1                                   | Description of measures to review employment practices to avoid child and forced labour.                                                                                                          | HKT respects and upholds fundamental human rights. We prohibit forced labour and child labour across our operations. For details, please refer to:<br>2. Our People |
| KPI B4.2                                   | Description of steps taken to eliminate such practices when discovered.                                                                                                                           | N/A                                                                                                                                                                 |

<sup>24</sup> This KPI will be reported in the future.



| B. Social                                 |                                                                                                                                                                                                                                                                                                | HKT's Comments                                                                                                                                                                                                                                                                                  |
|-------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Operating Practices                       |                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                 |
| <b>Aspect B5: Supply Chain Management</b> |                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                 |
| General Disclosure                        | Policies on managing environmental and social risks of the supply chain.                                                                                                                                                                                                                       | 6. Our Supply Chain Management                                                                                                                                                                                                                                                                  |
| KPI B5.1                                  | Number of suppliers by geographical region.                                                                                                                                                                                                                                                    | 6. Our Supply Chain Management                                                                                                                                                                                                                                                                  |
| KPI B5.2                                  | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.                                                                                                                                | 6. Our Supply Chain Management<br>> 6.1 Supplier Selection and Monitoring                                                                                                                                                                                                                       |
| <b>Aspect B6: Product Responsibility</b>  |                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                 |
| General Disclosure                        | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br><br>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | 5. Our Customers                                                                                                                                                                                                                                                                                |
| KPI B6.1                                  | Percentage of total products sold or shipped subject to recalls for safety and health reasons.                                                                                                                                                                                                 | N/A                                                                                                                                                                                                                                                                                             |
| KPI B6.2                                  | Number of products and service related complaints received and how they are dealt with.                                                                                                                                                                                                        | 5. Our Customers<br>> 5.3 Customer Service and Satisfaction<br>> Ensuring Quality Service                                                                                                                                                                                                       |
| KPI B6.3                                  | Description of practices relating to observing and protecting intellectual property rights.                                                                                                                                                                                                    | We have in place an Intellectual Property Rights Policy to protect the intellectual property rights of HKT, its customers and business partners. We prohibit any act of violation of intellectual property rights in our business operations. For details, please refer to:<br>5. Our Customers |



| B. Social                                |                                                                                                                                                                                                               | HKT's Comments                                                          |
|------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| Operating Practices                      |                                                                                                                                                                                                               |                                                                         |
| <b>Aspect B6: Product Responsibility</b> |                                                                                                                                                                                                               |                                                                         |
| KPI B6.4                                 | Description of quality assurance process and recall procedures.                                                                                                                                               | 5. Our Customers<br>> 5.3 Customer Service and Satisfaction             |
| KPI B6.5                                 | Description of consumer data protection and privacy policies, how they are implemented and monitored.                                                                                                         | 5. Our Customers<br>> 5.4 Customer Data Privacy and Security            |
| <b>Aspect B7: Anti-corruption</b>        |                                                                                                                                                                                                               |                                                                         |
| General Disclosure                       | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br><br>relating to bribery, extortion, fraud and money laundering. | 1. Corporate Social Responsibility at HKT<br>> 1.3 Ethics and Integrity |
| KPI B7.1                                 | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.                                            | 1. Corporate Social Responsibility at HKT<br>> 1.3 Ethics and Integrity |
| KPI B7.2                                 | Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.                                                                                                    | 1. Corporate Social Responsibility at HKT<br>> 1.3 Ethics and Integrity |
| <b>Community</b>                         |                                                                                                                                                                                                               |                                                                         |
| <b>Aspect B8: Community Investment</b>   |                                                                                                                                                                                                               |                                                                         |
| General Disclosure                       | Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.                        | 4. Our Community                                                        |
| KPI B8.1                                 | Focus areas of contribution.                                                                                                                                                                                  | 4. Our Community                                                        |
| KPI B8.2                                 | Resources contributed to the focus area.                                                                                                                                                                      | 4. Our Community                                                        |



In case of discrepancy between the English version and the Chinese version of this Environmental, Social and Governance Report, the English version shall prevail.

**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)

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

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