

Environmental, Social and Governance Report

At a Glance

2018



OUR CSR VISION

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

OUR CSR MISSION

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

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

ABOUT HKT

HKT is Hong Kong’s premier provider of telecommunications services and the leading operator in fixed-line, broadband and mobile communications services. 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.

Some of our more recognizable brands are:



ABOUT THIS REPORT

This Environmental, Social, and Governance (“ESG”) report, prepared in accordance with the ESG Reporting Guide of The Stock Exchange of Hong Kong Limited, 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.

This summary highlights our efforts in the following five aspects:

Our People	Page 5
Our Environment	Page 7
Our Community	Page 9
Our Customers	Page 11
Our Supply Chain Management	Page 12

For details of our corporate governance, please refer to the Combined Corporate Governance Report set out in HKT’s Annual Report 2018.

HIGHLIGHTS

The highlights below summarize the achievements of our key environmental and social initiatives in 2018:

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



HKT strives to position ourselves as an Employer of Choice. Our workforce now comprises employees of over 50 nationalities with a diverse range of expertise and background.

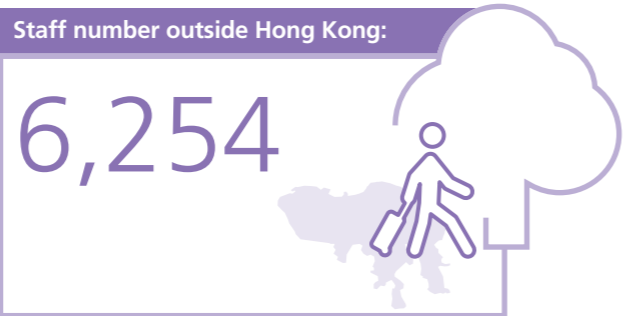
We have established robust succession and strong talent pipeline, comprehensive training and leadership programs to nurture the talents we need to fuel business growth.

In 2018, we provided 1,662 training sessions to help employees keep pace with market trends and enhance their skills.

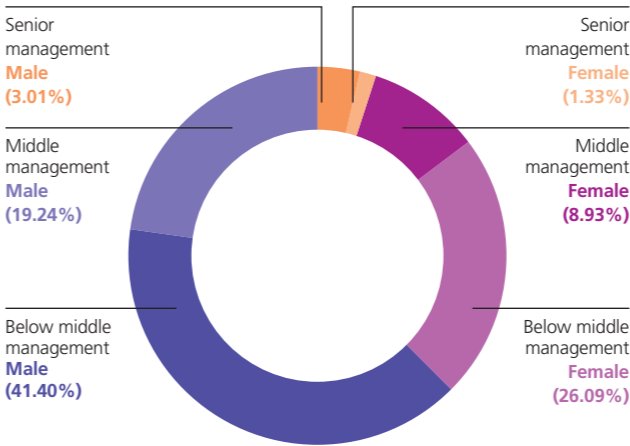
We launched a series of health and well-being programs and improved our maternity leave and paternity leave benefit in 2018.

We have established channels for employees to share feedback and suggestions with senior management, including face-to-face meetings, Let’s Chat sessions, town-hall-style gatherings, and the What’s New Out There Forum, a new initiative designed to help promote new technologies and related business developments.

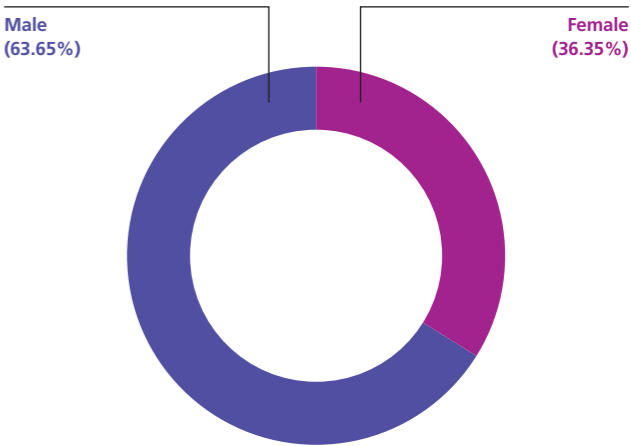
The PCCW Group is a signatory to the Racial Diversity and Inclusion Charter for Employers developed by the Equal Opportunities Commission.



