



SUSTAINABILITY REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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BOARD STATEMENT

In this day and age where information communication technology plays an indispensable role in our daily life, infocommunication services have become increasingly essential to the development of economies and societies around the world. While instant accessibility to information and services has presented promising growth opportunities for us, the far-reaching influence of such accessibility also poses unprecedented environmental and social risks for our business.

Addressing the environmental, social and governance (“ESG”) impacts from our business thus remains at the heart of our investment decisions and operations. This inaugural sustainability report for Asian Pay Television Trust (“APTT”) describes our management approach and performance for key ESG risks and opportunities during the year ended 31 December 2017.

As we position ourselves to successfully navigate newly emerged challenges and seize untapped opportunities, we have set up the Sustainability Steering Committee (“SSC”) and Sustainability Task Force (“STF”) during the year. The SSC, formed by the senior management of both APTT Management Pte. Limited (the “Trustee-Manager”) and Taiwan Broadband Communications Group (“TBC”), reports to the Board of Directors of the Trustee-Manager (the “Board”) regularly on the sustainability strategy and performance. The STF consists of TBC’s heads of departments to implement pragmatic sustainability initiatives on the ground that are seamlessly in line with our business priorities and sustainability agenda. The Board oversees the SSC, ensuring alignment of overall sustainability direction with our business strategy. The Board is also responsible for approving this sustainability report.

We have also conducted our first assessment to identify ESG factors that are material to our business and our stakeholders. The Board has approved the material ESG factors identified and continues to manage our ESG performance with the assistance of the SSC and STF. We have aligned this report with the Singapore Exchange Securities Trading Limited (“SGX-ST”) requirements and made reference to the globally recognised reporting framework, Global Reporting Initiative (“GRI”) Standards (2016).

We would like to thank the management team and all employees at TBC and our partners and stakeholders for supporting us on our journey to further integrate sustainability into our business. We invite you to learn more about our sustainability journey and the measures we have taken to allow us to create long-term value for APTT, our stakeholders and society.

On behalf of the Board of Directors
APTT Management Pte. Limited
As Trustee-Manager of Asian Pay Television Trust

ABOUT THIS REPORT

APTT’s inaugural sustainability report has been prepared in compliance with the requirements of SGX-ST Listing Rules 711A and 711B and in alignment with the SGX-ST Listing Rules Practice Note 7.6: Sustainability Reporting Guide. Additionally, we have prepared this report with reference to the GRI Standards (2016), as they represent the most widely used guide globally for reporting on ESG factors. This report references the following GRI Standards and topic-specific Disclosures:

- Disclosure 201-1 from GRI 201: Economic Performance 2016
- Disclosures 302-1 and 302-3 from GRI 302: Energy 2016
- Disclosures 401-1 and 401-2 from GRI 401: Employment 2016
- Disclosure 413-1 from GRI 413: Local Communities 2016
- Disclosure 418-1 from GRI 418: Customer Privacy 2016
- Disclosure 419-1 from GRI 419: Socioeconomic Compliance 2016

This report focuses on the top ESG factors significant to our stakeholders and our business, the scope of which includes APTT (or the “Trust”), the Trustee-Manager and APTT’s sole investment, TBC. This report covers the period from 1 January to 31 December 2017 and all information is reported in good faith and to the best of our knowledge.

We will continue to report annually on the progress we make in integrating sustainability into our business strategy and operations, while striving to improve our sustainability performance and disclosure. We look forward to receiving your feedback on our sustainability practices and sustainability reporting at contact@aptt.sg.

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MANAGING SUSTAINABILITY

The Trustee-Manager, its Board and the management team remain committed to the highest standards of sustainable long-term value creation for our stakeholders.

This commitment is based on the Trustee-Manager taking a long-term view of its business activities and acknowledging the importance of good custodianship to the communities in which it operates. This commitment is underpinned by:

- A clear expectation of ethical behaviour from all staff, which has been adopted by the Board and which is set out in the Trustee-Manager's Code of Conduct and TBC's Employee Working Rules; and
- A robust framework of policies including those relevant to environmental, social and governance responsibilities.

Staff may also contribute their time, expertise and/or finances to community organisations facilitated by the Trustee-Manager and TBC.

