

**China Animation Characters Company Limited
Environmental, Social and Governance Report 2017/18**

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1. OVERVIEW

This is the Environmental, Social and Governance Report published by China Animation Characters Company Limited (“**China Animation**” or the “**Company**”). This report is prepared with reference to the Environmental, Social and Governance Reporting Guide (hereinafter referred to as the “**Guide**”) as set out in Appendix 27 of the Rules Governing the Listing of Securities (hereinafter referred to as the “**Listing Rules**”) on Hong Kong Exchanges and Clearing Limited (hereinafter referred to as “**HKEx**”).

China Animation understands the vital importance of the environment, society and governance to the Company’s future, and recognises the far-reaching influence caused by the business model of China Animation on the environment and society. The disclosure of key performance indicators not only represents the consistent practice of China Animation in compliance with the governing rules, but also indicates the Company’s dedication and commitment to the integration of its grave concerns on environment and society into its daily operations.

This report gives a brief overview of the environmental, social and governance concepts of China Animation, the overall performance and work highlights of the Company’s core business in respect of the economy, environment and society, as well as its plans and goals to be achieved in the short and long run.

This report is designed to enable the shareholders, investors (including potential investors) and the public to have a more comprehensive understanding of the Company’s corporate governance and culture. The Company is willing to take up more social responsibilities in order to maintain the balance between the interest of shareholders and social benefits. Data contained in this report is derived from the Company’s official documents and statistical reports, as well as summary and statistical data provided by subsidiaries under the Company in accordance with the relevant company rules and regulations.

2. REPORTING PRINCIPLES AND REFERENCE STANDARDS

This report is prepared mainly with reference to the Environmental, Social and Governance Reporting Guide issued by HKEx, in order to disclose the relevant information under the general industry and international standards.

The reporting principles emphasize the following four areas:

- **Materiality:** the threshold at which environmental, social and governance issues become sufficiently important to investors and other stakeholders is the core content of this report.
- **Measurability:** the key performance indicators involved in the effectiveness of environmental, social and governance policies and management systems may be presented in the form of quantitative data accompanied by a narrative, explaining its purposes and impacts.

- Balance: this report provides objective presentation of the Company's performance to avoid selections, omissions, or through presentation formats that may inappropriately influence report readers' decisions or judgments.
- Integrity: comprehensive description of the substance contained in this report is given, in order to avoid omission of any details important to stakeholders.

3. REPORTING SCOPE AND KEY SECTORS

This report includes the environmental, social and governance performance of China Animation and its major subsidiaries, including Shenzhen Wald Animation Technology Company Ltd. (深圳華爾德動漫科技有限公司, "**Shenzhen Wald**"), Huajiatai (Shanghai) Indoor Amusement Co., Ltd. (華嘉泰(上海)兒童室內遊樂有限公司, "**Shanghai Huajiatai**") and CA Sega Joypolis Ltd. ("**Sega Joypolis**") in their principal places of operation, namely Hong Kong, mainland China and Japan.

This report covers the period from 1 April 2017 to 31 March 2018.

By analyzing the relevance between the stakeholders' concerns on environmental, social and governance matters and the Company's businesses, product responsibility under the operating practices and development and training under the employment and labour practices have been a major concern of the Company and its stakeholders recently. As its work related to the environment, society and governance is further enhanced and refined and data collection becomes more mature, China Animation will continuously optimise and improve the indicators disclosed in the report and gradually cover the recommended disclosure.

4. EMPLOYMENT AND LABOUR PRACTICES

Employees are the most valuable treasure of China Animation and the core of the Company's development, success and value creation. The Company has formulated numerous policies on human resources management to protect employees' basic rights and enable employees to grow along with the Company and build up a strong sense of belonging and security to be a member of the Company.

Development and Training

China Animation cherishes every employee and believes that they will grow along with the Company's business expansion. It provides targeted, systematic and forward-looking training for its employees, to ensure that its employees can quickly meet the needs of the relevant positions while exploring the potentials of employees to support the Company's sustainable development.

