



Vobile Group Limited

阜博集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 3738





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ABOUT THIS REPORT

Vobile Group Limited (the “Company” together with its subsidiaries, hereinafter referred to as the “Group”) is pleased to present the first Environmental, Social and Governance Report (the “Report”) for the year ended December 31, 2017 to provide an overview of our management measures and practices of issues affecting the operation, including environmental, social and governance (“ESG”) issues. The Report is prepared by the Group with the assistance from an external professional service firm.

REPORTING BASIS AND SCOPE

The Report is prepared in accordance with the “Environmental, Social and Governance Reporting Guide” in Appendix 27 to the rules governing the listing of securities on the Main Board of The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The Group has complied with the disclosure requirements of the “comply or explain” provisions set out in the Listing Rules. As it is the first time for the Group to publish the Report, we will focus on ESG issues that are of material interest to the stakeholders. The Group will continue to optimize and improve the disclosure of key performance indicator (“KPIs”). This Report shall be published in both English and Chinese. Should there be any discrepancy between the English and Chinese version, the English version shall prevail.

This report covers all subsidiaries of the Group in North America with core businesses that principally engaged in providing Software as a Service (“SaaS”).

REPORTING PERIOD

The Report illustrates the Group’s initiative and performance regarding the environmental and social aspects during the reporting period from January 1, 2017 to December 31, 2017 (the “Reporting Period”).

CONTACT INFORMATION

The Group welcomes your feedback on the Report for our sustainability initiatives. Please contact us by email via info@vobilegroup.com.

INTRODUCTION

The Group principally engaged in the provision of SaaS and is the leading provider of online video content protection services. The group's business model can be categorized into two parts.

- Subscription-based SaaS business — consisting primarily of content protection platforms (including VideoTracker and MediaWise) and content measurement platforms;
- Transaction-based SaaS business — consisting of content monetization platforms to enable revenue-sharing for conventional home video distribution through our conventional pay per transaction (“PPT”) platform and online video distribution through our online PPT platforms (including advertising video-on-demand (“AVOD”) PPT platform, or “ReClaim”, and our newly developed product, transactional video-on-demand (“TVOD”) PPT platform).

We value the stakeholders' demands and expectation and recognize the importance of sustainable development of our business. In order to respond to the expectation of the stakeholders on the transparency of disclosure through public reports and corporate responsibility performance, we are committed to improving our business practices and maintaining our relationships with the stakeholders by addressing their concerns.

STAKEHOLDERS ENGAGEMENT

We identified the key stakeholder of our business operations, including investors, employees, customers, vendors, service providers, suppliers and the community. We interact with our stakeholders regularly through various communication channels. The following table illustrates the issues of concern of our major stakeholders and the ways we communicate with them:

Stakeholders	Issues of concern	Engagement channels
Government and regulators	<ul style="list-style-type: none"> — Compliance with laws and regulations — Proper tax payment 	<ul style="list-style-type: none"> — Annual and interim reports — Website
Shareholders and Investors	<ul style="list-style-type: none"> — Information disclosure and transparency — Low risk — Protection of interests and fair treatment of shareholders — Return on the investment 	<ul style="list-style-type: none"> — Annual and interim reports, announcements and circulars — Annual general meeting and other shareholder meetings — Non-deal roadshows, investors conference
Employees	<ul style="list-style-type: none"> — Career Development opportunities — Health and safety — Safeguard the rights and interests of employees — Working environment 	<ul style="list-style-type: none"> — Conference — Employee activities — Training and seminars
Customers	<ul style="list-style-type: none"> — High-quality products — Integrity — Reputation — Stable relationship 	<ul style="list-style-type: none"> — Customer service hotline — Email, phone calls — Industry exhibitions — Regular meeting — Website, brochures, annual and interim reports
Suppliers	<ul style="list-style-type: none"> — Fair, open — Honest cooperation — Information resources sharing — Stable relationship — Risk reduction 	<ul style="list-style-type: none"> — Business meetings, supplier conferences, phone calls, interviews — Regular meeting — Review and assessment
Public and communities	<ul style="list-style-type: none"> — Community involvement — Social responsibilities 	<ul style="list-style-type: none"> — Annual and interim reports — Charity and social investment — Volunteering

ENVIRONMENTAL ASPECTS

EMISSIONS

Given the nature of the operations, the Group poses less negative impact to the environment than most traditional industries, the Group is not aware of any material environmental liability risk or compliance costs. However, the Group is committed to continuously improving the environmental sustainability of our business. In striving to do the right thing as a company, the Group recognizes that it has a responsibility to reduce the negative impact of the operations and take account of the resources and materials it uses each day.

