

SmarTone Telecommunications Holdings Limited

Stock Code : 0315



# Environmental, Social and Governance Report 2016/17

**4.5G**  
POWERFUL  
NETWORK

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## About this report

SmarTone Telecommunications Holdings Limited and its subsidiaries (referred to in this report as “the Group”, “SmarTone” or “we”) are pleased to present our first environmental, social and governance report. This report covers the financial year ended 30 June 2017 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 is 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 2016/17.

## 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 2017, the Group received the following awards:

- **eCommAs Awards 2017**  
Marketing Magazine  
*Best E-Commerce Merchant (Telecommunications) — Gold*  
*Best Omni-Channel Process — Silver*
- **Smiling Enterprise Award 2016/17 — Telecommunications Sector**  
Mystery Shopper Service Association  
*Smiling Employer Outstanding Award*  
*Outstanding Smiling Supervisor*  
*Smiling Supervisor*  
*Outstanding Smiling Staff (2 awards)*  
*Smiling Staff (3 awards)*  
*Smiling Enterprise Merit Award*

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- **Consumer Caring Scheme 2016**  
GS1 Hong Kong  
*Consumer Caring Company*
- **2016 CAHK STAR Awards**  
Communications Association of Hong Kong (CAHK)  
*The Best Mobile Network Operator — Gold Award*  
*The Best Brand Campaign — Silver Award*  
*The Best Enterprise Service — Silver Award*

## 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 and higher tolerance to ambient temperature in order to reduce the power consumption by the base station equipment in our cell sites. We are also converting some of our cell sites to non air-conditioned sites by deploying the latest models of base station equipment that do not require 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 are also conducting 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).

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.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 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. A “paperless” retail process is adopted for our retail shops so that the use of hard copies for sales documents and promotion leaflets are kept to the minimum.

Other environmental-friendly measures we currently adopt include:

### Energy saving

- Replace T8 fluorescent tubes by LED lighting in headquarter office
- Reduce lighting provisions in non-working areas
- Install energy saving mechanism in our Engineering office (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 job 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

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 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

People are the Group's most valuable assets. The Group believes in communicating with staff and giving them training and career development opportunities. It also recognises good performance. It provides a variety of activities for staff to help achieve a balance between work and life.

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

It is 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.

As part of our continuous efforts in listening to the staff, the Group held an Employee Engagement Survey in May 2017. The objective is to help management find out what the employees think and feel about working at SmarTone, and identify what factors drive employee engagement and higher job satisfaction. We appointed an independent consulting firm to administer the survey. The independent consulting firm was responsible for survey collection, data analysis, report writing as well as results presentation to the management team. All employees' responses are kept strictly confidential by the consultant so that no one at SmarTone could associate the responses to any individual employees. Through this confidentiality arrangement, employees could freely express their views to the consultant. The response rate to the survey is encouraging. Management studies the results and develops action plans in response to the collective feedback and suggestions accordingly.

### 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.

### 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.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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.

In addition to workplace safety, we also advocate the concept of healthy living and work-life balance. Human Resources Department organises various sports and recreational activities for employees so that they can relax after a busy day at work. The sports and recreational activities held during the year include:

- Different kinds of sports/teambuilding activities
- Family art jamming
- Latte art workshop
- Bowling competition
- Christmas party with families
- Preserved flower workshop
- Hand-stitched leather card holder workshop

## 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 providing 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. A "Learning Hub" is available on the Group's intranet that facilitate staff's self-learning at any time they find convenient. The Group also sponsors suitable employees to participate in external work-related training activities held locally or overseas.

The Group provides opportunities for staff to broaden their horizon through the "Job Attachment Programme". By joining the programme, the employee will be posted to another department of the Group for a period of one to three months. The purpose is to broaden the participant's relevant work experience and knowledge about the Group's business or operations and learn working partners' practice for better collaboration.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 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.

## 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.

### 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.

### Health and safety

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.

### 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.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group's 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.

## **Trade description**

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.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Community

The Group engages in a wide range of social service activities to contribute to the community. The Group has set up the SmarTone Volunteer Team. Employee are encouraged to participate in the volunteering activities to help those in need.

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

- **Rummikub competition with the elderly**  
Our volunteers played Rummikub with the elderly from H.K.S.K.H. Lok Man Alice Kwok Integrated Service Centre at a friendly competition environment
- **Blood donation days**  
Two donation days were held during the year with encouraging response from staff
- **Household cleaning for the elderly**  
We helped a number of senior citizens to tidy up their flats in preparation for the upcoming New Year
- **Christmas party with underprivileged children**  
With collaboration with the Hong Kong Family Welfare Society, our volunteers had a good time with children from Foster Care Service
- **“Food for Every Child” activity organised by World Vision**  
Staff members skipped their meal and/or donate the meal money to help starving children in underprivileged countries
- **Culture tour with the elderly**  
We organised a half-day tour and accompanied the elderly to visit the Jao Tsung-I Academy in Lai Chi Kok

On top of the social service activities mentioned above, our employees, through a fund-raising competition, also donated approximately HK\$109,000 to Principal Chan Free Tutorial World which provides free learning support and talent scholarship to the underprivileged children who have financial difficulties.