SCOPE OF REPORT

The Board is pleased to present its Environmental, Social and Governance ("ESG") report for the year ended 31 December 2017. In parallel with the report and accounts for the same period, this report provides an overview of sustainability initiatives and investments, and our performance for the year ended 31 December 2017.

This report covers the operations of TVB in Hong Kong, comprising of terrestrial TV broadcasting and programme production at its base in Tseung Kwan O Industrial Estate and the transmission sites around Hong Kong, and its digital new media business under MyTV Super Limited. The scope of this report does not cover companies in which TVB does not have a controlling interest. There has been no change in the scope of this report. For corporate governance matters, please refer to page 86 to 103 of this Annual Report.

ESG GOVERNANCE

The Board is charged with the overall responsibilities

of overseeing ESG risks. To further its sustainability efforts, the Company established the Sustainability Steering Group ("SSG") in 2017. The SSG is chaired by the Group CEO and comprises three members of Senior Management of the Company, and holds regular meetings to discuss and formulate the major directions, as well as review the progress and effectiveness of our material topics in light of new trend in sustainability, challenges and our business goals. The SSG reports to the Risk Committee of the Board and covers under its remit matters enabling TVB to operate in a sustainable basis; to balance corporate, social, economic and environmental responsibilities, and achieve a sustainable growth path; and to effectively manage its sustainability risks. The SSG is advised by a number of working groups at staff level covering social responsibility, training and development, materials, resources and waste.

The Risk Committee of the Board would handle all ESG related matters due to its on-going responsibility over the identification of risks. The Board does not currently think that a separate ESG committee can be justified at the current state of operation.

ESG Governance Structure



MATERIALITY ASSESSMENT

Programme production is the key activity of the Group. This process mainly requires the use of TVB owned indoor production studios and the production process takes place under a controlled environment. The SSG has assessed the materiality of the factors contributing to ESG, and has focused its work on two most significant issues:

- Environmental the controlled use of electricity for our programme production; disposal of waste materials arising from production; and recycling of wood and other materials,
- Social we ensure work safety in studios to minimise work related injuries and an overall safe and healthy environment for our offices.

STAKEHOLDER ENGAGEMENTS

We recognise the importance of interacting with our stakeholders as an integral part of our business operations and corporate development. During the preparation of the ESG report, we made engagements with our key stakeholders to listen and to collect information relevant to our ESG initiatives. We regard the following as our major stakeholders:

- Shareholders and Investors;
- Customers:
- · Employees;
- · Government and Regulators;
- Business Partners;
- Suppliers and Contractors;
- · Media:
- Local Communities and Non-governmental Organisations (NGOs);
- Industry Associations and Professional Bodies.

Our normal engagement channels with these major stakeholders include:

- · Shareholders meetings;
- Investors analysts meetings;
- Results presentations;
- · Non-deal roadshows;
- Investor conferences;
- · Financial report, announcement and circulars;
- Surveys;
- Training and workshops;
- · Volunteer activities;
- Interview and meetings;
- Project collaborations;
- Public events;
- Site visits and home visits:
- · Sponsorships and donations;
- Corporate websites.

ENVIRONMENTAL SOCIAL AND GOVERNANCE POLICIES

The Board has endorsed the following ESG policies:

Environmental	TVB is committed to upholding sustainability in our environmental, social and governance. As the leading broadcaster in Hong Kong, TVB understands the environmental and the social impacts of its operations. It is committed to integrating environmental protection measures and community engagement into its business operation for the well-being of society.
Social	The Company's greatest assets is our employees who are essential to the continued success of the business. TVB strives to attract, nurture and retain talents by providing appropriate incentives and a caring and conducive work environment that encourage employees to fulfil their potential and that recognise satisfactory performance. The Company takes occupational safety as a major management responsibility and works hard to provide a safe and healthy workplace.
Community Investment	TV has a significant social impact. TVB, as the predominant TV station in Hong Kong has been taking an active role in promoting worthy causes and positive outlook on life using its programmes and artiste resources.

THE ENVIRONMENT

The Company began ESG reporting in the Annual Report for the year ended 31 December 2016 with respect to Appendix 27 Environmental, Social and Governance Reporting Guide issued by the Stock Exchange of Hong Kong.