Policies adopted by APTT

APTT is committed to operating within the laws of any jurisdiction in which it does business and rejects absolutely the use of any form of bribery or corruption either directly or indirectly on its behalf to advance its business interests or those of its associates. The Trustee-Manager has adopted a Code of Conduct, which includes anti-bribery, anti-corruption and anti-money laundering policies, intended to help Directors and staff to understand their responsibilities, to uphold the goals and values to which the Trustee-Manager aspires and to conduct business in accordance with applicable laws and regulations.

In addition, APTT recognises that its investment in and development and management of operating businesses may have environmental and social impacts. APTT acknowledges that many people are impacted by the activities of its business operations and will work to ensure its operations are conducted in an environmentally and socially responsible manner.

The Trustee-Manager has adopted policies and procedures to manage these ESG risks, which reflect the risk specifically associated with APTT's portfolio and the management thereof.

APTT's sustainability reporting framework is applied throughout its investment and portfolio management process as follows:

- **Asset selection** - environmental and social issues are reviewed as part of the acquisition due diligence process;
- **Ongoing portfolio management** - the environmental and social risk management framework of assets and businesses in APTT's portfolio is assessed to ensure it is appropriate to the level of environmental and social risks. APTT's ability to control or influence such a framework will be determined through its level of ownership/control. Regular reporting to the Board enables compliance with environmental requirements to be monitored and environmental and social responsibility issues to be identified; and
- **Stakeholder reporting** - policies, social and environmental initiatives and compliance performance are reported internally and, where appropriate, externally.

To ensure holistic integration of ESG considerations into our business strategy and operations, APTT's sustainability governance structure is spearheaded by the Board and is aligned with our risk management processes. The Board sets APTT's sustainability directions, including determining, managing and monitoring APTT's material ESG factors. Following the directions established by the Board, APTT's SSC, which is chaired by Mr Brian McKinley, Chief Executive Officer and Executive Director of the Trustee-Manager, and consists of representatives from both the Trustee-Manager's and TBC's senior management team, develops sustainability strategy and targets. The SSC meets quarterly (or more frequently, as required) to review our overall sustainability performance and reports to the Audit Committee quarterly (or more frequently, as required).

The SSC is supported by the STF, which comprises TBC's heads of departments across different functions, and is responsible for implementing sustainability programs during daily operations across TBC to help realise our corporate sustainability agenda.

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STAKEHOLDER ENGAGEMENT

Aligning our business strategy with our stakeholders' needs and expectations is vital to the sustainability of our business. We have identified eight key stakeholder groups that affect, or are affected by, our operations. We value transparent, two-way interactions with our key stakeholders and engage our key stakeholders regularly through various channels and methods, as described below, to understand and address their concerns.

Key Stakeholders	Forms of Engagement	Frequency
Investors	<ul style="list-style-type: none"> Timely updates of financial results and announcements, business developments, press releases and other relevant disclosures via SGXNet and corporate website Investor meetings 	Throughout the year
	<ul style="list-style-type: none"> Annual General Meeting 	Annually
Employees	<ul style="list-style-type: none"> Induction program for new employees Training and development programs News and updates via intranet Recreational and wellness activities Employee complaint mechanism 	Throughout the year
	<ul style="list-style-type: none"> Performance appraisals 	Annually
Customers	<ul style="list-style-type: none"> Online customer service and contact forms 	Throughout the year
	<ul style="list-style-type: none"> Customer service hotline 	
	<ul style="list-style-type: none"> Retail stores 	
Government and Regulators	<ul style="list-style-type: none"> Official correspondences 	Throughout the year
	<ul style="list-style-type: none"> Document filings 	
	<ul style="list-style-type: none"> Meetings and discussions 	
Industry Bodies	<ul style="list-style-type: none"> Membership 	Throughout the year
	<ul style="list-style-type: none"> Industry dialogues and forums 	
Media	<ul style="list-style-type: none"> Press releases 	Throughout the year
Advertisers	<ul style="list-style-type: none"> Meetings and discussions 	Throughout the year
Local Communities	<ul style="list-style-type: none"> Community announcements via local news channels 	Throughout the year
	<ul style="list-style-type: none"> Community initiatives 	
	<ul style="list-style-type: none"> Corporate volunteering 	

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MATERIALITY ASSESSMENT

In line with the GRI Standards' Materiality Principles, we have taken a three-step approach to identify, prioritise and validate the material ESG factors that are significant to our business operations and are of significant interest to our key stakeholders. The materiality assessment process was conducted by the senior management of both the Trustee-Manager and TBC under the guidance of an external service provider. As a result, we have identified the following seven material ESG factors, which have been reviewed and approved by the Board. We will continue to review the list of material ESG factors annually to ensure their pertinence and priority to our business and our key stakeholders.