The Company provides every new recruit with induction and basic trainings, covering the Company's vision and corporate culture training, the Company's fundamental rules and regulations, staff manual and introduction of the reward and punishment system. The Company's subsidiary, Shanghai Huajiatai, arranges a fundamental training for all newly recruited employees every month. Such training is conducted by lecturers authorized by Sega Joypolis in order to enhance their understanding of the Company and its operating directions. At the same time, different departments will arrange on-the-job training and conduct assessments for staff at different positions. Some key positions require employees holding qualification certificates for ensuring operational safety and standardization. For management personnel, the Company also organizes management skills and leadership enhancement training. As of now, all employees have received more than 18,000 hours of job training, and the average training hours per employee is 10 hours.¹

In light of the Company's continuous development and in order to ensure the continuous enhancement of the quality of its team, the Company will enrich the forms and increase the frequency of training provided to its employees, as well as review and improve training courses on a continuous basis so as to complement its business operation and employees' needs.



¹ The statistics cover the training information of JOYPOLIS indoor theme parks in Shanghai, Qingdao and Tokyo, China Animation Creative Industry Park and the Hong Kong office of the Group.

Health and Safety

China Animation pays great attention to the relationship between the Company and its employees, and strives to continuously enhance its safety performance. Adhering to the service philosophies of safety, smile, passion, services and hygiene, China Animation continues to improve occupational health and safety system, and provides staff with comprehensive protection measures as far as possible, to eliminate all kinds of potential health and safety risks. During the reporting period, there was no material non-compliance with the relevant national laws and regulations in respect of safe working environment by the Company.

Shanghai Huajiatai and Sega Joypolis encourage employees to travel in a green manner, and prohibit employees from using electric vehicles to commute to and from workplace, with a view to eliminating any possible risks. Since the commencement of operation at the beginning of this year, Shanghai Huajiatai has not experienced any work-related injuries. Meanwhile, the Company also provides dormitories for night-shift employees to minimize safety risks associated with commuting during nighttime.

Employment

China Animation is devoted to creating a good working environment for all employees. The Company has been recruiting pursuant to the principles of openness, fairness, competition and meritocracy. Recruitment is conducted in such a way that top priority is given to internal employee transfer before considering external recruitment. It encourages reasonable mobilization of employees within the Company, thereby providing more promotion and learning opportunities for employees. As of 31 March 2018, the Company has a total of 990 employees². The Company will continue to improve measures in respects of attracting and retaining talents, provide career development opportunities for employees to complement its business development, and maintain the employee turnover rate at a normal level.

The Company strictly observes national and local labour laws and regulations. To comply with national and local policies, the Company established an incentive and disciplinary mechanism whereby employees' salaries are tied with their respective position and performance, and maintained remuneration packages at a competitive and reasonable level in the market. The Company is committed to gender equality and adopts identical standard, structure and basis in determining remuneration of both male and female employees.

Besides, Shanghai Huajiatai has set seven job ranks for each department. Employees are fully aware of their respective promotion path and conditions, and hence can develop the abilities and skills required for their own career development in a focused manner.

² The statistics cover the total number of employees of JOYPOLIS indoor theme parks in Shanghai, Qingdao and Tokyo, China Animation Creative Industry Park and the Hong Kong office of the Group.

Labour Standards

China Animation strictly complies with national laws and regulations. None of the businesses of the Company employ child labour or forced labour. Currently, the minimum age requirement for all employees of the Company is 18. During the reporting period, the Company did not receive any reported cases in this regard.

The Company strictly complies with the laws regarding working hours and holidays in the places where its businesses are located. Personnel at the back offices implement five- or six-day work week with eight or seven working hours per day, while on-site operators work in shifts based on the actual conditions.

The Company provides personal leave, sick leave, marital leave, compassionate leave, maternity leave, work injury leave, home leave and annual leave to help employees to achieve work-life balance.

5. OPERATING PRACTICES

The management system established and management measures implemented for suppliers and customers (clients) demonstrate China Animation's effective management of and control over the environmental and social impacts directly caused by its operation. Based on its sound internal compliance management, China Animation strives to eliminate all forms of corruption by gradually improving its supply chain management to regulate the tender process and division of power and responsibilities, and enlarging the scope of supplier assessment. In addition, it strengthened the communication with its customers and actively responded to their demands by raising service quality and effectiveness in order to maximize its role in promoting the corporate's sustainable development.