The Group's businesses are mostly carried out locally in offices. The Group has encompassed the general approach towards controlling environmental impacts of office activities. The Group's most significant environmental impacts are greenhouse gas ("GHG") emissions from electricity consumption, the sources of which include computer equipment, the air-conditioning systems, the lighting systems, printers and other office equipment. Generally, the Group's GHG emission mainly includes carbon dioxide ("CO₂"). The Group does not engage in any discharge of waste into water and land, and there was no significant generation of hazardous wastes or non-hazardous wastes. In line with the aim to minimize emissions, the Group has implemented energy saving practices which are mentioned in the section headed "Use of Resources" to reduce the GHG emissions.

The CO₂ emission during the Reporting Period is as follows:

Table 1 CO₂ Emission

Scope	Equivalent CO ₂ emission (kg)
Scope 1	Nil
Scope 2	19,424
Total	19,424
Intensity	13.13 kg/m²

Note:

The calculation of GHG is based on the "Corporate Accounting and Reporting Standard" from greenhouse gas protocol.

Scope 1: Direct emission from vehicles owned by the Group

Scope 2: Indirect emissions from the generation of purchased electricity consumed by the Group

Scope 3: Other indirect emissions not controlled by the Group are subject to optional disclosure

ENVIRONMENTAL ASPECTS

USE OF RESOURCES

The Group highly prioritizes the efficient use of resources. The major resources used by the Group are electricity, water, and paper. Due to our business nature, no packaging material is used. The Group strives to improve the efficient use of natural resources, such as minimizing waste/emissions and implementing effective recycling programs. Practical measures are implemented as follows:

Electricity

Electricity charge does not form a separate item in the rent of certain offices in North America. However, electricity saving measures are encouraged so that electrical appliances are required to be set in the energy saving mode where possible. Computers are turned to sleep mode automatically within 20 minutes. The room temperature should be set in a range between 20°C and 26°C. Also, power supplies should be switched off when they are not in use. Preference will be given to office equipment with relatively high energy efficiency.

The energy consumption during the Reporting Period is as follows:

Table 2 Energy Consumption

Energy	Consumption (kWh)
Electricity	26,100
Energy Intensity	17.65 kWh/m ²

Water

The impact of freshwater use is relatively insignificant for the Group as its businesses are services-focused. The Group did not encounter any problems in sourcing water that is fit for the purpose. Water rate charges do not form a separate item in the rent, yet the Group encourages its staff to reduce water wastage, for example, by preventing running water taps while cleaning their lunch boxes in the pantry.

During the Reporting Period, the Group consumed/generated no significant hazardous waste, non-hazardous waste, water, paper or packaging materials due to its business nature. The Group is not aware of any material violation of any applicable environmental laws or regulations.

THE ENVIRONMENT AND NATURAL RESOURCES

The Group raises its staff's awareness of environmental issues through education and training, and encourages its employees' support for improving the Group's performance, promotes environmental awareness amongst the customers, business partners and shareholders, supports community activities in relation to environmental protection and sustainability and evaluates regularly and monitors past and present business activities impacting upon health, safety and environmental matters. With the integration of policies mentioned in the sections headed "Emissions" and "Use of Resource", the Group strives to minimise the impacts on the environment and natural resources.

SOCIAL ASPECTS

EMPLOYMENT

Our success depends on our ability to attract, retain and motivate qualified personnel. The Group adopts high standards in recruitment with strict procedures to ensure the quality of new hiring. The Group's employee handbook sets out the standards for compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. The Group complies with the laws and regulations relating to employment. The Group is not aware of any material non-compliance with related laws or regulations during the Reporting Period.

Equal Opportunity

The Group provides equal employment opportunities to all employees in all Company facilities and this applies to all terms and conditions of employment, including, but not limited to, hiring, placement, promotion, termination, layoff, recall, transfer, leaves of absence, compensation and training.

