

SmarTone Telecommunications Holdings Limited

Stock Code : 0315



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 2018 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 2017/18.

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 2018, the Group received the following awards:

- **Smiling Enterprise Award 2017/18**
Mystery Shopper Service Association
Outstanding Smiling Supervisor (2 awards)
Smiling Supervisor (3 awards)
Outstanding Smiling Staff (2 awards)
Smiling Staff (4 awards)
- **Telecom Asia Awards 2018**
Questex Asia
Best E-commerce Service
- **Quality Tourism Services (QTS) Scheme**
Hong Kong Tourism Board
15-year QTS Merchant Recognition

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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 are also converting 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.

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 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)

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- 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

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

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Employment and labour practices

Employment

SmarTone considers people is the most valuable assets to the Company. We communicate with them, groom them with training and career development opportunities, reward and recognise their performance through pay and incentives. We also encourage work-life balance through a variety of work practices.

The Company continues to strive to engage and care for the well-being of our employees. Staff lounges/breastfeeding rooms have been set up in the main offices. The Company also implemented Flexi Working Hours since October 2017, providing more flexible work hours arrangement to accommodate employees' needs. In addition, a series of staff programmes has been launched since April 2018, which include:

- **Regular health talk** – Experts from Health industry to speak at lunch breaks to share knowledge and experience of balanced physical and mental health
- **Friday causal dress** – Non-uniformed employees to dress in casual attire on Fridays or the day before public holidays
- **Family leave** – Additional half day paid leave granted to employees to allow them to address their family needs

These initiatives are introduced with the aim to create a more engaging and family-friendly work environment that facilitates employees to achieve work-life balance while take good care of both their careers and families.

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.

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.

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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. 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.

As part of our effort to groom talents, we run the “To be a Leader” programme to develop our frontline talents. We also arrange cross-sector visits with scalable corporations to widen staff’s horizons. During the year under review, we have visited The Ritz-Carlton Hong Kong and the Training and Development Centre of McDonald’s Restaurants to gain insight into their quality customer services.

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.

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.

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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.

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.

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.

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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.

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 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 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:

- **Save The Children Hong Kong Family Carnival**
 - Volunteer Team members devoted themselves in the event held at Lee Tung Avenue, aiming at disseminating the message of positive parenting.
- **Little Robotic Engineering Workshop**
 - The workshop was presented to over 40 primary students from Principal Chan Free Tutorial World and their parents. We used the UBTech Jimu Robots as the teaching tool to stimulate students' interest in science, technology, engineering, arts and mathematics.
- **"Cook and Fun" (「小『煮』意 • 大『玩』意」)**
 - Around 40 volunteers, foster children and their parents participated in the event. They enjoyed variety of activities including baking cookies, group games and different thrill rides in Jumpin Gym.
- **Visit to Hong Kong Film Archive**
 - Our volunteers accompanied the elderly for a guided tour to Hong Kong Film Archive, together with a lunch sharing session.

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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**
 - o The Company held the industry's first SmarTone Hackathon on 21-22 October 2017. Themed "Smart Properties", this cross-industry hackathon gave 120 young innovators, entrepreneurs and developers a unique chance to unleash their creativity in shaping new experiences and smarter ways of living.
- **Summer Click @ SmarTone**
 - o In the summer of 2017, we launched a 5-day summer work experience programme called "Summer Click @ SmarTone". We invited 17 secondary students to participate in the programme. The programme included understanding the telecommunications industry and visiting to various departments of the Company, such as retail shops, Engineering and Operations and Customer Service. They were also posted to different departments for work placements to gain "real-life" understanding of actual workflow.
- **SmarTone Talent Scholarship**
 - o The Company has set up the "SmarTone Talent Scholarship" in 2016 to recognise the outstanding students who have participated in the talent classes of Principal Chan Free Tutorial World. A total of 30 primary and secondary students won awards during the year.

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.

Environmental key performance indicators

| | Year ended 30 June 2018 |
|--|------------------------------------|
| Emissions | |
| Total greenhouse gas emissions (mainly from use of electricity under Scope 2) | 56,685 tonne CO ₂ e |
| Energy consumption | |
| Electricity | 102,167 MWh |
| Gasoline and diesel | 504 MWh |
| Paper consumption | |
| Paper consumed (printing paper used during the course of business in offices, retail shops and stores) | 1,563 kg |
| Paper recycled (all kinds of paper collected during the course of business and sent to recycling) | 2,851 kg |