APTT's materiality assessment process



Material ESG factors

	Material ESG Factors	Materiality to APTT	Corresponding Topic-specific GRI Standards
ENVIRONMENT	Energy	Electricity is fundamental to the provision of pay-TV and broadband services. Disruptions in the supply of electricity will disrupt our services and is therefore a key factor for TBC's business continuity. Moreover, as energy consumption is the most significant environmental impact created by TBC's operations, increasing energy efficiency will also allow TBC to enhance its operational efficiency.	GRI 302: Energy 2016
	Employment	Creating a fair, safe and rewarding working environment is vital to retaining employees. For APTT, it is important that the Trustee-Manager is equipped with adequate knowledge to identify growth opportunities within the pay-TV and broadband industries. TBC's operations require skilled workforce to address customer needs, as well as ensure the reliability of its pay-TV and broadband services.	GRI 401: Employment 2016
SOCIAL	Information Technology ("IT") Security	An IT security breach can lead to the disruption of TBC's operations and services, loss of commercially confidential information and threats to customer privacy. We uphold the highest standards in protecting our systems and ensuring business continuity.	-

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	Material ESG Factors	Materiality to APTT	Corresponding Topic-specific GRI Standards
SOCIAL	Customer Privacy	Customer trust and loyalty is central to retaining customers. We safeguard all of our customers' personal information to make sure it remains private.	GRI 418: Customer Privacy 2016
	Local Communities	As one of the leading multi-system cable operators and the licenced provider of cable TV services in five franchise areas in Taiwan, TBC's services play an integral role in our customers' daily lives. We believe that participating and contributing to the development of local communities enables us to better understand and serve these regions.	GRI 413: Local Communities 2016
GOVERNANCE	Economic Performance	As a business trust, sound economic performance is the most important cornerstone to the sustainability of our business. The success of our financial performance will directly impact our capabilities to operate and contribute to society.	GRI 201: Economic Performance 2016
	Socioeconomic Compliance	To ensure the sustainability of our business and to maintain our social licence to operate, we conduct business in full compliance with all applicable laws and regulations in the locations of our operations.	GRI 419: Socioeconomic Compliance 2016

OUR APPROACH TO SUSTAINABILITY

As the first listed business trust in Asia focused on pay-TV businesses, our objective is to provide unitholders with stable and sustainable distributions. While we stay focused on achieving desired outcomes, we are cognisant that the pay-TV and broadband industries are faced with emerging risks, including disruptions of services caused by energy scarcity, cyberattacks and privacy breaches. We therefore believe that comprehensive monitoring and managing of pertinent ESG risks and opportunities is critical to maintaining sustainable returns. As the operator of pay-TV and broadband businesses, we aspire to provide high-quality content and programs in a responsible manner, in consideration of the impacts our operations have on our people, our customers, the environment and the society at large.

We have thus aligned the identified material ESG factors to both the Trustee-Manager's and TBC's business strategies to establish a strong foundation for responsible and sustainable operations. With sound economic performance and corporate governance practices as our base, we seek to continue to create positive value for our people, the environment and the society in which we operate.



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2017 HIGHLIGHTS



OUR GOVERNANCE

Sound corporate governance practices are key to enable our business to grow in a responsible manner. We ensure that our governance structure and practices are fit to guide us as we pursue growth opportunities and manage operations in different locales.

Economic performance

APTT aims to acquire controlling interests in and to own, operate and maintain mature, cash generative pay-TV and broadband businesses. We continue to monitor market dynamics and remain committed to realising potential growth opportunities in the future. In addition to surveying investment opportunities, we are dedicated to implementing initiatives that will contribute to the long-term success of our portfolio companies. As at 31 December 2017, APTT's portfolio comprised its sole investment, TBC, and we aspire to drive sustainable growth by enhancing product and service offerings for each of TBC's subscribers.

