

Environmental, Social and Governance Report

INTRODUCTION

This report covers the environmental, social and governance (“ESG”) initiatives of Hong Kong Television Network Limited (the “Company”, together with its subsidiaries, the “Group”) for the period between 1 January 2016 and 31 December 2016.

ENVIRONMENTAL

The Group recognises its corporate responsibility to promote environmental sustainability. We are working to integrate various environmental friendly initiatives into our operational processes with a view to reducing energy consumption, food and paper waste. Through these initiatives, we wish to see the continued improvement in reducing emission of greenhouse gas and the use of resources in our operations.

(a) Emissions

The Group is committed to reducing its carbon footprint and waste through efficient operations with a view to minimising its environmental impacts. To this end, we are working to become a simpler business, reducing complexity and increasing operations efficiency.

We operate a logistics fleet with around 120 vehicles including cold trucks. Aiming to reduce exhaust emissions, we manage to reengineer the routing and loading for the cold trucks. Our cold trucks are designed in a very unique way capable of carrying products under room temperature, 0-4 degree Celsius, and -18 degree Celsius. Through the effective use of cold trucks, we will be able to maximise the utilisation of our logistics fleet by delivering orders with products under different temperatures all together.

We make every effort to optimize the use of energy and resources to reduce air and greenhouse gas emissions. We take energy efficiency and emission performance into consideration when selecting and purchasing vehicles.

(b) Use of Resources

The Group is committed to reducing energy, water consumption, and packing material, for example, through the use of energy-efficient retrofits, air-conditioning, lighting, and water control measures, and recycle use of paper and cardboard in its operations.

We continue to promote the use of various environmental-friendly measures such as the use of motion-activated lighting, energy efficient air-conditioning systems, low-energy LED lighting, and the use of eco-friendly freezers and refrigerants. As part of our ongoing strategy, we will seek to implement the above measures across our Multimedia Production and Distribution Centre, e-Commerce Fulfilment Centre at Tseung Kwan O Industrial Estate, and O2O concept stores.

Other than electricity consumption, carton boxes are heavily used in packaging for thousands orders a day. We have now gradually replaced the use of carton boxes and paper bags with reusable plastic containers in the delivery process, hoping to significantly reduce the use of packaging materials. To change consumers’ mindset, we have been promoting the concept of “bring your own bag” through our O2O concept stores.

(c) The Environment and Natural Resources

As part of its commitment to environmental protection, the Group will regularly review and improve its business operations together with its staff members and business stakeholders with the objective to reduce environmental impacts.

SOCIAL

(a) Employment and Labour Practices

(1) Employment

It is the long-standing policy of the Group to ensure that employees' compensation, benefits and welfare are well assured. We are committed to providing equal opportunity in all aspects of employment and will not tolerate discrimination or harassment of any kind. Derogatory comments based on racial or ethnic characteristics, unwelcome sexual advances and similar behavior are prohibited. The Group has a whistleblower policy in place which provides staff members with an avenue to report improper activities or escalate complaints directly to the Audit Committee Chairman.

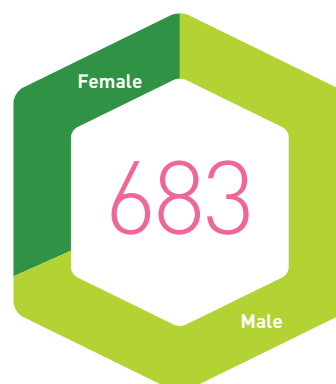
The following shows a snapshot of the total workforce by employee structure, gender, age group, and geographical region.