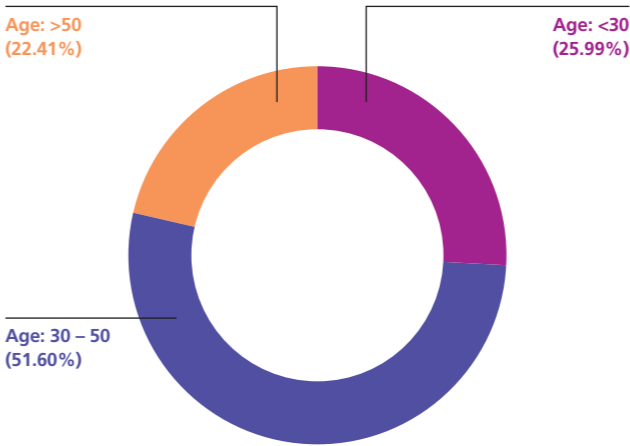
Total employees by employment category



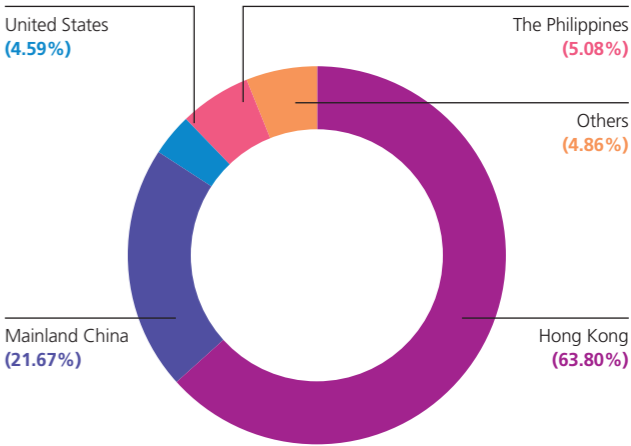
Total number of workforce by gender



Total number of workforce by age group



Total number of workforce by geographical location

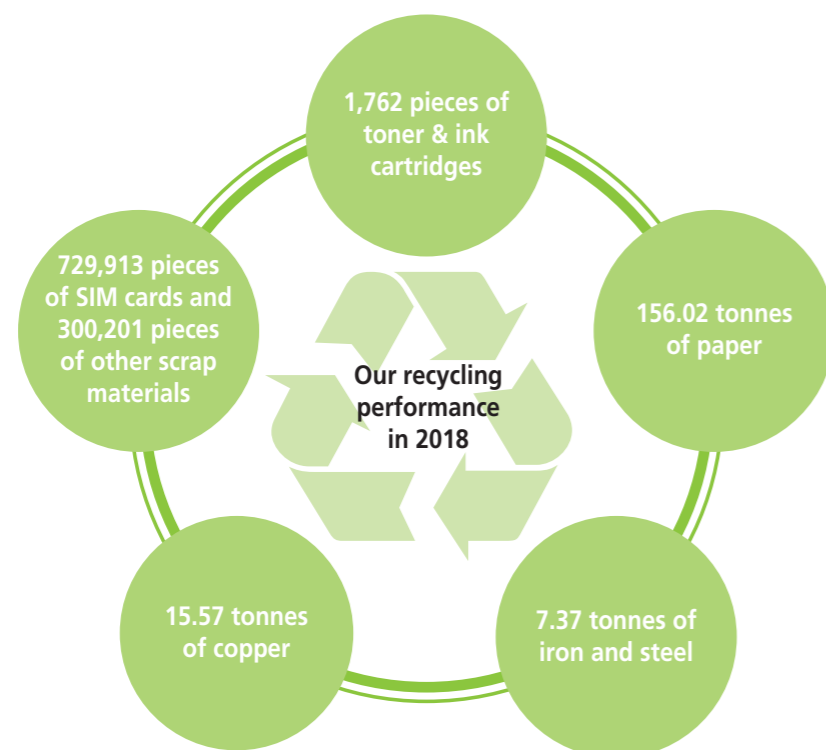
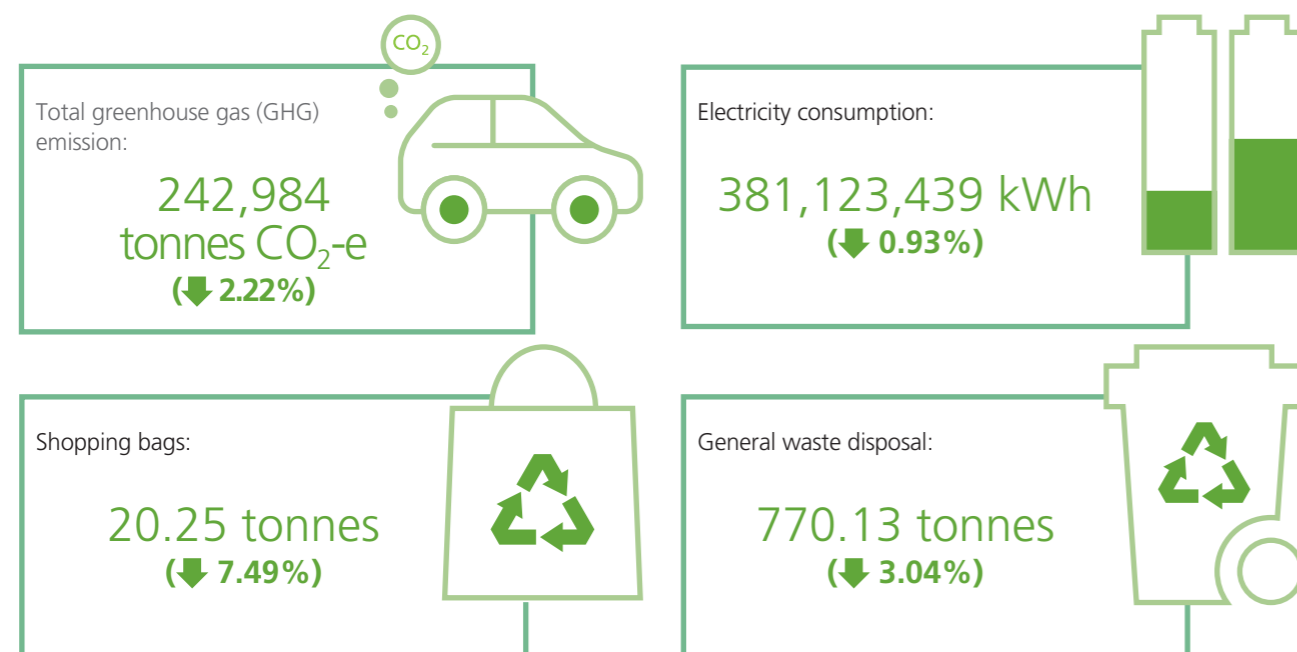




OUR ENVIRONMENT

Sustainable operations is one of our business priorities. In 2018, an Environmental Advisory Group comprising group unit heads was established under the CSR Committee to strengthen our efforts on sustainability.

Environmental performance highlights:



- We helped customers to remove over 700 pieces of **waste electrical and electronic equipment (WEEE)** in 2018.

- The **Help Yourself • Help the Needy • Help the Earth Handset Recycling Program** collected 8,137 mobile phones and accessories in 2018.

- The **Smart Charge electric vehicle (EV) charging service** encourages the wider adoption of EVs and contributes to creating a cleaner environment.

- In 2018, **electronic bills** saved over 40 million sheets of paper.



- **Programme for the Endorsement of Forest Certification (PEFC) certified papers** are used as copy paper and for printing of bills.

- We **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.

- Our **Smart Living energy management system** enables users to monitor and control energy consumption for a greener home.

- We have **stopped providing drinking straws** at our staff canteens to help reduce the use of disposable plastics.





OUR COMMUNITY

We continuously identify and support social causes through education, community volunteer services, financial donations and in-kind contributions.

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⁺



Community services highlights:

- We provided virtual reality (VR) and Smart Pama smartphone workshops to senior citizens.
- We supported the Stargaze Camp for All and the Blind 2018 to promote inclusiveness.
- We joined hands with different green NGOs, such as The Green Earth, to help clear plastic debris and waste at beaches following the super typhoon Mangkhut.
- In 2018, more than 1,700 The Club members made approximately HK\$260,000 in monetary donations and HK\$19,000 in product donations to eight charity partners by using accumulated Clubpoints.
- HKT assisted Hong Kong Red Cross to reunite a family after two decades of separation.
- Sponsorship to the Shanghai-Hong Kong-Taiwan Youth IT Summer Camp.
- Annual scholarships and bursaries to local university students.
- 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.