Our Board and management are committed to the long-term economic sustainability of our businesses through proactive capital and portfolio management. We believe that a sound financial structure, coupled with competitive assets, are key to delivering resilient economic performance. The Board and management meet at least once annually to review the long-term strategy of APTT and to discuss and agree on the implementation of strategic initiatives in the medium term. They also review and approve a financial budget for the upcoming year, before the end of the current year. Our Board and management also meet quarterly (or more frequently, as required) to review the operational and financial performance of the APTT Group against the approved budget. In the face of competitive market conditions and other economic and operating challenges, we may make short-term strategic adjustments as required to defend the long-term economic sustainability of our businesses.

In 2017, we implemented a number of initiatives that will contribute to the long-term sustainability of our businesses, including:

- We invested \$29.4 million in the maintenance of TBC's hybrid fibre coaxial cable network. TBC owns 100% of the hybrid fibre coaxial cable network in its five franchise areas across Taiwan, and the quality of the network is instrumental to the provision of TBC's services
- We also invested \$42.9 million to complete the digitisation of our subscriber base across all five franchise areas and switched off analogue TV broadcasting before the end of the year. TBC was the first large cable TV operator in Taiwan to reach this milestone
- We additionally invested S\$13.3 million on other capital expenditure growth initiatives
- We were able to negotiate better rates on our borrowing facilities and as a result interest margin on TBC's borrowing facilities decreased by 30 basis points starting from 30 June 2017
- We used interest rate swaps to manage our exposure to interest rate movements on TBC's borrowing facilities by swapping a significant portion of its borrowings from a floating interest rate based on Taiwan's three-month Taipei Interbank Offered Rate plus an interest margin, to a fixed rate
- We also used foreign exchange contracts to manage APTT's exposure to foreign exchange movements of estimated future Taiwan dollar ("NT\$") cash flows from distributions, principal payments and interest payments received by APTT from its subsidiaries

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These selected initiatives will allow TBC to be well-positioned to continue to provide high quality products and services to its subscribers. Our Board and management also remain committed to maintaining strong relationships with our stakeholders, including our subscribers, employees and lenders, which is essential in maintaining the financial stability of our businesses.

APTT reported total revenue and EBITDA on a consolidated basis of S\$334.8 million and S\$201.4 million for the year ended 31 December 2017, compared to S\$319.2 million and S\$189.3 million for the year ended 31 December 2016. A summary of our economic performance is presented below. The figures have been extracted from the audited Consolidated Financial Statements approved by the Board.

	Group^{1,2} Year ended 31 December 2017 \$'000	Group Year ended 31 December 2016 \$'000
Total revenue	334,838	319,229
Total operating expenses ³	(133,415)	(129,931)
EBITDA ⁴	201,423	189,298
EBITDA margin ⁴	60.2%	59.3%
Distributions declared to unitholders	93,392	93,392

¹ All figures, unless otherwise stated, are presented in Singapore dollars (“\$”).

² Group refers to APTT and its subsidiaries taken as a whole.

³ Operating expenses presented here exclude depreciation and amortisation expense, net foreign exchange (loss)/gain and mark to market movements on foreign exchange contracts appearing in the consolidated statements of profit or loss on page 60, in order to arrive at EBITDA and EBITDA margin presented here.

⁴ EBITDA and EBITDA margin are non-IFRS financial measures. EBITDA is calculated by excluding the expenses as described in note 3 above. EBITDA margin is calculated by dividing EBITDA by total revenue.

Please refer to Operational and Financial Review on pages 22 to 29 and Consolidated Financial Statements on pages 48 to 115 of this Annual Report for more details on our economic performance for the year ended 31 December 2017.

In 2018, we will continue to build on the initiatives to up-sell and cross-sell services across TBC’s subscriber base to drive growth in future cash flows. We will focus on Broadband subscriber growth, in the face of competitive market conditions, especially unlimited data offerings from mobile operators, by offering discounted packages in order to acquire new subscribers from competitors and to retain existing subscribers. We remain cautiously optimistic regarding progress throughout 2018 and will continue to monitor market dynamics, along with enhancing our service offerings to drive growth.

While growth in subscribers is anticipated across all three of TBC’s service offerings, total revenue for 2018 is anticipated to be influenced by a number of factors. These factors include continued challenges in the economic and operating environment. Overall EBITDA for the full year 2018, ignoring the impact of foreign exchange, is expected to be at the same level as 2017.

Socioeconomic compliance

It is our utmost priority to ensure compliance with all applicable laws and regulations in all locations of our operations. We believe conducting business with integrity is fundamental to not only cultivating our stakeholders’ trust in us, but also to safeguarding the interests of all of our internal and external stakeholders.

