

**SmarTone Telecommunications Holdings Limited**

Stock Code : 0315

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2018/19

# SmarTone's Powerful Network Leads the Way to the 5G Future



**Integrating Technology with Humanity to  
Unleash Possibilities**

**5G** MAKE  
US  
SMART

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## About this report

SmarTone Telecommunications Holdings Limited and its subsidiaries (referred to in this report as “the Group”, “the Company”, “SmarTone” or “we”) are pleased to present our environmental, social and governance report. This report covers the financial year ended 30 June 2019 and is prepared in accordance with the Environmental, Social and Governance Report Guide under Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The scope of this report covers our key business operations in providing telecommunications services in Hong Kong. The Group’s operations in Macau and Guangzhou (customer service centre) are excluded from the scope as their scale is insignificant as compared to the Group’s operations in Hong Kong.

This report highlights the Group’s sustainability efforts in environmental and social aspects. For details of our corporate governance, please refer to the Corporate Governance Report included in the Group’s Annual Report 2018/19.

## Stakeholder engagement

The Group strives to create long-term value for our stakeholders. The Group maintains ongoing dialogue and engage with key stakeholders, including customers, employees, suppliers, media, shareholders, regulators and the communities, to understand their expectations and address their concerns. The Group collects views from stakeholders regularly through a range of channels such as meetings, interviews, focus group discussions, surveys and feedback programmes.

## Customer service and satisfaction

We strive to deliver outstanding experiences and meaningful value to customers. The Group’s superior service has been widely recognised, as evidenced by the service awards received from various reputable organisations during the past years.

For the year ended 30 June 2019, the Group received the following awards:

- **2018–19 Smiling Enterprise Award**  
Mystery Shopper Service Association  
*Smiling Employer Outstanding Award (1 award)*  
*Outstanding Smiling Supervisor (2 awards)*  
*Smiling Supervisor (3 awards)*  
*Outstanding Smiling Staff (1 award)*  
*Smiling Staff (8 awards)*
- **2018 Service & Courtesy Award**  
Hong Kong Retail Management Association  
*Supervisory Level Gold Award – Telecommunications Category*  
*Junior Frontline Level Silver Award, Bronze Award, Outstanding Performance Award*  
*– Telecommunications Category*  
*Retail Excellence Award Bronze Award*  
*Excellent Service Star (2 awards)*  
*2018–2019 Retail Ambassadors (10 awards)*

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- **CAHK STAR Awards 2018**  
Communications Association of Hong Kong  
*Best Mobile Network Operator – Certificate of Merit*  
*Best Fixed Network Operator – Certificate of Merit*  
*Best Brand Campaign – Certificate of Merit*  
*Digital Marketing – Certificate of Merit*
- **MARKies Awards 2019**  
Marketing Magazine  
*Best Idea: Integrated Marketing – Bronze*  
*Best Idea: Launch – Silver*
- **Asia Smart App Awards 2018/2019**  
Hong Kong Wireless Technology Industry Association  
*Samsung – The Most Creative Award*  
*Business and Commercial category – Certificate of Merits*

### Environmental protection

The Group is committed to environmental protection. It makes efficient use of resources, promote green awareness within the Group, follows eco-friendly management practices and supports community events to build a green living environment.

### Emissions

Electricity is the key source of energy for our business and our major source of greenhouse gas (GHG) emissions. Other minor sources of emissions include our transport vehicles and standby emergency generators.

The Group incorporates energy efficiency in the design and operations of its cell sites and switching centres. For example, we are deploying the new generation of radio base station equipment with lower power consumption in order to reduce the power consumption by the base station equipment in our cell sites. We have also converted some of our cell sites to non air-conditioned sites by deploying the latest models of base station equipment designed with higher tolerance to ambient temperature and hence not requiring air-conditioning. For cell sites that still require air-conditioning, we raised the upper temperature tolerance level (but still within the recommended operational range) and deployed inverter-type air conditioners to reduce the power consumption on air-conditioning. All these measures will reduce much of the carbon emission from base station equipment and air-conditioning. In addition, we have conducted research studies with academics and our equipment vendor for automatically lowering the power consumption of the cell sites at times when the traffic is lower (e.g. in the night time). Some of the initiatives resulted from the studies have been deployed in our network

By the nature of our business, the discharges into water and land, and generation of hazardous and non-hazardous waste during our course of operations is minimal.

#### Regulatory compliance

During the year under review, the Group was not aware of any incidents of non-compliance with laws and regulations that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

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## Use of resources, the environment and natural resources

In addition to our efforts in reducing power consumption by our cell sites and switching centres mentioned above, we also demonstrated our environmental concern through efficient use of resources in our daily operations.