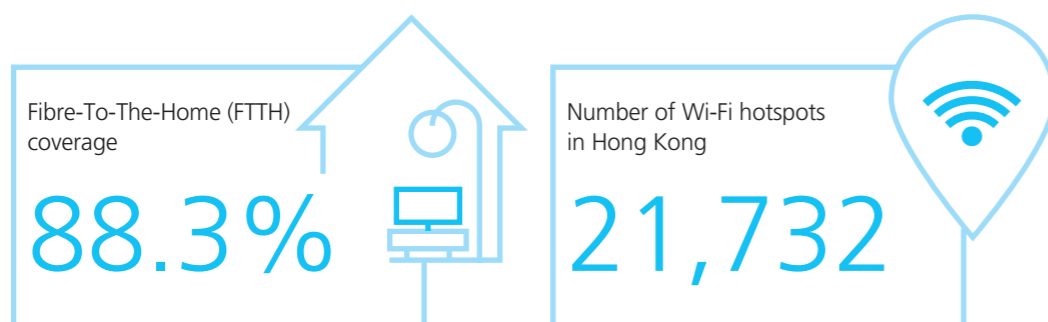


OUR CUSTOMERS

HKT considers customers as one of the most important stakeholders. We have established performance indicators to monitor the standard of services and products delivered to customers.

We achieved our service availability and service restoration targets for 2018:

	Performance Target	Actual Performance in 2018
csl		
Network Reliability	99%	100%
Service Restoration	< 60 minutes	100%
NETVIGATOR		
Network Stability	99.99%	99.99%
Service Restoration (within two calendar days)	99%	99.98%



Our customer service representatives can be reached via service hotlines, live webchat, online enquiry in My HKT portal, or at retail shops and customer service centers. In 2018, we launched the We Smile campaign to reiterate the importance of excellent customer experience. HKT received 50,824 customer compliments and won more than 140 customer service awards throughout 2018.

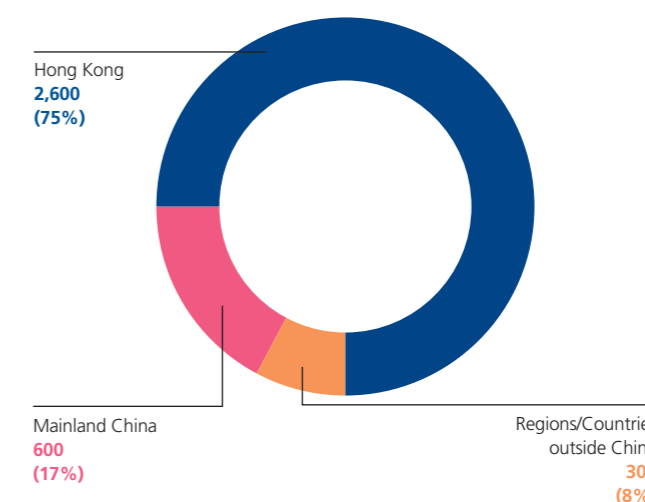
In 2018, the Group undertook a comprehensive review and revised its privacy policies and procedures to ensure compliance to applicable privacy laws and regulations internationally. Our ISO 27001-certified information security management systems are just one of the methods we employ to aid in keeping our customer information secure.



OUR SUPPLY CHAIN MANAGEMENT

The Group maintains relationship with around 3,500 suppliers globally, of which approximately 75% are based in Hong Kong.

Distribution of suppliers by geographical locations



We have in place the Group Purchasing Policy and Principles, and a Supplier Code of Conduct.

We conducted 350 supplier visits in 2018 to assess performance and remind suppliers of our policy requirements.

In 2018, we attained the ISO 9001:2015 quality management system certification which enables us to continuously improve our procurement process and achieve the highest standard of business practices and service offering.

HKT is a founding member of the Sustainable Procurement Charter launched by the Green Council.



SUSTAINABLE PROCUREMENT CHARTER
可持續採購約章

We welcome stakeholders' feedback and suggestions.
If you have any comment, please contact us at esg@hkt.com.

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



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

HKT Limited (Incorporated in the Cayman Islands with limited liability)

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

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