

TELECOMMUNICATIONS



The Telecommunications division plays an important role in connecting over 100 million people across 12 markets to their personal and business networks. The division is committed to contributing to sustainable living by providing connectivity and innovative services to customers, while building the trust of stakeholders by behaving ethically and responsibly.

Key Sustainability Achievements in 2019

- Formed a Climate Working Group for CKHGT.
- Committed to CDP disclosure for CKHGT.
- **3** UK won UK's Best Network for Data as voted by the Mobile Choice Consumer Awards and was named Best Network for Roaming at the uSwitch Mobile Awards 2020.
- The division's business in Europe adopted to a new control system to address the new requirement of General Data Protection Regulation ("GDPR").
- Green electricity accounted for about 80% of Hi3G Access AB's total electricity consumption.

Key Sustainability Initiatives in 2020

- Disclose climate impact for the first time via the CDP reporting mechanism.
- Set emissions target for CKHGT that is consistent with the methodology and ambition of the mobile sector pathway in alignment with the GSMA.
- Review energy mix.



Read more on
CK Hutchison Group Telecom's
corporate website



 **> 100 Million**
CUSTOMERS

 **> 7,000 Petabytes**
OF DATA USED

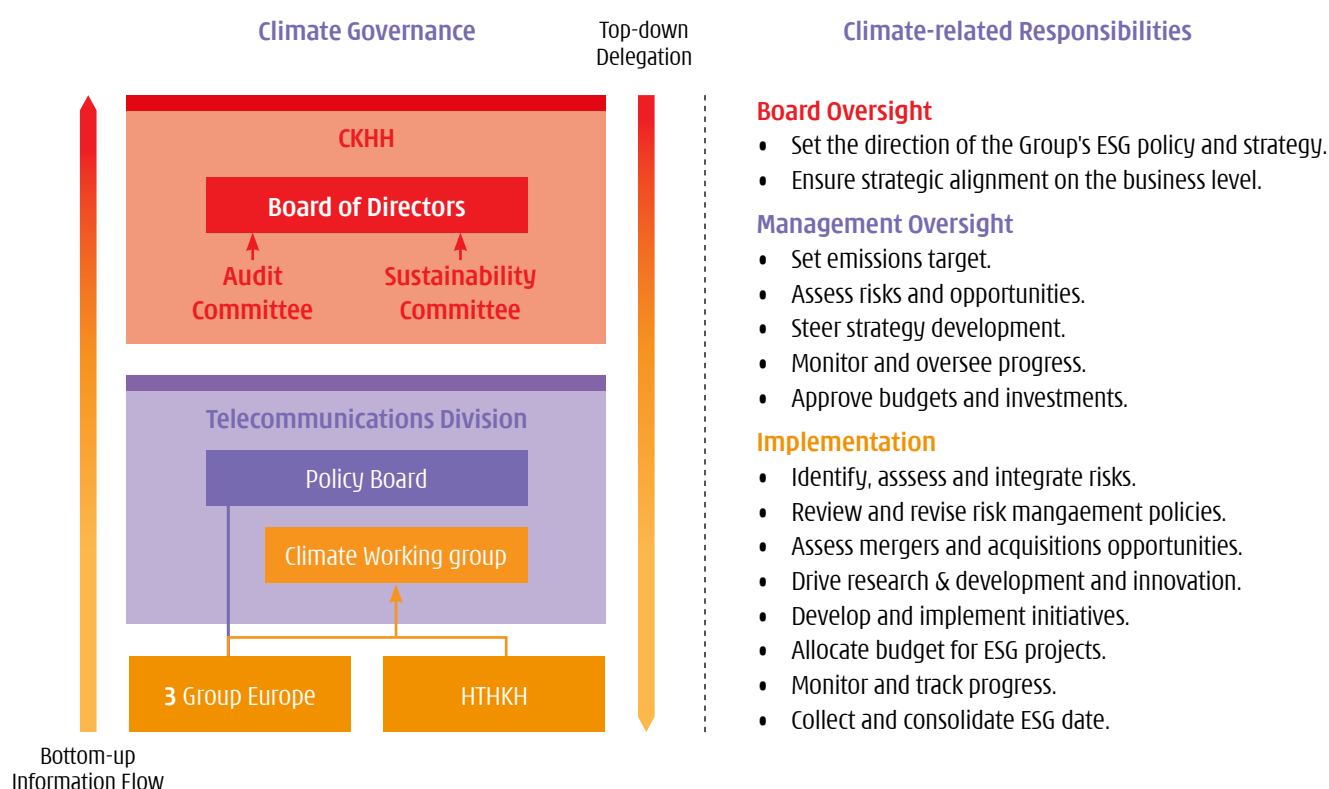


9.1. Sustainability Governance

Formed in 2019, CK Hutchison Group Telecom Holdings Limited ("CKHGT") comprises the telecom business units in Austria, Denmark, Ireland, Italy, Sweden, and the UK (under 3 Group Europe) and in Hong Kong and Macau (under Hutchison Telecommunications Hong Kong Holdings ("HTHKH")). One of CKHGT's first key initiatives was to establish a Climate Working Group to drive and accelerate climate-related mitigation and adaptation across network infrastructure, better facilitate climate and environmental sharing between business units, and establish an emission reduction target.

The Climate Working Group, which consists of representatives from 3 Group Europe and HTHKH, reports directly to the Policy Board of CKHGT which includes the CEOs of 3 Group Europe and HTHKH.

The Policy Board of CKHGT is responsible for overseeing and steering the Climate Working Group. Climate-specific responsibilities have been assigned to the CEOs on the Policy Board. At the business unit-level, climate-related responsibilities have also been identified for 3 Group Europe and HTHKH.