The Company is mindful that everything we do would have an impact on our environment. Emissions and energy consumption are the two ESG aspects that are considered material to our operation. Our environmental efforts are focused on minimising

emission, saving energy, encouraging recycling and waste management.

We assess our environmental performance by calculating the intensity of ESG issues based on our local production hours. In 2017, the local production hours totalled 23,659 hours (2016: 22,148 hours).

The following table summarises the key indicators that are material to us as we measure our environmental performance. The data for 2016 and 2017 have been prepared based on the same methodology such that meaningful comparison of data between the years can be performed.

KPIs FOR 2017

		Tuna	2017		2016	
		Type	Total	Intensity	Total	Intensity
Emissions	A 1.1	Air Emissions (SO _x) (kilogrammes) (ref: diesel & petrol consumed by vehicles)	-	4.56	-	4.61
	A 1.2	Greenhouse Gas (tonnes of CO_2e) (ref: diesel & petrol consumed by vehicle & generator; electricity; water)	27,063.90	1.14	27,575.35	1.25
	A 1.3	Hazardous waste (tonnes) (ref: used paint cans; lubricant oil by vehicle)	28.32	0.0012	26.41	0.0012
	A 1.4	Non-hazardous waste: disposed in landfill (tonnes) (ref: waste wood; waste props; general refuse)	2,388.00	0.1009	2,256.50	0.1019
	A 1.4	Non-hazardous waste: recycled (tonnes) (ref: printing cartridges; recyclables (paper, paper cardboard, aluminum can and plastic bottle))	107.92	0.0046	100.98	0.0046
	A 1.4	Total non-hazardous waste (tonnes) (ref: waste wood; waste props; general refuse; recyclables)	2,495.92	0.1055	2,357.48	0.1064
Use of Resources	A 2.1	Direct energy consumption (kWh) (ref: diesel & petrol by vehicle & generators)	2,863,396.02	121.03	2,920,060.09	131.84
	A 2.1	Indirect energy consumption (kWh) (ref: electricity)	48,464,151.00	2,048.49	49,383,865.00	2,229.72
	A 2.1	Total energy consumption (kWh) i.e. direct energy & electricity	51,327,547.02	2,169.52	52,303,925.09	2,361.56
	A 2.2	Water consumption (cubic metres)	112,013.00	4.73	109,492.00	4.94

EMISSIONS

Greenhouse Gas ("GHG") emission constituted a large part of total emissions. This is being contributed by emission from the Company's own fleet comprising of motorcycles, passenger cars, public light buses, light goods vehicles and medium good vehicles for outdoor shooting, electricity and water consumption. It was recorded at 27,063.90 tonnes of CO₂e with an

intensity of 1.14 kg per production hour in 2017. Wood was massively consumed for producing studio set and props. For 2017, the non-hazardous waste disposed in landfill was 2,388.00 tons and the intensity was 0.1009 tonnes per production hour. Total non-hazardous waste, including waste wood, general and recyclable refuse, was 2,495.92 tonnes in 2017. The intensity was 0.1055 tonnes per production hour.

ENERGY CONSUMPTION

Energy consumption is composed of direct energy consumption, including diesel and petrol used by vehicles and generators, and indirect energy consumption such as electricity.

Diesel and petrol are mainly consumed by vehicle fleet and mobile generators deployed to support location shooting. The Company has a fleet of 87 vehicles including private cars, buses, light and medium good vehicles as well as motorcycles. The direct energy consumption was 2,863,396.02 kWh and intensity was 121.03 per production hour.

Electricity, which took up the largest share of indirect energy consumption, is mainly used in lighting and air-conditioning in studio production as well as maintaining broadcasting service. 48,464,151.00 kWh was consumed in 2017. The intensity was 2,048.49 kWh per production hour as energy efficiency projects continued to be in place.

MEASURES

The increase in energy consumption and emissions were due to additional programme production during the year. In our bid to reduce energy consumption, we continued to focus on enhancing energy efficiency and increasing employee awareness of energy saving measures.

To monitor and ensure energy efficiency, the Company completed Phase I installation of the Energy Management System ("EMS") for Central Control and Monitoring System ("CCMS"), which was put into operation in November 2017. Installation of solar films, to lower room temperature and electricity consumption, continued in 2017. Replacement of one of the water-cooled chiller units by a high-energy-efficient model equipped with an auto-tube-cleaning system was completed in September 2017. Non-essential lights and escalators were switched off during late hours. An average indoor temperature of 25.5 Degree Celsius was maintained and spot checks were made by security officers.