Employee Structure



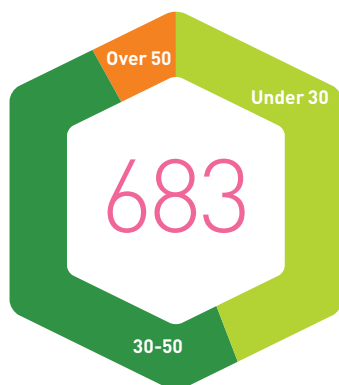
Full time 618
Part time 65

Gender Profile



Male 468
Female 215

Age Profile



Under 30 303
30-50 325
Over 50 55

Geographical Region



Hong Kong 683
Other than Hong Kong 0

Environmental, Social and Governance Report (continued)

(2) Health and Safety

The Group is committed to providing a safe and healthful working environment by following safety and health rules and practices and promptly reporting accidents, injuries and unsafe equipment, practices, or conditions to the responsible managers. We also provide our operations personnel with training on occupational safety and addressing risks associated with operations.

The Group maintains its occupational health and safety measures in an effective manner, including holding occupational safety and health seminars for employees on a regular basis.

During the reporting period, the overall lost day rate due to work-related injury was around 1% with no report on work-related fatalities.

(3) Development and Training

The Group recognises that its performance is dependent on the effective performance of employees. We are committed to improving employees' performance through effective coaching, counselling, and on-the-job development.

To meet the changing need of the Group, we have provided our staff members with on-the-job training covering essential work-related skills and knowledge. We also sponsor staff members with potential to receive external training for advanced skills and techniques. During the reporting period, three of our staff members had successfully completed the Hygiene Supervisor Training Course, rendering them qualified to supervise the operations of our licensed food factory.

(4) Labour Standards

The Group explicitly prohibits the employment of child or forced labour. Our operations are in compliance with the applicable labour laws and regulations.

(b) Operating Practices

(1) Supply Chain Management

The Group is mindful of suppliers' integrity and ability to demonstrate full compliance with the applicable laws and regulations. We do business with integrity and expect the same commitment from our business stakeholders.

Our merchant teams shall abide by the Group's policy to carry out verification check against the business stakeholders to ensure that the products or services offered by them for sale on our e-commerce platforms are up to reasonable standard and compliant with the applicable laws and regulations.

(2) Product Responsibility

It is essential that all products sold to customers through our e-commerce platforms shall be of merchantable quality and in compliance with applicable safety and labelling standards. All suppliers or merchants doing business with us are required to strictly adhere to the legal requirements. As part of our due diligence process, certain suppliers or merchants are required to ensure compliance with the applicable laws and regulations by submitting to us a declaration of compliance.

We have procedures to select business stakeholders with integrity and ability to demonstrate full compliance with the applicable laws and regulations. In addition, through contractual undertakings, they are required to, inter alia, (i) maintain its business conduct and ethics in the highest standards; (ii) ensure all products for sale are of merchantable quality, and fit for human use or consumption; (iii) maintain a valid product liability insurance where applicable; and (iv) comply with all applicable laws and regulations, including fair trade practices, product safety, and food, nutrition, and safety warning labelling requirements.

As far as food safety is concerned, our business stakeholders are required to ensure that the food products provided by them are fit for human consumption. To closely monitor food safety incidents, we have enrolled to the Rapid Alert System of the Centre for Food Safety. Through this system, we will be able to receive messages by email and fax regarding food safety incidents and take appropriate action including directing suppliers or merchants to stop selling or to recall concerned food products in a timely manner.

We recognise the importance of personal data to our business and the importance of privacy rights to individuals. We have policy in place to regulate the use of personal data and assist our staff members to comply with the data protection principles.

(3) Anti-corruption

The Group explicitly prohibits engaging in bribery and corruption in any form, fraud and money laundering. To ensure all staff members understand well the Group's policies, all new joiners are invited to attend an orientation programme and seminars regularly held for promoting law-abiding awareness. In addition, we keep refreshing their knowledge about the basic legal requirements and clearance procedures for conflict of interest through the circulation of corporate policies.

(c) Community Investment

The Group encourages its staff to take part in social or charitable events. Other than participating in food donation activities since 2015, we have recently engaged in the "Youth Upward Mobility Program" organised by a local religious group for the underserved communities. Through the participation of the program, the participants will be able to receive our training in employability skills. Going forward, we will seek to work with various local communities to identify what we can do to assist the youths and underserved communities for employment.



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