9.2. Product Responsibility (Building Trust through Reliability and Quality)

9.2.1. Commitment

As a leading global operator of telecommunications and data services, the Telecommunications division endeavours to create a better everyday life and deliver sustainable value to its customers through providing reliable, safe and high-quality products and network services.

9.2.2. The Challenges

The Telecommunications division serves approximately 100 million customers. The telecommunications industry

is rapidly changing and companies have to build trust and meet the customers' rapidly growing demand for faster speeds and wider coverage. Maintaining customers trust and loyalty, however, is not merely about providing the latest handsets and digital devices, but also to provide customers with flexibility and choices in their services so that they can better communicate and enrich the way they live and work.

9.2.3. Initiatives

9.2.3.1. Broad and Easy Choices for Quality Products and Services

The Telecommunications division aims to enrich their



customer's lifestyle through digital connectivity. As a pioneer of mobile data telephony, the Group's telecom business units ushered in a new age of connectivity early this century.

For example, **3 UK** carries more data than any other UK network. Its customers use 3.5x more data than the average Brit. The range of great data plans and reliable network enabled the company to beat its competitors. In 2019, **3 UK** won UK's Best Network for Data as voted by the Mobile Choice Consumer Awards and was named Best Network for Roaming at the uSwitch Mobile Awards 2020.

3 UK's network reach covering more than 99% of the population and availability of core network maintained at over 99%.

In 2019, mobile customers in Europe used over 4,054 petabytes of data, a 35% increase from the previous year and with 5G beginning to be rolled out in several countries and faster speed devices being launched, data usage is expected to continue to increase. To deal with the anticipated demand, the network teams are already planning the development several years ahead.

While the general public have quickly adopted these new technologies, the telecom business units are also helping bridge the digital divide by providing

data plans, digital devices as well as training to disadvantaged community groups.

9.2.3.2. Employee Training on Customer Services

The Telecommunications division aims to improve the skills and professionalism of customer services personnel.