A vehicle replacement scheme is in place. Around 55.2% of the Company's cars were Euro V compliant. Two electric vehicle chargers were installed at carpark to facilitate recharge of electric cars by staff.

We have implemented several initiatives to reduce our hazardous and non-hazardous waste. We continued to use low volatile-organic-compounds ("VOC") paint for fitting-out and project/maintenance in TVB City to reduce air pollution. Licensed waste collector was hired to dispose of used paint cans. The Company continued the practice of purchasing from suppliers who can provide wood materials harvested from sustainably managed forests as certified by the Programme for the Endorsement of Forest Certification ("PEFC"). Measures were introduced to promote a paperless workplace, including a new workflow system for sick leave application. Employees were encouraged to adopt double-sided printing and A5 format for printing scripts. To enhance paper recycling, the Company encouraged staff to dispose of waste papers in recycling bins which were collected by recycling agent on a weekly basis. Hand-dryers were installed in toilets to reduce consumption of paper towels. Also, the Company maintained 100% recycling of used toner cartridges in 2017 by collecting and returning all used cartridges to recycling agents.

The Group's Purchasing Policy and Principles are in place to source sustainable products and services from reliable suppliers and contractors. The Company will continue to encourage its business partners to adopt environmental protection measures.

Our contributions to environmental protection were recognised again in 2017. The Company was awarded the Energywi\$e Certificate and Wastewi\$e Certificate under the Hong Kong Green Organisation for the energy saving and waste reduction efforts. Also the Company received the Certificate of Merit in China Light & Power ("CLP") Green Plus Award 2017. We continued to participate in CLP's Automated Demand Response Programme and obtained rebates in recognition of our energy-saving efforts.





COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

Insofar as air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste during the production process, the Company is in compliance with Air Pollution Control Ordinance (Cap. 311), Water Pollution Control Ordinance (Cap. 358), Waste Disposal Ordinance (Cap. 354) and Motor Vehicle Idling (Fixed Penalty) Ordinance (Cap. 611) implemented by the Environment Protection Department.

PLANS FOR 2018

To enhance our energy efficiency effort, we aim to complete the Phase II installation of EMS around April 2018. There are plans to further upgrade the remaining water-cooled and air-cooled chiller units. To further improve our carbon footprint, electric cars and hybrid vehicles will be actively considered during vehicle replacement in 2018.

The Company is studying ways to switch to the use of low VOC paint in outdoor shooting sites and to implement a better waste wood recycling programme. Copier papers will be provided by Forest Stewardship Council ("FSC") certified suppliers in the coming tenders. The Company is exploring the possibility of using recycled papers instead of new copier papers for copying machines. To enhance recycling rate, more recycling bins will be placed around TVB City.

With the establishment of the SSG, the Company is confident that it will give full play to putting forward environmental initiatives, enabling the Company to reduce its environmental impact and foster a sustainable global environment.

SOCIAL

The Company's greatest asset is our employees who are essential to the continued success of the business. TVB strives to attract, nurture and retain talents by providing a caring and conducive work environment that encourages employees to fulfil their potential and recognising satisfactory performance. The Company takes occupational safety as a major management responsibility and works hard to provide a safe and healthy workplace.

EMPLOYMENT AND LABOUR PRACTICES

As of 31 December 2017, the Group had a total of 4,436 full time staff and artistes, of which 4,295 were employed in Hong Kong. About 3% of the Company's staff was employed by our overseas subsidiaries. They were paid on scales and systems relevant to the respective localities and legislations. The Company complies with the existing laws and industry regulations with regard to the terms of employment.

The employment of children is at times necessary due to production requirements. The Company complies with the Employment of Children Regulations under the Employment Ordinance and obtains permission for the employment of child artistes.

BENEFITS

Full-time employees are entitled to the Mandatory Provident Fund scheme, seven days of matrimonial leave, 10 weeks of maternity leave and three days of paternity leave on full basic salary, a maximum of 120 days fully paid sick leave, and group medical and life insurance coverage. Employees' families are also entitled to access the family dental dependent medical scheme coverage at special rates.

All new hires are given the Employee Handbook to familiarise them with the personnel policies, allowances, staff benefits, company facilities and security matters.

