



2018

環境、社會及管治報告
Environmental, Social and
Governance Report

拉近網娛集團有限公司
LAJIN ENTERTAINMENT
NETWORK GROUP LIMITED

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2018

GENERAL

The Directors are pleased to present the Environmental, Social and Governance Report for the year ended 31 December 2018 in compliance with the applicable code provision of the Environmental, Social and Governance Reporting Guide as set out in the Appendix 20 to the Growth Enterprise Market (“GEM”) Listing Rules. The Board considers that the Group has complied with the “comply or explain” provision set out in the Environmental, Social and Governance Guidelines.

STRATEGY AND MANAGEMENT POLICY

The principal activities of the Group are the provision of artists management services, and investment in movies, TV programmes and internet contents.

The Board is responsible for the overall assessment and management of the risks related to the Group’s environmental, social and governance issues. It oversees the management of the Group and ensures that effective risk management measures and internal control systems have been designed and implemented in relation to the management of environmental, social and governance matters. During the year, the Board conducted a review on the risks in relation to the Group’s environmental, social and governance through an internal self-assessment questionnaire, performed an analysis on the relevant risks and provided an assessment of their materiality.

The Group values the expectations, interests and feedback of our stakeholders with respect to our environmental, social and governance issues. To identify the significant impacts of the Group’s on the environmental, social and governance areas, as well as to promote and adjust its long-term and sustainable management policies and strategies, the Group has been maintaining effective communication with key stakeholders through day-to-day business interactions, conference discussions, training, e-mails and website information.

The management has formulated and implemented clear environmental, social and governance directives according to the Group’s principal businesses by taking into consideration of the expectations of various stakeholders including shareholders, employees, the general public and relevant regulatory authorities on the Group’s environmental, social and governance issues. The sustainable development of the Group’s businesses can be ensured, through the implementation of internal policies and compliance with all the environmental, social and governance requirements applicable to the Group’s businesses. Based on the above assessment, this report discloses the management approach and outcome of the Group’s environmental, social and governance findings in its principal businesses. In particular, environmental protection, employees’ occupational health and safety, equal opportunity employment and labour standards are identified as key aspects

A. Environmental

A1: Emissions

The principal activities of the Group are the provision of artists management services, and investment in movies, TV programmes and Internet contents. As a result, the management believes that the emission of exhaust gas and greenhouse gas, the discharge of pollutants into water and soil, and harmful and non-hazardous wastes generated by the Group’s operation have insignificant impact on the environment.

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In compliance with the Environmental Protection Law of the People's Republic of China, the Group has been encouraging and conducting business in an environmentally responsible manner and has integrated environmental protection awareness into our daily operations. For example, we had issued instructions to employees to educate them on pollution and waste reduction especially during outdoor filming, for example, behaviors which destroy the natural environment and national heritage are strictly prohibited and approvals must be obtained from respective governmental departments before outdoor filming at national heritage or conservation areas. The Group has also promoted initiatives to mitigate environmental impacts among the Group by using energy-efficient products such as equipment carrying Energy Labels issued by the Electrical and Mechanical Services Department ("EMSD").

Due to the nature of the Group's principal businesses, the Group does not have significant, direct greenhouse gas emissions. The Group's greenhouse gas emissions are generated mainly from electricity consumption in Beijing, the "Lajin Base" (the "Base") and the Beijing offices. The Group's key performances indicators of greenhouse gas emissions and their intensities are as follows:

Greenhous Gas Emission	2018 年	2017 年
Carbon dioxide equivalent emission from indirect power consumption	360,065 (kg)	421,978 (kg)
Amount of carbon dioxide emitted per office/workshop area	53 (kg/m ²)	54 (kg/m ²)

The volume of carbon dioxide emission has decreased during the year, as compared with the carbon dioxide emission in 2017, which was attributable to the effective power-saving management of the Group, especially in the major electricity-consuming in "the Base" which contributed to the reduction of approximately 20% of electricity consumption. Please refer to the section "A2: Use of Resources" below.