A considerable increase in the e-Learning channel's usage was recorded by Wind Tre, with training hours exceeding 15,000 for Customer Care personnel.

3 Denmark launched a behavioural campaign named "As on a first date" towards customer service and store staff. Employees were trained to follow four directions of "Be Obvious", "Be Curious", "Do You Worry" and "Follow to the Door" during their conversations with customers to offer them the best possible experience in these channels.

9.2.3.3. Customer Engagement

Increasing interaction and engagement with customers is important to improve brand loyalty as well as to identify areas of improvement for the long term sustainability of the company.

Various workshops and events were held to collect and act on customers' feedbacks with due care and in a timely manner. Social media and other platforms are



also used to obtain feedback and to troubleshoot issues in their early stages.

In addition to focus groups, many business units also held large-scale events to promote creativity and camaraderie. For example, in 2019, 3 Indonesia led a massive and countrywide multiple university programme known as Bima Day, to encourage millennials to create, perform and sign up with films, dance music and e-sports. Over 12,000 people from 25 universities participated.

9.2.3.4. Development and Dissemination of Parenting Guide

The Telecommunications division aims to strengthen parents' knowledge and better enable them to take responsibility for and support their children in using social media, online games and other digital services in a safe and secure way.

Together with industry partners and the Media Council for Children and Adolescents, 3 Denmark continued to contribute to the development and dissemination of a parenting guide which was released back in 2015. The guide targets parents of 7-12 year old children and offers knowledge, advice and recommendations on children's lives, play and learning with the Internet, social media and games. For more information, please refer to the [Parenting Guide](#).

Later, an updated version was relaunched, which not only acquaints parents with the rights their children have in relation to the Personal Data Regulation, but also sheds light on new terms and concepts that fill in children's everyday lives. In March 2019, a supplementary materials were further published, making it easier for parents to strengthen dialogue between home and school in relation to the digital well-being and culture in the classroom.

9.3. Data Privacy

9.3.1. Commitment

The protection of personal data is fundamental to preserving the trust of customers and employees. The division is committed to safeguarding and protecting the personal data of its customers and employees. Employees must only collect and use personal data in accordance with applicable data protection laws, as well as the Group's policy on Personal Data Governance and local policies and procedures of the Telecommunications division.



9.3.2. The Challenges

In the telecommunications industry, data privacy and protection is a key issue due to the regulatory obligations and the increasing customer concern on how their personal data are used, in the context of an extremely dynamic environment in which its business model and related technologies are changing constantly.

Each business unit handles an immense amount of customer information in varied systems and platforms. Any significant loss of data would entail considerable risk for the Telecommunications division in terms of customer concern, reputational damage and economic loss. Therefore, the division's management is directly responsible for managing and protecting customers' personal and non-personal data.

9.3.3. Initiatives

9.3.3.1. Enhancement of Data Privacy Policies and Control Systems

The Telecommunications division's policies on data privacy and security are primarily designed according to relevant regulatory requirements. Also, a Privacy Notice was developed and made available on the business units' websites or included in the sales agreement to clearly state the type of personal data processed and rights of customers.

In addition, the division's business in Europe has been adopting a new control system to strengthen governance, risk management and compliance to minimize the risk of data privacy breach.

For example, Wind Tre has adopted a Governance, Risk Management and Compliance system (eGRC) that allows it to monitor the entire data processing chain, as well as to analytically assess the level of compliance of each system involved. In consideration of the provisions

of the General Data Protection Regulation, new analysis and verification processes were developed (e.g. Privacy by Design and by Default) in 2018 and have been implemented on a company-wide scale. As a response to securing data and supporting customer needs, a privacy and customer protection unit, information security unit and corporate security governance unit are established to handle data privacy related matters.

3 Denmark and 3 Sweden have adopted a new central data protection system, introduced new governance controls, conducted processing mappings and increased the information flow about personal data processing to customers through direct channels.