COMMUNICATION

The Company maintains an open dialogue with its staff to understand their needs. The monthly newsletter and intranet offer effective channels for staff to share their views and understand the Company's policy. An ombudsman scheme has been set up to listen to staff suggestions and handle their grievances. Employees can also use the Company's whistleblowing system to raise concerns, in confidence, about possible improprieties.



HEALTH AND SAFETY

The Company takes a proactive approach to safety management. To ensure a safe working environment, employees are required to strictly observe the safety standards and procedures under the Company Safety Management Policy. Operational guidelines and safety measures for installation of equipment, building management and production set-up are distributed to employees and contractors concerned. A safety committee has been established to identify and review measures to improve occupational health and safety. Annual safety audit and monthly safety inspections were conducted with satisfactory results. Also, 13 training courses on workplace risk assessment and occupational or personal safety were organised during the year. Information on occupational safety was published in the Company's newsletter from time to time to raise safety awareness among staff. Measures will continue to be taken to inculcate an awareness among employees of the importance of safety.

There was no fatal accidents in 2017. During the year, 88 reported cases of accidents or incidents occurred, resulting in 85 injuries amongst employees. Investigations were carried out to identify the causes of the accidents and immediate arrangements were put in place to prevent future recurrence.

The Company continued to implement measures to improve air quality in the workplace. Apart from the continued use of electronic air-purifiers, the Company launched a massive air-duct cleaning exercise covering 16 studios (including all variety and drama studios) around TVB City to improve Indoor Air Quality ("IAQ") in 2017. We continued to achieve very encouraging results with all six blocks of building in TVB City attaining the "good" air quality classification under the Environmental Protection Department's IAQ Certification Scheme for Offices and Public Places. Also, the Company proactively used low volatile-organic-compounds paint for fitting-out and project/maintenance around TVB City to reduce employees' exposure to pollutants.

We promote work-life balance by encouraging employees to take part in sporting and recreational activities. During the year, the Company organised a total of 26 sports and recreational/leisure activities, including basketball, soccer, dragon-boat racing, ecotours and exhibitions.

The Company complies with the existing laws, including the Employment Ordinance, the Employees' Compensation Ordinance, the Minimum Wage Ordinance, the Discrimination Legislation, Data Privacy Law, industry regulation and the policy of Equal Opportunities in Employment.

TRAINING AND RECOGNITION

Employee development is a key priority for us. We continued to invest in staff and artistes training to maintain a workforce relevant to our business needs.

During 2017, a six-month artiste training class was organised for 31 trainees. A two-month TV crew training class was organised for 20 new recruits to develop their filming, lighting and audio skills. On the creative side, a two-year creative training programme was launched for seven new recruits. In addition, more than 70 staff attended on-the-job creative training classes taught by veterans in the industry.

Seminars and courses on subjects of IT, newly upgraded computer systems, management skills, and other related studies are regularly organised either in-house or with vocational institutions to help our staff develop their skill sets. In 2017, we provided 107 training classes totalling 5,070 hours of training.

We continued to organise the two-year Executive Trainee Programme to nurture competent TV professionals for the Company. Three trainees were recruited in 2017 and rotated around various departments, paving their way for managerial positions in the future.

Recognition programme is in place to reward outstanding and loyal employees. In 2017, our employees received discretionary bonuses roughly in the amount of their basic monthly salaries to serve as incentive for good performance and hard work. During the year, 12 employees were recognised for their superb performance under the Outstanding Employee Award Scheme. They received monetary prizes and paid leave. In recognition of the loyalty of our staff, employees were entitled to the Long Service Award for every 10 years of service and received gold mementos as souvenirs. As a gesture of appreciation for hard work, all employees were treated to a sumptuous basin feast at year end. About 4,900 staff and artistes participated in the two-evening event.