A2: Use of Resources

Due to the nature of the Group's operational activities, the use of resource are mainly related to the consumption of electricity and paper in the "Lajin Base" and Beijing office premises respectively. Water consumption and packaging material used are relatively low to the Group.

At the office, the Group has placed great emphasis on the "green office" concept and have promoted the 3R's concept – "Reduce, Reuse and Recycle" throughout daily operations. We will remind our employees to switch off all idle lights, computers, air-conditioners and other office equipment, to print and photocopy on both sides of paper, to promote paperless office which encourages them to send documents electronically, and using equipment carrying Energy Label issued by the EMSD.

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The volume of resources used by the Group in Hong Kong and Beijing (including the “Base” and the Beijing offices), the respective office areas and intensities are listed in the table below:

	Year	Hong Kong	Beijing	Total
Energy consumption				
Purchased electricity consumption (kWh)	2018	7,644	355,280	362,924
(Note 1)	2017	7,707	417,141	424,848
Paper consumption (piece) (Note 2)	2018	22,752	180,000	202,752
	2017	27,188	180,000	207,188
Area of offices and the Base				
Office premises (m ²)	2018	158	973	1,131
	2017	165	1,984	2,149
The Base (m ²)	2018	—	5,694	5,694
	2017	—	5,694	5,694
Total area (m ²)	2018	158	6,667	6,825
	2017	165	7,678	7,843
Use of resources per unit of area				
Electricity consumption (kWh/m ²) (Note 1)	2018	48	53	53
	2017	47	54	54
Paper consumption (pieces/ m ²) (Note 2)	2018	144	27	28
	2017	165	23	26

Note:

- The decrease in electricity consumption (and indirect greenhouse gas emissions) of the Group was mainly attributable to the following factors:
 - the Group has strengthened the management of electricity consumption, requiring security guards to cut off power of all floors after working hours to prevent unnecessary power consumption;
 - electricity consumption of the Group is related to the number of live programme recordings, and there was a decrease of number of live programme recordings; and
 - lease out partial office area to reduce electricity consumption as a result of space
- Despite the reduction of office space, the Group's operation functioned normally. The amount of paper used was kept at the same level as that of the previous year.

A3: The Environment and Natural Resources

The existing businesses and media projects of the Group are not expected to pose a material threat on the environment, especially during outdoor filming, no damages shall be made to the environment. Throughout our planning of business activities, we have performed comprehensive assessments and considered minimizing potential impacts on the environment as one of our key assessment criteria. For example, we will consider the potential impacts caused to the environment during the selection of filming locations, no filming shall take place near any conservation areas which may bring negative impacts to them. As our attempt to raise the environmental protection awareness of our business partners (including media production outsourcing contractors, suppliers, production teams), we have shared our views with them on aspects of environmental protection such as efficient use of resources. The Group hopes that continuous improvement will make a contribution to the global ecological environment.

B. Social

(i) *Employment and Labour Practices*

B1: *Employment*

The Group aims to provide employees a comfortable and healthy working environment and ensure that their rights and interests are protected. The Group has established a sound system of human resources management covering various aspects of employment.

Recruitment

During our recruitment process, employees are hired based on consideration of their experience, qualifications and knowledge. All employees have entered into written employment contracts prior to employment to ensure job title, job duties, working hours, holidays, remuneration, termination process and benefits are agreed.

Promotion, compensation and dismissal

We motivate employees by promotion and salary increments based on results of regular performance appraisals. Staff dismissals are based on the Hong Kong Employment Ordinance or relevant local laws and regulations, as well as the requirements stipulated in the employment contracts.

Working hours, rest periods and benefits

Five-days work week arrangement is adopted to facilitate work-life balance. In addition to all rest days and statutory holidays as specified in local laws and regulations, employees are entitled to paid annual leaves, maternity leaves, paternity leaves, marriage leaves and compassionate leaves. Employees are also entitled to benefits such as medical benefits, MPF scheme contributions and other benefits subject to the Group's human resources policies.