Anti-discrimination, Harassment and Bully

The Group is committed to a work environment in which all individuals are treated with respect and dignity and are free from all forms of discrimination, harassment and bully. Any form of discrimination, harassment and bully, even if not unlawful or directed at a protected category, is prohibited and will not be tolerated.

The Group has a policy and communication protocol for any alleged discrimination, harassment and bully and all reports of alleged discrimination, harassment or bully will be treated seriously and confidentially.

Any violation of applicable laws and regulations shall be reported to the management for investigation according to the Group's internal policies and the relevant department will be notified to perform remedial actions in case any non-compliance was identified during the investigation.

HEALTH AND SAFETY

The Group strives to provide and maintain a safe, healthy and hygienic workplace for our employees and protect them from occupational hazards. The Group has established occupational safety and sanitation systems, implemented the occupational safety and sanitation rules and standards, and provided employees with workplace safety training on a regular basis to increase their awareness of work safety issues.

During the Reporting Period, there were no non-compliance cases noted in relation to the laws or regulations for health and safety.

DEVELOPMENT AND TRAINING

The Group recognizes the importance of training for the development of our employees as well as our Group. We encourage and support our employees in personal and professional training through seminars, regular sharing sessions and on-the-job training. We believe it is mutually beneficial to provide development and training opportunity to the employees and our Group.

SOCIAL ASPECTS

LABOUR STANDARDS

The maxim of the Group's labor standards is to comply with the local labor laws. In order to uphold children's rights to safety and health, no child labor was employed during the Reporting Period. In order to help the employees get work life balance and relieve their working stress, the Group regularly provides benefits to employees and organizes activities for recreational purpose. It has provided employees with the opportunities to socialize, have better understanding of and exchanges between departments, foster the spirit of teamwork and create a pleasant working atmosphere.

During the Reporting Period, the Group has complied with the policies and relevant laws and regulations regarding the prevention of child labor or forced labor.

SUPPLY CHAIN MANAGEMENT

The Group primarily relies on third-party suppliers for the provision of office space, computing server, data storage, and network bandwidth for SaaS business. For conventional PPT business, the Group relies on third-party suppliers to provide storage, distribution and fulfillment services in order to handle and ship video discs from our content owner customers to the video storage server.

In the course of selecting suppliers, the Group will conduct screening according to certain criteria under the established purchase policy. Besides, the Group will also regularly monitor the performance of supplies through different channels and periodically assess whether the supplier's performance meets the standards. Thus, we believe there are no significant environmental and social risks for our management decision on supply chain management.

PRODUCT RESPONSIBILITY

Communication with customers

The Group's customers include some of the world's largest film studios, TV networks and other content owners. The Group considers its customers as a major stakeholder and enables the worldwide sales team to address its customer's concerns and requests on a timely basis.

The Group's marketing strategy focuses on increasing brand awareness and generating sales leads through events and digital marketing as well as referrals by its existing customers. At marketing events, marketing team can provide public presentations, set up display booths, and hold private meetings and product demonstrations to promote products and services. Regarding digital marketing, the Group's corporate website serves as the primary channel to inform potential customers about product and services offered with corporate news. Email marketing can follow up with existing customer and new customers for sharing corporate news and white papers.

SOCIAL ASPECTS

Quality assurance

The Group's newly developed or updated SaaS products are subject to several quality tests performed by its quality assurance teams before they are deployed. These quality assurance tests typically include pre-deployment test, sanity test, regression test and performance and scalability test.

An agile software development process is implemented when we break down the complex software development into incremental releases where the development cycle for each incremental release lasts for a certain period of time such as two weeks. Before such release, the quality assurance team will perform regression tests by defining the scope of the tests and selecting the appropriate minimum sets of tests required to adequately cover the areas of the SaaS software products with the proposed updates, new features and any other areas that are vulnerable to such proposed updates. The purpose of the regression test is to ensure that the overall quality of our SaaS products will not be affected when releasing updates and new features.

Besides, maintaining strong research and development capabilities is essential to success. The Group's research and development team consists of several experts who have at least 10 years of experience in the related fields. We currently conduct most of our research and development in-house, and are not reliant on any outsourced research and development.

Intellectual property and data protection

Intellectual property rights are an essential element of the Group's business operations. The Group makes use of copyright, trademark, trade secret, proprietary domain names and other intellectual property law such as non-competition, confidentiality and license agreements with our employees, suppliers, business partners and others to protect our intellectual property rights. The Group primarily relies on trade secrets for keeping our source code and other know-how confidential.