We take a two-pronged approach to ensure our compliance status: we closely monitor and review all relevant laws and regulations, while we enlist all persons at APTT to champion integrity by providing clear guidelines and relevant trainings for business conduct, as well as open channels for reporting any concerns for misconduct.

The Trustee-Manager maintains a compliance register for both APTT and TBC and reports APTT’s overall compliance status as well as any significant incidents to the Audit Committee every quarter. TBC also carefully observes any changes in the regulatory requirements of relevant labour or occupational health and safety laws and regulations in Taiwan, amends its Working Regulation Program when necessary and provides relevant training. Furthermore, TBC’s cable TV service undergoes mandatory audit by the National Communications Commission (“NCC”)¹ in Taiwan every 3 years. The NCC audit criteria includes the offering of channels, financial information, customer service and equipment and signal quality to ensure the operational soundness and compliance status of TBC.

¹ The NCC is the regulatory agency for telecommunications and broadcasting services in Taiwan.

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In terms of ensuring responsible behaviour and business conduct, the Trustee-Manager has adopted a Code of Conduct that applies to all employees and directors. The Code of Conduct outlines principles and standards in upholding personal and corporate integrity. Areas covered by the Code of Conduct includes Compliance with the Law, Workplace Health and Safety, Use of IT Systems, Proprietary Information and Intellectual Property, Conflicts of Interest, Business Dealings, Insider Trading, Fraud and more. The Trustee-Manager ensures that all its employees and directors undergo an induction program, upon their appointment, facilitated by the management, which includes, amongst others, understanding the Code of Conduct. As part of the annual appraisal process, all employees are also reviewed with specific reference to the Code of Conduct. Furthermore, a Conflicts of Interest Policy and Social Media Policy have also been adopted to protect the Trustee-Manager from scenarios where its integrity could be compromised. If concerns for improper conduct has arisen, the Trustee-Manager's Whistleblowing Policy stipulates employees' responsibility to report, as well as direct channels for reporting.

In line with the Trustee-Manager's Code of Conduct, TBC has adopted a Working Regulation Program (the "Program") that outlines policies and rules of behaviour that would support TBC's core values and integrity. The Program covers topics such as Protection of Economic Competition, Conflicts of Interest, Employment Relations, Compliance with the Law, Protection of Assets and Intellectual Property, Records Management, Political Contributions, Safety and the Environment and more. All employees are required to sign a Declaration of Agreement in support of the Program upon joining TBC. Employees are also required to complete a Conflicts of Interest Questionnaire when requested by TBC. Additionally, compulsory compliance training is provided for all new employees, covering topics such as the Program and other company policies. TBC conducts regular internal audits to evaluate and ensure the enforcement of the Program.

In 2017, there were no incidents that resulted in significant fines or legal actions at both APTT and TBC. TBC also passed the most recent mandatory NCC audits subject to certain minor improvements suggested by the NCC. In 2018, we aim to target zero non-compliant incidents, in addition to continuing our efforts to educate all of our employees about laws and regulations that are relevant to our business.



OUR PEOPLE

Our business would not exist without our people. We recognise the importance of creating a workplace that nurtures our employees' commitment to grow with us. We do so by providing fair and competitive compensation and benefits, opportunities for development and transparent appraisal and complaint mechanisms.

At APTT, priority is placed on talent retention to ensure the Trustee-Manager retains extensive industry experience and other complementary skill sets necessary to identify opportunities for capital growth in the pay-TV and broadband industries. The Trustee-Manager has also set out a remuneration policy for the remuneration of the directors that is in line with the long-term interests of APTT.

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At TBC, a wide range of Human Resources policies have been adopted to create a transparent, fair and incentivising working environment for our employees. These include policies on recruitment, promotion, annual performance appraisal, complaint mechanism, training and benefits. Employee Working Rules have also been established in line with the aforementioned Human Resources policies to further stipulate the details of employment conditions for TBC's employees, including working hours, remuneration, paid and maternity leaves, types of training offered, eligibility for retirement benefits, compensation for occupational hazards and more. Moreover, TBC's Occupational Health and Safety Code is in place to ensure a safe working environment for our employees.

TBC provides the following benefits to enhance the well-being of our employees:



We monitor the annual rate of new employee hires and employee turnover as an indication of whether our employment practices are considered favourable in the marketplace. The total number of employees (including part-time employees), new hires and employee turnover in 2017 were as follows.