An analysis of the Group's workforce as at 31 December 2017 and 2016 is as follows:

	TVB Group	
	2017	2016
B1.1 At year-end date, total workforce by gender, employment type, age group and geographical region		
Number of employees By gender	4,436	4,249
Female Male	1,767 2,669	1,667 2,582
By age group Below 30 30-50 Over 50	1,098 2,392 946	1,022 2,332 895
By region Hong Kong Overseas By employment contract	4,295 141	4,117 132
Permanent Fixed term	3,714 722	3,608 641
B1.2 Employee turnover rate by gender and geographical region Number of employee turnover By gender	685	613
Female Male By region	342 343	283 330
Hong Kong Overseas	622 63	561 52
Number of new hires By gender	872	641
Female Male By region	442 430	285 356
Hong Kong Overseas	800 72	618 23
B2.1 Number and rate of work-related fatalities	_	-
B2.2 Lost days due to work injury	3,587	3,264

ANTI-CORRUPTION

As a public body, TVB is governed by the Prevention of Bribery Ordinance. The Company has promulgated purchasing policies and procedures prohibiting employees from soliciting or accepting advantage from contractors, suppliers or people connected with our business. Circulars are issued periodically to remind staff and suppliers of our anti-corruption policy, particularly before festive seasons. The Company is in compliance with the Prevention of Bribery Ordinance.

SUPPLY CHAIN MANAGEMENT

The Group's Purchasing Policy and Principles is in place which provides guidance on the sourcing of sustainable products and services from reliable suppliers and contractors that comply with local regulations governing the labour and environment.

PRODUCT RESPONSIBILITY

As a domestic free TV programme service licensee, TVB is required to comply with the Broadcasting Ordinance, the Telecommunications Ordinance, Licence Conditions, and Codes of Practice relating to Programme, Advertising and Technical Standards. The Company's Legal & Regulatory Department acts as a gatekeeper to ensure that our programme services comply with the relevant statutory requirements. In 2017, seven complaints deliberated by the Communications Authority ("CA") were substantiated; two of them concerned found indirect advertising. The imposition of overly stringent regulations and heavy-handed limitations on product placement in recent years have hindered the development of the local television industry. The Company has filed applications for judicial review against two previous CA's rulings in 2016 on indirect advertising. Both cases are pending.

PRIVACY

The Company recognises the importance of privacy and will not in any event disclose stakeholders' information without their consent, unless required to do so by law. There were no incidents or substantiated complaints concerning breaches of customer privacy or losses of customer data in 2017.

COMMUNITY INVESTMENT

Television has a significant social impact. TVB, as the predominant TV station in Hong Kong, has been taking an active role in promoting worthy causes and positive outlook on life using our programme and artiste resources.

STAKEHOLDER ENGAGEMENT

TVB has been striving to provide the best entertainment and information services to our viewers, our most important stakeholders. Continuous efforts have been made to raise quality of our TV programmes and enhance viewing experience. Confronted with technological innovation and changing viewing habits, the Company has succeeded in transforming itself from a traditional broadcaster into a multi-platform television station amalgamating broadcast TV, OTT TV and social media. The OTT service myTV SUPER, launched in April 2016, was a notable success. It now has more than 5 million registered users who can watch their favourite TV programmes at any time, from anywhere, and on any device.

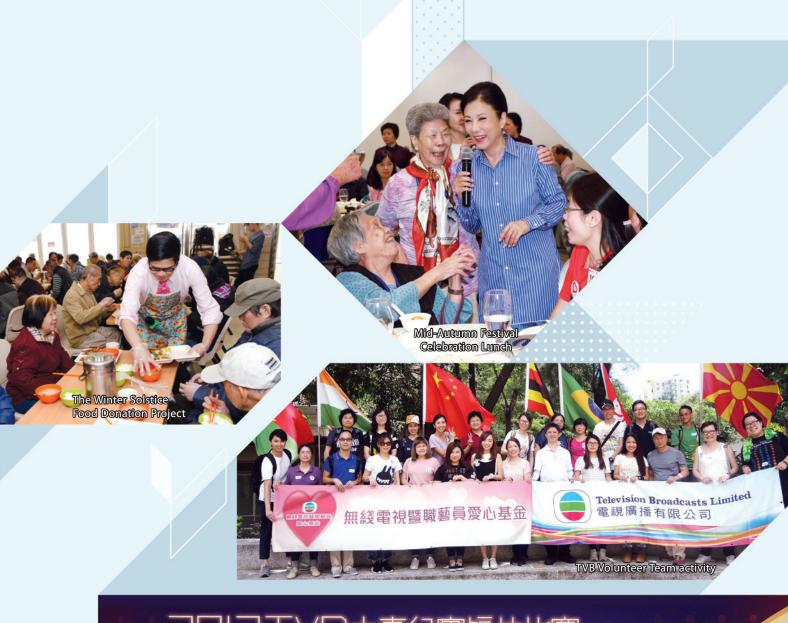
We maintain effective communication with our viewers through audience hotline, emails, letters and fax. In 2017, a total of 41,402 enquiries, including 3,580 suggestions and comments, 659 commendations, and 61 complaints were received. Our programme hotline, which provided pre-recorded information on Jade and Pearl's prime time programme schedule, received 16,848 calls from viewers during the year. In addition, two meetings of our Public Viewing Panel were held to gauge members' opinions of our programmes and services. The panel has about 1,700 members from all walks of life.