In other business units, they have also amended their policies and strengthened controls to ensure compliance with relevant data privacy laws. Customers are also able to exercise their rights to access and correct any personal data which they have provided via multiple application channels.

9.3.3.2. Data Privacy Training and Campaign

Employees handle customers and company data on a daily basis. To ensure employees understand relevant data privacy laws, the division provides related trainings regularly.

Every business unit has regular internal communications and workshops for customer-facing employees to reinforce the importance of customer data protection and to ensure employees stay up-to-date with the latest requirements and development of the relevant rules and regulations. Similar trainings were also provided to subcontracting staff who handle customer personal data.

The division also uploads its data privacy related operational guidelines, handbooks and procedures to the intranet or dedicated website for easy access by employees.

9.3.3.3. Incident Management

When a Data Security Incident ("DSI") occurs which involves personal data, the division aims to mitigate the potential consequences and to secure personal data from further unauthorised access, use or damage as quickly as possible.

The division responds rapidly and in accordance with applicable DSI procedures, which may include notifying the Privacy Authorities and/or affected individuals if required. In the event of a DSI involving personal data, the Legal Department is alerted immediately. Further guidance on notification and handling of DSI is issued from time to time.



9.4 Labour Management

9.4.1. Commitment

The Telecommunications division aims to create customer experiences that moves and connects people. To achieve that, the division must first create a better-connected life for employees, and be committed to treat people with dignity and respect and offer equal opportunities to all members of the society.

9.4.2 The Challenges

The telecommunications industry is a traditionally male-dominated industry. According to Global Gender Gap Report 2020 issued by World Economic Forum, the gender disparity is alarming for science, technology, engineering and mathematics ("STEM") careers, in which less than 25 % of workers in Data and AI, Engineering and Cloud Computing roles are female. To fulfil the division's aspirations, a focus is on increasing women's participation in the workforce and helping more women advance into leadership roles and develop in-demand skills.

9.4.3. Initiatives

9.4.3.1. Instilling Gender Parity to Ensure Equal Representation of Women in the Workplace

3 Denmark and 3 Sweden have set clear targets to increase the percentage of managerial roles and the

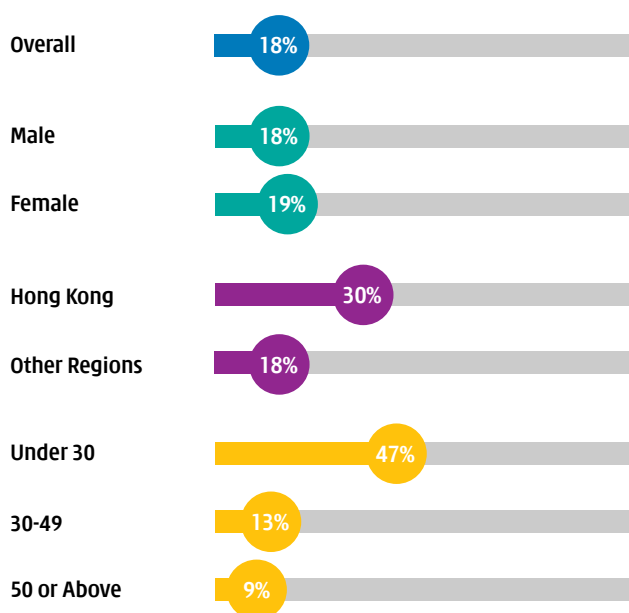
total staff positions occupied by women and have been tracking progress towards closing these gaps over time. Also, they have launched programmes and initiatives to support female managers.

3 Denmark has set itself a target of having at least two female directors by 2020, underlining the leadership shift making the company more inclusive. As at 31 December 2019, the board consisted of one woman and six men.

3 Denmark has undertaken a number of initiatives to identify and develop talent in women, which has gradually allowed the company to increase the presence of women in its workforce and in management positions.