Our entire line of retail shops uses a wirelessly operated customer management system. Frontline colleagues use the iPad to provide services to customers, including the use of e-Signature to replace paper for contract confirmation and the use of e-leaflets to replace paper-based promotional leaflets. The wireless system greatly reduces the use of paper in our sales process. We also established carbon reduction measures and progressively increase the use of high energy-efficient appliances in our daily operations to reduce carbon emissions.

Examples of our environmental-friendly measures include:

### Energy saving

- Replace T8 fluorescent tubes by LED lighting
- Reduce lighting provisions in non-working areas
- Gradually deploy intelligent fan coil units in the central air-conditioning systems to reduce energy consumption
- Install energy saving mechanism in certain offices (automatic switch off office lighting/air-conditioning in non-office hours)
- Use electrical fans instead of additional air-conditioning for overtime works in winter time when only a few staff are staying in office
- Encourage staff to switch off unnecessary lighting, equipment, personal computers and monitors in lunch time, after office hours, while away or in meeting
- Encourage staff to unplug all mobile phone chargers/adapters when they are not in use

### Green procurement

- Use suppliers/vendors with recognised environmental-friendly certificates whenever possible
- Purchase office equipment with Grade 1 energy saving labels whenever possible
- Printing paper – select those made from 100% plantation fiber and 100% chlorine free bleached

### Efficient use of paper

- Default duplex printing for digital copiers
- Encourage printing multiple pages on single sheet of paper
- Use print-on-demand system so unwanted print jobs can be deleted even after being sent to the servers
- Use scanning rather than copying for filing purpose
- Use fax server to enable viewing incoming fax on desktop computers and so reduce paper printing
- Reduce or minimise newspaper/magazine ordering in paper form. Use on-line subscription if necessary
- Encourage staff to use digital presentation for meetings, instead of printing hardcopy handouts



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### Recycling

- Use printer/fax/copier toners that can be collected/sold back to suppliers for recycling
- Participate in waste recycling schemes for collecting waste paper, used fluorescent tubes, aluminum cans and plastic bottles
- Stationeries – reuse internal envelopes and box files and encourage the use of ballpoint pen refills and mechanical pencils
- Collect festival cans and hampers (e.g. mooncake boxes) for recycling

## Employment and labour practices

### Employment

At SmarTone, we strive to provide an engaging, respectful and caring work environment to our employees. We embrace two ways communication. We conduct regular employee survey to take the pulse and use different internal communication channels to create line of sight to engage our employees at all levels. We provide training and development platform to support employees' career progression. We reward and recognise performance and behavior through pay, incentives and recognition award programs.

The Company care for the well-being of our employees. We encourage work-life balance through a variety of work practices. We implemented Flexi Working Hours since 2017 to support employees' needs in reporting duty. We built staff lounges/breastfeeding rooms in the main offices to address the needs of new working mothers. We grant a half-day paid "Family Leave" once every quarter to allow employees time off to take care of their families.

The Company also held a variety of staff activities throughout the year, which include health talks, happy Friday drinks, festive delights, workplace massage session, sport events, etc.

The Group is an equal opportunity employer. All employees enjoy equal employment and career opportunities and no employee shall be disadvantaged because of sex, pregnancy, disability, marital status, family status, race, age, religious, beliefs or sexual orientation.

We believed that all employees have the right to work in an environment free of discrimination, harassment, vilification, and victimisation. The Group will not tolerate such behaviour under any circumstances.

### Regulatory Compliance

During the year under review, the Group was not aware of any incidents of non-compliance with laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

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## Health and safety

The Group is committed to providing employees with a healthy, safe and secure work environment that is free from all recognised hazards.

We incorporate workplace safety in the design and operations of our premises and the way we conduct business. First aiders and first aid box administrators are assigned for each office, shop and facility of the Group. Employees can assess information on occupational safety and hygiene awareness through a dedicated section in the Group's intranet. All accidents at work are properly reported and handled with due care.

### Regulatory compliance

During the year under review, the Group was not aware of any incidents of non-compliance with laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards.

## Development and training

SmarTone is committed to offering learning and development opportunities for all staff members in meeting the Group and business needs.

On-boarding training and orientation are provided to help new recruits get familiar with SmarTone and equip them to handle their daily works. The Human Resources Department organises numerous internal training for employees in all ranks throughout the year, covering a wide range of topics including business knowledge, legal and regulatory updates, communication skills, personal development, IT skills, etc. The Group also sponsors suitable employees to participate in external work-related training activities held locally or overseas. A new Learning Management System "SmarLearn" was introduced during the year to digitalise the workflow of training management and help employees to review their training history and plan for their training needs more efficiently.