	Total number of employees	Total number of new employees hired	Percentage of new employees hired	Total number of employee turnover	Percentage of employee turnover
TBC	1,037	146	14%	187	18%

In 2018, we will continue to commit to the well-being of our employees. We will continue to deploy fair and transparent employment practices, as well as provide benefits and training to our employees.

OUR ENVIRONMENT

Electricity is indispensable to the provision of TBC's services. As the impacts of climate change become increasingly prevalent, we are committed to do our part in protecting the environment. We strive to provide our services in an environmentally conscious way by increasing the energy efficiency of our operations, as well as exploring alternative energy options.

TBC aims to reduce the energy consumption of our operations, such as in our headends, data centres and offices. As headends and data centres consume the most amount of electricity and are instrumental to a TV and broadband services provider, we



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target our energy-saving efforts for these facilities and operate our headends and data centres with achieving the highest energy efficiency possible in mind. For our newly built headend, we have installed highly energy-efficient air-conditioning, switch mode rectifier (“SMR”) and uninterrupted power supply (“UPS”) equipment to effectively decrease our electricity consumption. We are also gradually replacing less energy-efficient equipment in our existing headends as they undergo renovation. For our data centres, we have installed energy-efficient cooling systems to decrease the amount of electricity needed for cooling our equipment. On the office front, TBC prioritises the procurement of equipment and products with the Energy Label approved by the Bureau of Energy in Taiwan. We have established “Guidelines for Electricity Usage in TBC Offices” for energy use in the office. It sets out energy-reduction practices that are adopted by all of our employees. Additionally, we also promote an energy-saving mindset via our intranet, as we believe raising awareness among our employees is essential to encourage eco-friendly behaviours.

To evaluate the effectiveness of our energy reduction efforts, TBC monitors the total amount of electricity it consumes, as well as its total Energy Use Index (“EUI”). We inspect our electricity bills every month and report any abnormal usage to the management. TBC’s annual electricity consumption and energy intensity in 2017 were as follows.

	Annual electricity consumption ¹ (kWh)	Annual EUI ² (kWh/m ² /year)
2017	7,438,432	586

In addition to improving the energy efficiency of our operations, we also aspire to shift away from utilising energy sources that contribute to climate change.

In 2018, we will continue to implement energy-saving measures for our headends, our data centres and at our office, as well as to seek ways to incorporate renewables into our energy use, to help maintain annual EUI within the next year, and achieve long-term energy reduction.

OUR SOCIETY

Pay-TV and broadband services play an increasingly integral role in our everyday life. We aspire to leverage our services to create positive value for our customers as well as the local communities in which we operate.



IT security

Any breach to our IT security could not only disrupt the provision of our services, but could also cause leakage of confidential and personal data. We have established clear information security principles and a management approach for both the Trustee-Manager and TBC to prevent IT security breaches from happening.

The Trustee-Manager’s Code of Conduct sets out guidelines for the appropriate use of company property and assets, computers and IT systems. To ensure its IT systems are under professional care, the Trustee-Manager has appointed an external service provider to manage and maintain its IT infrastructure, including back-up and recovery.