Equal opportunity, diversity and anti-discrimination

In accordance with our human resources policies and regulations, no discrimination on the grounds of age, gender, marital status, family status, sexual orientation, disability, race, nationality or religion, etc. shall be considered in any of our decision-making processes and during our daily operations. We believe that our employees should be treated equally and our employees or job applicants during the recruitment process should not be subject to any form of discrimination. As at 31 December 2018, the percentage of male and female employees (including Board members) we employed were approximately 46% and 54% respectively to promote the diversity of employees. Among the members of the Board, there are also two female directors. A Board of directors with diversity can uplift the standard of our corporate governance.

Human resources policies have been established to ensure the Group has strictly complied with all applicable laws and regulations of labor practices, particularly the Labor Law of the People's Republic of China and the Hong Kong Employment Ordinance.

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The entertainment and cultural industry is one of those in which talents are difficult to retain, and its employee turnover rate is usually higher than those of other commercial enterprises. As at 31 December 2018, the Group had a total of 92 employees, and 125 employees resigned during the year. The distributions are as follows:

Employed staff

By gender:

Gender	Number of persons	
	2018	2017
Female	50	56
Male	42	74
Total	92	130

By geographical area:

Region	Number of persons	
	2018	2017
Beijing	87	119
Xi'an	—	1
Hong Kong	5	7
Wenzhou	—	1
Korea	—	2
Total	92	130

Resigned staff

By gender

Gender	Number of persons	
	2018	2017
Female	63	77
Male	62	58
Total	125	135

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By geographical area:

Region	Number of persons	
	2018	2017
Beijing	119	130
Xi'an	1	—
Hong Kong	2	1
Korea	3	4
Total	125	135

B2: Health and Safety

During our daily operations, one of our major concerns is to ensure health and safety of our employees, actors and production crews, we believe that a safe working environment can uphold the adherence to our people-oriented principles, and to protect our employees from any occupational diseases or injuries. During the reporting period, the Group did not encounter any lost days due to occupational diseases, injuries or work-related fatalities.

At the office and filming locations safety guides for preventing employees/actors from occupational hazards have been placed in observable area or made available to stuntman in the work places to address health and safety issues, especially during dangerous shooting scenes. Besides, we encourage our contractors and business partners to place a strong emphasis on employees' health and safety issues, in terms of occupational hazards.

During the reporting period, the Group ensures full compliance with the Occupational Safety and Health Ordinance of Hong Kong, the Law of the People's Republic of China on Prevention and Control of Occupational Diseases and relevant occupational health and safety laws and regulations. The Group has maintained a healthy and safe working environment and there is no occurrence of work-related fatalities or work injury during the reporting period. As the Group is principally engaged in cultural and entertainment-related businesses, we believe that the occupational hazards are relatively low.

B3: Development and Training

Apart from providing reading materials for directors to ensure that they keep updated with the latest regulatory requirements and corporate governance practices, employees are also recommended to participate in the continuous learning activities. Subsidies are offered to our employees for attending training courses or seminars organized by professional institutions to enhance their professional and technical skills. Further, we always provide opportunities to our employees with learning experience gained through work assignments so as to build up their on-going job skills and soft skills which benefit their career development.

The Group provides appropriate training according to the requirements and needs of various departments to staff, including skills training to senior management, system and quality training to all staff.

B4: Labour Standards

Child labour and forced labour are strictly prohibited within the Company. Laws and regulations regarding the hiring of child actors (including the Provisions on the Prohibition of Using Child Labor and the Provisions on Special Labor Protection of Underage Laborers of the Labor Law of the People's Republic of China) are also strictly followed if necessary. Recruitment requirements, especially regarding the prohibition of recruitment of child and forced labour are set out in our human resources policies. During the recruitment process, review of job applicant's identity information is required, background checks and reference checks of potential employees may also be conducted. Applicants who fail to meet the legal requirements would not be hired.