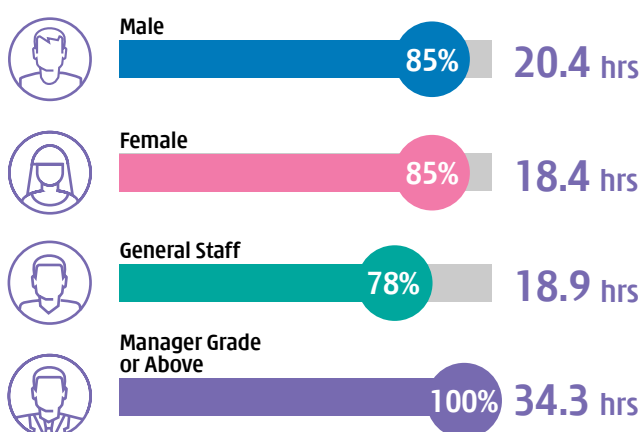
Wind Tre has participated in the European "Deploy Your talents - Stepping up the STEM agenda for Europe" campaign, which ambitiously aims to revamp the technical and scientific fields of study and to overcome their gender stereotypes, by building partnerships between schools and businesses.

Employee Turnover of Telecommunications Division



Note:
Turnover rate refers to full-time employees only, which is calculated based on the employee departure during the year, divided by the average total number of employees as at 31 December 2019.

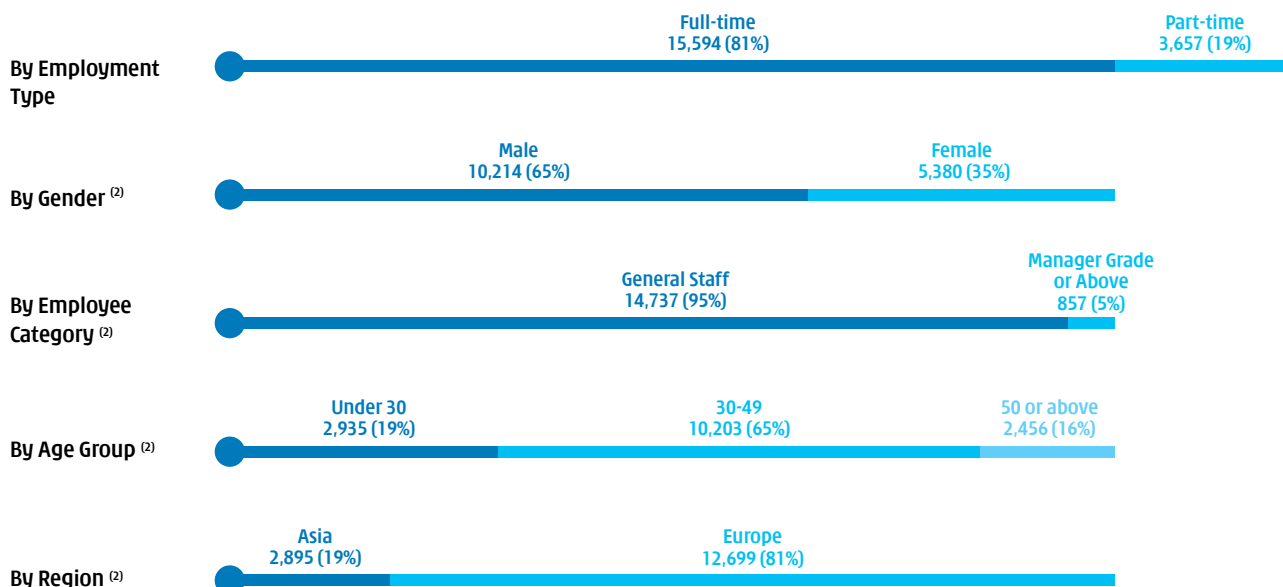
Percentage of employees of Telecommunications Division who received training ⁽¹⁾ and average hours of training per employee by gender and by employee category ⁽¹⁾⁽²⁾



Note:

- (1) Percentage of employees who received trainings covers those who are currently employed and left over the 12-month period.
- (2) The average hour of training is based on the total number of employees in respective categories as at 31 December 2019.