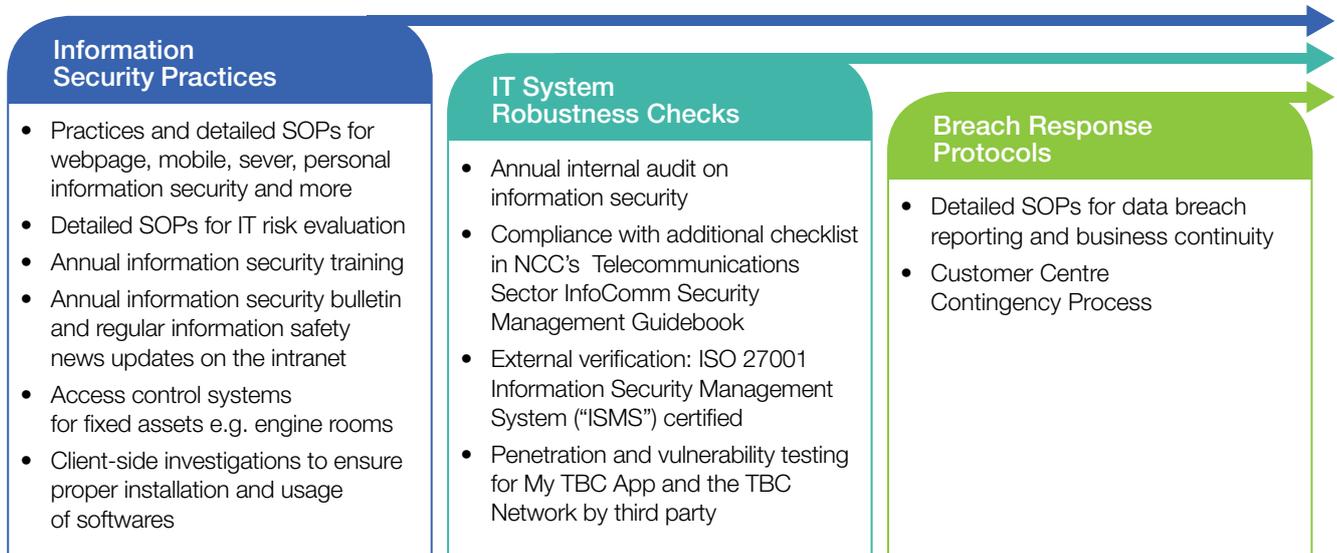
TBC has created a robust, comprehensive IT security management approach to ensure the safety of our data, systems, equipment and internet communications. The management approach consists of three phases, from setting information security policies and practices that would help prevent breaches, conducting various checks regularly on the robustness of our IT systems, to standard operating procedures (“SOPs”) that will be implemented to minimise impacts should a breach occur.

¹ Electricity consumption of all TBC premises in the Taoyuan, Hsinchu, Miaoli and Taichung regions, including total electricity consumption of offices, data centres, headends, network operating centres (“NOC”), repair and maintenance centres, warehouses and retail stores.

² EUI = total electricity consumption in a year/total surface area of company premises (kWh/m²/year)

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TBC'S IT security management approach



In 2017, there were no IT security incidents for both APTT and TBC. In 2018, we are committed to maintaining no incidents related to IT security as well as to implementing IT security policy and Public Key Infrastructure ("PKI") in accordance with ISO 27001 (ISMS).



Customer privacy

When subscribing to our pay-TV and broadband services, our customers entrust us with their sensitive and confidential information, such as personal identification information, financial information and contractual terms and conditions. We protect customer data with the utmost prudence to allow our customers to enjoy our services without any concerns.

All persons at APTT are required to act with integrity when handling sensitive and confidential information. The Trustee-Manager's Code of Conduct stipulates how employees should treat sensitive and confidential information, including their obligation to maintain confidential

and proprietary information, confirming entitlement to such information and appropriate methods to maintain official records. At TBC, the Program specifies employees' obligations for the protection of assets, records management and the service of documents. The Trustee-Manager and TBC continually review the Code of Conduct and Working Regulation Program to ensure their effectiveness in protecting sensitive information, as well as their compliance with confidentiality obligations.

In addition to setting clear guidelines for handling sensitive and confidential information, personal data received by TBC is protected under the Personal Information Protection Act in Taiwan (the "PIP Act"). In line with the PIP Act, TBC has set policies and SOPs for the collection, processing, utilisation and management of personal data, which includes risk assessment procedures, training requirements, as well as internal audit schemes and management key performance indicators ("KPIs") for the effectiveness of these policies and SOPs. All employees are required to abide by TBC's personal data protection policies.

In instances where TBC receives complaints related to potential personal data breaches from customers or regulatory bodies such as local governments and the NCC, depending on the nature of the potential breach, TBC follows the SOPs stipulated by the "Policy of Management for Violation of Personal Data Protection Act" to ensure the concerns raised are appropriately handled and responded to.

In 2017, there were no formal claims concerning breaches of customer personal information from customers, outside parties or regulatory bodies on privacy issues that resulted in significant fines or legal actions. We aim to maintain the record of zero formal claims concerning breaches of customer privacy and losses of customer data in 2018.

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Local communities

We believe cultivating a long-lasting relationship with the local communities in which we operate will enable us to better understand the needs of the communities we serve, thereby ensuring long-term value creation for both our business and stakeholders.