We also encourage staff to understand the operations of working partners through job attachment. By joining the Group's "Job Attachment Programme", the participants will be posted to another cross-divisional department for a period of one to three months so that they can broaden their work experience and knowledge about the Group's business and operations and learn working partners' practice for better collaboration.

## Labour standards

The Group adheres to applicable labour standards and strictly prohibits the use of child or forced labour in its operations. Our suppliers and contractors are expected to follow similar standards of labour practices when collaborating with us.

### Regulatory compliance

During the year under review, the Group was not aware of any incidents of non-compliance with laws and regulations that have a significant impact on the Group relating to preventing child and forced labour.



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## Operating practices

### Supply chain management

The Group has a fair and open process in dealing with vendors. We will conduct competitive bidding/tendering for purchase of products and services.

The selection of the supply source is determined in a fair and unbiased manner. Due considerations are given to both technical and commercial aspects covering product quality, delivery commitment, satisfaction of service to meet our purchase needs as well as price performance. In evaluation of our supply source, credits will be given to vendors who have a corporate green policy for their products, production and manufacturing process in reducing wastage and protecting the environment.

### Customer data privacy and security

Our employees will routinely handle or process personal data relating to the Group's customers. Employees will only collect and use personal information or data for legitimate regulatory, customer service and the Group's business purposes. They will:

- take all reasonable steps to keep personal data confidential and will only disclose this information to personnel in the Group that need to have access to the information for the purposes for which it was collected; and
- at all times respect any confidential and/or data protection obligations which may be in an agreement between the Group and a third party.

The Group's Information Security Division defines the policy on customer information access while the Information Services Division operates a range of controls to secure information properly against accidental or unlawful destruction, accidental loss, alteration, unauthorised disclosure or access and all other unlawful forms of processing.

The privacy policy forms part of the Group's Code of Conduct for employees and is clearly set out in the Employee Handbook. All employees are required to strictly follow.

The Group has installed a cyber security framework consisting of multi-layered defense through People, Processes and Technology. The layers of defense, in sequential order, are:

- People, processes, policy, practices
- Physical security (data centres, office)
- Network perimeter security (Internet facing)
- Internal network security
- PC and server security
- Application security
- Data security

The Group provides regular security awareness and technical trainings to all levels of staff. Reinforcement reminders and alerts are sent to all staff as necessary.

The Group has set up an Information Security Committee ("ISC") which is chaired by the Chief Technology Officer. The ISC is composed of the technical team heads and the information security team. It holds monthly meetings to review latest cyber threats and risks, review effectiveness of implemented security controls, and provide direction for further improvements. Well-documented Information Security Policy is in place. External and internal information security assessments are carried out regularly.

The Group deploys state-of-the-art technology to protect its data.

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## Product responsibility

We strive to adhere with all applicable laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to products and services of the Group.

As holder of telecommunications licences in Hong Kong, the Group takes proper and adequate safety measures for the safeguarding of life and property in connection with all installations, equipment and apparatus operated or used, including safeguarding against exposure to any electrical or radiation hazard emanating from the installations, equipment or apparatus operated or used by the Group. The Group complies with the safety standards and specifications as may from time to time be prescribed by the Communications Authority and any directions of the Authority in relation to any safety matter.

The Group strictly adhere to the requirements of the Trade Description Ordinance when conducting its business. Internal training, delivered by legal practitioners, has been given to staff who are responsible for sales and marketing.

### Regulatory compliance

During the year under review, the Group was not aware of any incidents of non-compliance with laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

## Anti-corruption

All employees are expected to conduct business lawfully and ethically and are prohibited from accepting, offering, promising or payment of bribes from or to any individuals, companies or government officials.

Employees are required to avoid any conflicts of interest, actual or potential, which will put the Group's interests and reputation at stake. All employees must declare to the Group any interest, direct or indirect, that they or members of their immediate family may have in any business or other organisations that would conflict with the interest of the Group.

While the Group has set in place policies, procedures, codes and guidelines to ensure that the highest standards of conduct and integrity are observed by employees, employees may still spot malpractice and wrongdoing within the Group during the course of employment. It is the obligation of all employees, including contractual, part-time and temporary employees, to report it in accordance with the reporting procedures set out in the Whistle Blowing Policy, which aims to provide a secured and confidential channel for employees to report such cases directly to the CEO, Executive Directors and the designated Whistle Blowing Officers.

The above-mentioned policies on bribes, conflicts of interest and whistle blowing form part of the Group's Code of Conduct for employees and are clearly set out in the Employee Handbook. All employees are required to strictly follow.

### Regulatory Compliance

During the year under review, the Group was not aware of any incidents of non-compliance with laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering.