The Group implements comprehensive measures to protect our intellectual property in addition to making trademark and patent registration applications. The Group's employees are generally required to execute a standard employment contract, which includes a clause acknowledging that all inventions, trade secrets, works of authorship, developments and other processes generated by them on the Group's behalf are our properties, assigning to the Group any ownership rights they may have in those works, and requiring them not to disclose or use the Group's confidential information except for our benefit as the Group may authorize.

During the Reporting Period, there were no cases of non-compliance with the relevant laws or regulations regarding product responsibility.

SOCIAL ASPECTS

ANTI-CORRUPTION

To ensure operation efficiency and the employees' development in a fair and honest working environment, the Group has formulated policies, established guidelines to avoid suspected corruption and provided channel for employees to report suspected corruption. The Group has established an anti-corruption policy to ensure the compliance by the Group. The Group has also set up a whistleblowing email. If there is any suspected case related to corruption, employees are encouraged to report the related cases to the senior management.

The Group has been in strict compliance with the law and regulation related to anti-corruption. During the Reporting Period, there was no any legal case regarding corrupt practices brought against the Group or its employees.

COMMUNITY INVESTMENT

As a socially responsible company, the Group is committed to understanding the needs of the communities in which we operate. The Group strives to develop long-term relationships with our stakeholders and seeks to make contributions to programs that have a positive impact on the community development.

During the Reporting Period, the Group made charitable and other donations amounting to HK\$1,000,000.

THE STOCK EXCHANGE OF HONG KONG LIMITED'S ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

Subject areas, aspects, general disclosures and KPIs	Section	Page
A. Environmental		
Aspects A1: Emissions		
General Disclosure	"Emissions"	5
KPI A1.1 The types of emissions and respective emissions data	"Emissions"	5
KPI A1.2 Greenhouse gas emissions in total and, where appropriate, intensity	"Emissions"	5
KPI A1.3 Total hazardous waste produced and intensity	The Group does not generate significant hazardous waste.	5
KPI A1.4 Total non-hazardous waste produced and intensity	The Group does not generate significant non-hazardous waste.	5
KPI A1.5 Description of measures to mitigate emissions and results achieved	"Use of Resources"	6
Aspects A2: Use of Resources		
General Disclosure	"Use of Resources"	6
KPI A2.1 Direct and indirect energy consumption by type in total	"Use of Resources"	6
KPI A2.3 Description of energy use efficiency initiatives and results achieved	"Use of Resources"	6
KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	"Use of Resources"	6
Aspects A3: The Environmental and Natural Resources		
General Disclosure	"The Environmental and Natural Resources"	6
KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	"Emissions" & "Use of Resources"	5–6
B. Social (Note)		
Aspects B1: Employment and Labour Practices		
General Disclosure	"Employment"	7
Aspects B2: Health and Safety		
General Disclosure	"Health and Safety"	7
Aspects B3: Development and Training		
General Disclosure	"Development and Training"	7

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Subject areas, aspects, general disclosures and KPIs		Section	Page
Aspects B4:	Labour Standards		
	General Disclosure	"Labour Standards"	8
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	"Labour Standards"	8
KPI B4.2	Description of steps taken to eliminate such practices when discovered	"Labour Standards"	8
Aspects B5:	Supply Chain Management		
	General Disclosure	"Supply Chain Management"	8
KPI B5.2	Description of practices relating to engaging supplies, number of supplies where the practices are being implemented, how they are implemented and monitored	"Supply Chain Management"	8
Aspects B6:	Product Responsibility		
	General Disclosure	"Product Responsibility"	8–9
KPI B6.4	Description of quality assurance process and recall procedures	"Product Responsibility — Quality assurance"	9
Aspects B7:	Anti-corruption		
	General Disclosure	"Anti-corruption"	10
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	No concluded cases	10
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	"Anti-corruption"	10
Aspects B8:	Community Investment		
	General Disclosure	"Community Investment"	10
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	"Community Investment"	10
KPI B8.2	Resources contributed (e.g. money or time) to the focus area	"Community Investment"	10

Note: Pursuant to Appendix 27 of the Listing Rules, KPIs in this section are recommended disclosures only.