TBC is an active member of its community and plays an integral role in the wide range of social, cultural and environmental activities in its operating areas. TBC leverages the content, accessibility and affordability of its core services to contribute to the local communities. TBC broadcasts local TV and news content that corresponds to the community's linguistic needs and interests. TBC also supports community development by providing airtime for public welfare related announcements on local news channels and by working with the local governments to create content that would help boost the local economy. Furthermore, in efforts to increase the accessibility and affordability of infocommunication services, TBC provides subscription subsidies for low-income community members, as well as sends service personnel to subscriber households in the remote areas to better serve rural populations.

SUPPORTING LOCAL COMMUNITIES VIA BROADCASTING

- TBC provides airtime and financial support for community announcements on local news channels that promote public welfare issues.
- TBC provides specific local channels that are in the Hakka dialect and are dedicated to the aboriginal populations in Taiwan. TBC is also the only news broadcast available for certain remote areas.
- TBC supports local governmental initiatives through local content creation e.g. producing a program on the introduction to Taichung City to promote tourism.

In 2017, TBC dedicated a total of 1,409 production hours for the aforementioned and other initiatives to support local communities.

In addition to contributing through its services, TBC actively supports and sponsors various community initiatives through its franchise area system operators. Examples of notable community initiatives undertaken in 2017 include the following:

Nan Tao Yuan Cable Television Co., Ltd. community contributions in 2017 included sponsorship of the annual Taoyuan City 2018 New Year's Eve Grand Party Celebrations and contributed to a range of local charitable causes including sports activities, musical and art exhibitions as well as the Handicapped Street Performers Carnival, the Annual Dragon Boat Racing of Mayor's Cup and the City Agriculture Exposition, amongst others.

Best Cable Television Co., Ltd.'s ("Best") community initiatives in 2017 included sponsorship of the 2017 HsinChu Lantern Festival, the National Day Carnival in HsinChu County, the Hakka Tung Blossom Festival of HsinChu County and the Chang Hsueh-liang Marshal's Museum Straits Exchange Annual Meeting. To educate and cultivate the younger generation, Best also held the Little Warrior of Water and Soil Conservation Camp and the Anchor Summer Camp for Smoke Control in Campus. In addition, Best also continued to support a range of local cultural and musical activities.

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Shin Ho Cable Television Co., Ltd. ("Shin Ho") and Chi Yuan Cable TV Co., Ltd. ("Chi Yuan") both operating in Miaoli Country, contributed to a range of community initiatives in 2017 through charities and donations to social welfare foundations including sponsorship of the Charity and Workshop for Elders, the Sending Warmth with Love in Year End, 2017 Miaoli Pottery Taiwan Wood-Firing Art Festival, 2017 and Mazu Religion Festival. To promote art education, they sponsored the 2017 Asia Weekend Theatre Festival. To promote digitization, Shin Ho also held a studio visiting workshop for children and teachers. Other local community activities they participated in 2017 included sponsoring forest conservation, the adoption on the Park of Shan-Jia Ruins, maintenance of roads and helping low-income families and handicapped people.

Chun Chien Cable TV Co., Ltd.'s ("Chun Chien") community contributions in 2017 included sponsorship of the Summer Camp of Movie Director for Elementary School and Senior High School, 2017 Charity Concert "Heard" for Handicapped People, and providing internship to Department of Mass Communication students, as well as the Taichung City 2018 New Year's Eve Grand Party Celebrations. It also provided live telecasts of key Taichung City Hall meetings including City Council meetings. In addition, due to its outstanding performance in promoting cable TV digitization and overall contributions, Chun Chien won the Annual Greatest Leaping System of 2017 Golden Visual Awards.

TBC continued to provide airtime and financial support for community announcements that promote public welfare issues and provide subscription subsidies for low-income community members. Additionally, it continued to support local government on charity events for causes such as anti-cancer and anti-violence at home and on campus. TBC also sponsored CASBAA Taiwan in View 2017.

In 2018, we will continue to be an active member of our local communities by supporting low-income community members, local governmental initiatives as well as other community initiatives.

MOVING FORWARD

We believe integrating sustainability into our business strategy is key to unlocking value creation in the long run. Keeping sustainability at the heart of our operations will enable us to holistically assess risks and opportunities in the marketplace, thereby better equipping us to generate value in the pay-TV and broadband industries for our stakeholders.

As we embarked on the journey of adopting a structured approach to reporting how we practice sustainability at APTT, we look forward to continuously assess, monitor, manage and report on ESG factors that are of greatest relevance to our business and stakeholders. We aspire to leverage this process and improve the resilience of our business in the face of an ever-changing world.