PROGRAMMES ON SOCIAL AND CIVIC RESPONSIBILITY ISSUES AND FUND RAISING

TVB regularly promotes positive actions on social and civic responsibility issues through its programmes.

During the year, nine fund raising/charity programmes were telecast, including *Tung Wah Charity Show 2017*, *Gala Spectacular 2017*, *Yan Chai Charity Show 2017*, and *Community Chest Charity Show 2017*. The shows helped raise around HK\$270 million for charity organisations in support of a wide range of worthy causes, including a record-breaking HK\$118 million for the *Tung Wah Charity Show 2017*. Cumulated funds raised over the years have exceeded HK\$5.2 billion.







As a licensing condition, the Company provides free airtime to broadcast government publicity messages, including Announcements in the Public Interests (API) and TV publicity materials by the Communications Authority. In 2017, publicity messages totalling more than 1,000 hours were broadcast on our free digital and analogue TV channels.

COMMUNITY ENGAGEMENT

We are committed to serving the community and the underprivileged. With the support of our staff and artistes, we took part in a total of 44 community activities in 2017. Noteworthy ones included the annual Charity Sale of Cookies, voluntary registration for organ donors, Life Buddies Mentoring Scheme, Walk for Millions and Mid-Autumn Festival Celebration Lunch.

TVB VOLUNTEER TEAM

The TVB Volunteer Team, established in 2016, now has 96 members. During the year, the team participated in 14 activities including family visits and TVB City tours for the elderly and the underprivileged, delivering 1,010 hours of volunteer services. Our community efforts were recognised with the Gold Award for Volunteer Service (Organization) at the Volunteer Movement of the Social Welfare Department in 2017.

In recognition of our continued efforts in caring for the community, employees and the environment, the Company was awarded the "15 Years Plus Caring Company Logo" by the Hong Kong Council of Social Service.

CHARITIES

The TVB, Staff and Artistes Fund for Charities was established in 2013 to provide aid to victims of calamities, the poor, and the elderly. Working with non-governmental organisations, the Social Welfare Department, and the Labour Department, the Fund has allocated a total of HK\$9,129,104 to help those in need over the years. In 2017, subsidies totalling HK\$1,335,850 were granted to 136 cases. In addition, HK\$840,648 was donated to sponsor three charitable projects, benefitting 8,890 people.

NURTURING NEW TALENTS FOR THE INDUSTRY

Since 1979, the Company has been providing scholarships to outstanding university students attending courses in journalism, communication, movie, and television. In 2017, 12 students from four universities received grants totalling HK\$145,000. The Company also provided a HK\$10,000 scholarship to the Hong Kong School Music and Speech Association in support of music talents.

The Company continued to partner with education institutions to organise internship programmes for students to gain exposure and practical experience in TV production and broadcasting. In 2017, 72 interns from 18 local and overseas higher education institutions were placed at various departments, such as News & Information Services Division, Production Division, Programme Division, Engineering Division and Production Facilities Division. Also, we collaborated with Vocational Training Centre by offering internship placements to their High Diploma students. In recognition of our support towards youth development, TVB was awarded "2017/18 Partner Employer Award" organised by The Hong Kong General Chamber of Small and Medium Business.

As part of our commitment to nurturing new talents for the broadcasting industry, the Company organised the TVB Inter-Collegiate Documentary Competition for the fourth consecutive year. It gave tertiary students of relevant disciplines an opportunity to practise television production in accordance with industry standards. In 2017, eight universities and colleges participated in this competition.

During the year, about 210 secondary school students and 20 teachers visited TVB City through an event jointly organised with the Journalism Education Foundation.

PLANS FOR 2018

The Company will continue to deploy our programme and artiste resources to promote and support worthy social causes.