Employee Profile of Telecommunications Division ⁽¹⁾



Note:

(1) Figures are as at 31 December 2019.

(2) It covers full-time employees only.

9.5. GHG Emissions and Circular Economy

9.5.1. Commitment

Managing climate-related issues is among the important concerns of many stakeholders. While reducing CO₂ emissions remain one of its top priorities, the division also seeks to equip itself to be more resilient to climate risks and reduce embodied carbon throughout its supply chain.

9.5.2. The Challenges

Climate change is a global challenge that has already caused impacts on communities and disruptions to businesses. Such climate-related impact presents both risks and opportunities to its assets and businesses.

The division's operating activities are based on the use of network infrastructures, which require a continuous power supply, the growing number of connected devices and data transmitted will increase energy consumption, thereby making it difficult to reduce carbon footprint.

9.5.3 Initiatives

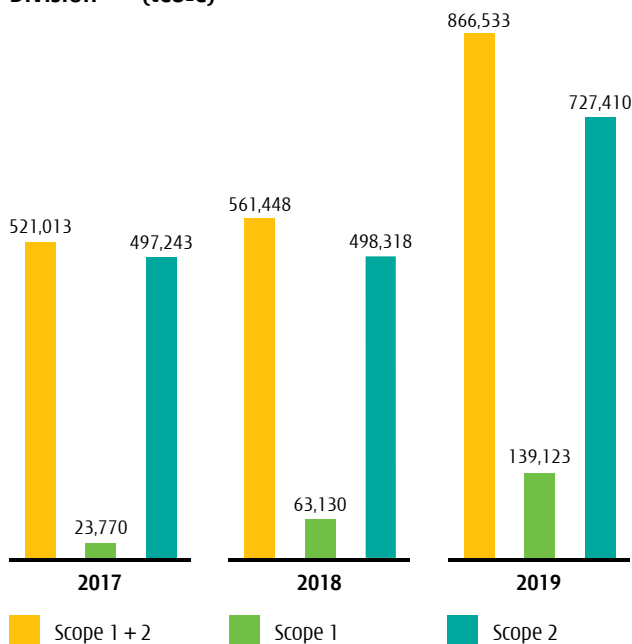
9.5.3.1. Energy Efficiency Improvements for Network Infrastructure

With the majority of the division's energy consumption coming from network infrastructure, energy efficiency is key to GHG emissions management. The division is actively upgrading its network equipment and installing energy saving features to reduce energy usage.

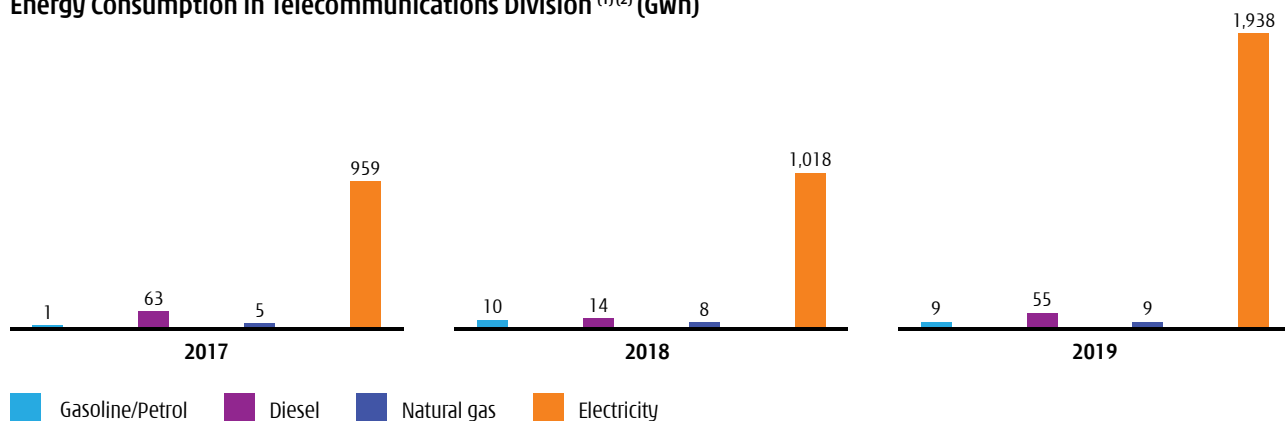
Wind Tre has been modernising its entire network in order to guarantee that it would be capable of supporting services of the latest generation, while at the same time ensuring high energy efficiency standards. Under the scheme, existing network equipment are being replaced with the latest generation models, cooling infrastructures migrate towards outdoor configurations with lower cooling energy requirements, and the technological sites are consolidated to reduce the direct and indirect energy consumption. Thanks to the energy efficiency interventions, Wind Tre has avoided over 120,000 tonnes of CO₂ over the past five years.