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## Community

SmarTone is dedicated in corporate social responsibility and is actively engaged in a wide range of social service activities to contribute to the Community.

### Caring for the community

SmarTone regularly offers volunteering opportunities to our staff and actively promotes volunteering in an effort to give back to the community directly. These activities are organised by passionate individuals in the SmarTone Volunteer Service Team. Through their efforts, SmarTone staff have touched the lives of many and expanded their own minds in the process. SmarTone has been awarded by the Caring Company Scheme every year from 2002/03 until now.

Employees who actively participate in volunteering activities of the SmarTone Volunteer Service Team will receive additional paid leave as a token of appreciation by the Company.

During the year under review, SmarTone organised or participated in many social service activities, including the following:

- **Super Smart, Super Park**  
Our volunteers took a group of foster children from the Hong Kong Family Welfare Society to a mega indoor amusement park for summer party and to enjoy the adventure facilities in the park.
- **Elderly Home Visit for Mid- Autumn Festival**  
A group of volunteers visited senior citizens in Tokwawan district in celebration for the Mid-Autumn Festival.
- **Smart Robot Workshop**  
We used the UBTech Jimu Robots as teaching tools to inspire children's interests in science, technology, engineering, art, and mathematics, creating a relaxing environment for STEM learning.
- **Rummikub Competition with the Elderly**  
Our volunteers played Rummikub with the elderly from HKSKH Lok Man Alice Kwok Integrated Service Centre at a friendly competition environment.
- **Christmas Jumper Day**  
In support of the fund-raising initiative of Save The Children Hong Kong, the Company held the Christmas Jumper Day on 21 December 2018 and set up charity booth in the office to facilitate our colleagues to donate on the spot.
- **Meal Delivery for the Needy**  
Our volunteers spent a day with the People's Food Bank of St. James' Settlement, help prepare meal boxes and deliver them by hand to deprived people in Kowloon East, including the needy elderly with physical disability, low-income persons, households on Comprehensive Social Security Assistance, etc.
- **Cooking Class for the Elderly**  
Our volunteers joined a group of elderly for a DIY cooking class, preparing salad, pizza and desserts with much fun.

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## Grooming talents

SmarTone organised a number of programmes to unleash the potentials of children, inspire the young generation as well as nurture outstanding technical professionals. The programmes include:

- **SmarTone Hackathon**

The second SmarTone Hackathon was held on 20–21 October 2018. With the objective of nurturing talents, promoting creativity, facilitating cross-industry collaboration and showing support for Property Technology (also known as Proptech), the competition once again set its theme as “Smart Properties”. A wealth of developers, designers and start-ups from Hong Kong, the Greater Bay Area, South East Asia, Europe and America gathered at the event, competing head-to-head on “Smart Life” and “Smart Property Management” challenges over a period of 24 hours.

- **Summer Click @ SmarTone**

In July 2018, we held our second “Summer Click @ SmarTone” which is a 5-day summer work experience programme specifically designed for the youngsters. 16 secondary students have joined the programme. The programme included visits to our retail store, Contact Centre, Engineering & Operations Division and the Innovation Hub. They were also posted to different departments for work placements and to complete designated assignments. The participants are expected to deepen their understanding of the telecommunications industry through these days of activities.

- **Girls Go Tech (“GGT”) Alumni Programme**

SmarTone is a corporate sponsor of The Women’s Foundation’s GGT Alumni Programme. GGT Programme aims to encourage junior secondary school girls from under-privileged backgrounds to pursue traditionally male-dominated STEM-related subjects to maximise their future career options. The GGT Alumni Programme provides a self-learning and information sharing platform to further develop GGT Alumni’s interest in STEM by providing them with advanced and engaging learning experiences throughout their secondary education.

## Charity events

Our colleagues also actively participated in the annual SHKP Vertical Run for Charity – Race to Hong Kong ICC and Sun Hung Kai Properties Hong Kong Cyclothon, raising funds to support welfare projects targeting underprivileged children and youths in Hong Kong.

SmarTone also sponsors many charitable activities. For example, for the 30-Hour Famine Camp held in April annually, by World Vision, we have been providing on-going support to the event by offering SIM cards and mobile broadband devices for mobile services and internet connectivity respectively during the event.

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## Environmental key performance indicators

Year ended  
30 June 2019

### Emissions

Total greenhouse gas emissions (mainly from use of electricity under Scope 2) 55,198 tonne CO<sub>2</sub>e

### Energy consumption

Electricity 99,870 MWh  
Gasoline and diesel 418 MWh

### Paper consumption

Paper consumed (printing paper used during the course of business in offices, retail shops and stores) 22,612 kg  
Paper recycled (all kinds of paper collected during the course of business and sent to recycling) 47,701 kg