Besides, we will give our major contractors, especially outsourced contractors and production crews, reminder regarding the prohibition of child labour and forced labour. If reporting of such cases are identified, we will conduct investigations in detail.

The Group ensures full compliance with relevant labour legislations of Hong Kong and the PRC. During the reporting period, we did not engage child actor and did not receive any complaints or reporting of child labour or forced labour.

(ii) Operating Practices

B5: Supply Chain Management

During business activities, we encourage our contractors and business partners to uphold a high standard of ethics that is similar to us. During the selection phase of our business partners, assessments are based on a variety of criteria. In addition to the quality of services, criteria such as attitude towards environmental and social issues are also taken into consideration in evaluating our potential contractors and business partners. Priority will be given to potential business partners who are actively fulfilling environmental and social responsibilities. In the meantime, management oversees the on-going business projects in preventing and mitigating any environmental and social impacts.

During the year, the Group established a joint supplier review team. All departments and subsidiaries are required to submit approval forms to the joint supplier review team for the procurement of various items or for the leasing of equipment. To ensure fairness and independence of the procurement workflow, procurement can only proceed after the review and approval by the joint supplier review team.

B6: Product Responsibility

Music, movies and television are the Group's core businesses, which are required to comply with Mainland China's Provisions on the Administration of Radio and Television Program Production, Regulations on the Administration of Movies, Film Industry Promotion Law, permits, licenses and approval, as well as the relevant regulations in relation to music, movies and television businesses.

The Group emphasizes the importance of proper advertising and compliance with relevant requirements of media advertisements, such as posters, trailers, online advertising material and the timely response to audiences or the public. To meet different needs of the audience, we strive to build long-term relationships with existing and potential audience and suppliers, understand their needs and concerns, and accept and respond to their comments and requests. During the reporting period, the Group has not received any complaints from audiences or the public or encountered any litigation regarding the movies released. The Group strictly complies with all relevant regulations regarding the movie advertisements as well as the released movie itself.

Besides, we stress the importance of safeguarding and protecting our intellectual property rights, i.e. movies and other copyrights, trademarks, domain names, and we strictly comply with Personal Data (Privacy) Ordinance, Copyright Law of the People's Republic of China, Contract Law of the People's Republic of China and relevant laws and regulations related to protection of intellectual property rights. For the strict prevention of copyright infringements, the Group signs non-disclosure agreements with all contractors and business partners. The confidentiality clause includes provisions prohibiting unauthorized use of movie copyrights.

B7: Anti-corruption

The Group is committed to and prohibits any form of corruption such as bribery, money laundering, extortion and fraud. We believe that our employees, contractors and business partners have maintained a strong ethical conduct during operations. Terms have been included in employment or service contracts to ensure that all parties act in accordance with our requirements on anti-corruption. Training has also been provided for employees and directors to discourage any form of corruption.

During the reporting period, we have strictly complied with relevant laws and regulations including the Prevention of Bribery Ordinance of Hong Kong, the Criminal Law of the PRC, and the Interim Provisions on Prohibiting Commercial Bribery, and there was no litigation nor complaints regarding corruption, bribery, money laundering, extortion and fraud.

(iii) Community

B8: Community Investment

We provide opportunities for our employees to be a part of our local communities. We encourage our employees to actively participate in public conventions, conferences, exhibitions and events, with a particular focus on promoting the development of media industries and community investment. To strengthen the employees' awareness of anti-corruption, the Group sent employees to participate in the Party Day activity with the theme "Passing on the Dream of a Strong Nation, Fighting Corruption and Whistle-blowing" during the year.

We encourage our employees to volunteer their time and skills in contributing to the society, and at the same time enriching their knowledge of environmental and social issues, to prevent and mitigate any potential and actual negative impacts on the community.



拉近網娛集團有限公司

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