3 UK was the first in the UK to share its mobile network with another mobile operator, through a 50:50 joint venture company. Such arrangement allows better utilisation of the network capacity, enabling 3 UK to minimise its environmental impact by reducing the energy consumption through sharing cell sites and equipment, while providing great coverage and reliable services to customers throughout the UK.

GHG Scope 1 and 2 Emissions in Telecommunications Division ⁽¹⁾⁽²⁾ (tCO₂e)



Energy Consumption in Telecommunications Division ⁽¹⁾⁽²⁾ (GWh)



Note:

- (1) The greenhouse gas emissions and the energy consumption for 2017 and 2018 have been restated mainly due to re-categorisation of fuel type and a reporting error.
- (2) Data boundary of 2019 has expanded to include Wind Tre as it became a subsidiary in September 2018, hence the data is not directly comparable with prior years.



9.5.3.2. Sourcing Renewable Energy

While many of the European markets in which the division operates have already been using renewable energy in their energy mix, the division took a step further to explore and introduce additional renewable energy sources into the current energy mix of telecom operations to reduce GHG emissions. For example, **3** Denmark and **3** Sweden have been buying electricity from renewable energy sources to power its mobile network. This initiative has reduced the GHG emissions of **3** Denmark and **3** Sweden by more than 3,000 tonnes per year. For 2018, green electricity accounts for about 80% of Hi3G Access AB's total electricity consumption. Besides certified green electricity, **3** Denmark and **3** Sweden have also been purchased non-certified renewable energy from property owners. The goal is to reach 100% renewable electricity, where available and practicable in the future.

Besides sourcing renewable energy, the division also explored the possibilities of generating renewable energy on its own. Wind Tre has 13 grid-connected proprietary photovoltaic systems, generating 2,200 GJ of green electricity in 2018 alone.

3 Austria's headquarters launched its own solar panel system in October. In the future, **3** Austria will rely on in-house green electricity to power its headquarters.

9.5.4. Looking Forward

The division will continue to implement and roll out a series of initiatives. For example, tower asset upgrades, infrastructure modernisation, and development of more energy efficient ICT services to support sustainable development and carbon reduction. The division aims to help society transition to a low-carbon future by offering connectivity of smart, digital solutions that reduce energy use and travel and transport.

To demonstrate the division's commitment, CKHGT will be disclosing its climate impact for the first time via the CDP reporting mechanism in 2020 and is in the process of developing a Science Based Target to align its carbon emissions with the goals of the Paris Agreement. In line with the overall risk management approach of CKHGT and by adopting the recommendations of the Task Force on Climate-Related Financial Disclosures ("TCFD"), a set of climate-related risks and opportunities material to CKHGT, its assets and business are being identified and will be reviewed regularly.