Product Responsibility

China Animation attaches great importance to product quality and corporate credibility. Through the strict management of product quality inspection, it ensures that it provides quality products to customers. During the reporting period, there was no non-compliance with the relevant national laws and regulations in respect of health and safety of its products and services by the Company.

China Animation undertakes product quality testings of its toy products through Shenzhen Wald. Through measures such as process guidance and inspection at suppliers' production sites, and product quality random inspection, it undertakes strict control of product quality in accordance with standards such as ISO9001, Disneyland's COC and Bandai's quality inspection standards.

As the first licensed JOYPOLIS operator of SEGA in China, Shanghai Huajiatai strictly abides by inspection standards of SEGA in park management and ensures providing customers with a safe and comfortable entertainment venue through effective operational management.

The Company requests operators of large-scale equipment to receive pre-job assessment. Professional personnel are placed to conduct on-site management for all park facilities and equipment and to provide explanations to customers in regard to the facility and points to note. In addition, a number of signs are put up at the entrances of facilities to demonstrate the points to note in accordance with the operational regulations and standard of SEGA. At the same time, the Company strictly implemented equipment inspection, conducted daily testing and inspection on indicators of all facilities, handled abnormal situations on a timely basis and recorded the reasons therefor. If the reason for such abnormal situations cannot be identified, the operation of the facility will be halted in order to ensure customer safety. The Company formulated a comprehensive emergencies response plan to cope with emergency situation caused by power failure, earthquake, fire and customers. Operators conduct drills under the emergencies response plan regularly and are examined by specialists to ensure that they are able to handle emergency. Since the commencement of operation of the parks, no casualty accident has occurred.

China Animation and its subsidiaries participate in fire and safety drills in operating premises (leased commercial buildings or offices) regularly to ensure that their employees are capable of handling fire incidents.



Personal Data Privacy Policy

China Animation strictly abides by the laws in maintaining a high level of security and privacy protection on personal data. Great importance is attached to the privacy of personal data to resolutely maintain and protect personal information. We only collect personal data that we believe to be relevant and required to conduct our business. We use personal data only for the purpose for which data is collected or for a directly related purpose unless consent with a new purpose is obtained from customers. Personal data will not be transferred or disclosed to any entities other than the members of the Group without consent from customers, unless otherwise required by the laws or notification is given to customers in advance. In addition, We maintain appropriate safety measures and systems to prevent unauthorized access to personal data.

Supply Chain Management

The Company selects major suppliers through bidding. Regarding the business of toys trading of China Animation, it ensures that all potential suppliers selected have fulfilled the required qualifications, for example ISO9001, Disneyland's COC, Japan Bandai's certification, etc, so that products offered meet international standards.

Anti-corruption

China Animation has put in place relevant internal policies and formulated Moral Code of Conduct which stipulates its management's scope of responsibility about anti-corruption and strengthens supervision. At the same time, China Animation undertakes daily work inspection through conducting internal audit and formulates inspection work through Internal Audit Methods. In its daily operation, the Company has set up suggestion boxes, whistle-blowing hotlines and mailboxes to strengthen the supervision over its management, and promotes an anti-corruption work ethic inside the Company to create a clean and honest working environment. With regard to procurement business, procurement personnel will sign integrity protocols. During the reporting period, there was no corruption case involving the Company or its employees. It also strictly follows the relevant national regulations on anti-bribe, extortion, fraud and money laundering. Along with its business development, the Company will further improve its supervision system so as to provide effective protection for its sustainable development.

6. ENVIRONMENT

The Company proactively advocates the concepts of “reduce”, “reuse” and “recycle”, and is committed to protecting the environment and contributing to the society by promoting these concepts. The Company always keeps pace with the development of the international environmental protection laws and ensures that the implementation of its environmental policy is in compliance with the international standards and is in the same pace as its global peers.

Use of Resources

Effective use of resources requires a perfect management system, while the implementation of the relevant policies relies on cooperation and support from the employees. Through “Earth Hour”, National Energy Saving Publicity Week and National Low Carbon Day, the Company endeavors to create a corporate culture of valuing resources, increases employees’ awareness of environmental protection, and encourages them to actively take part in and practise commitments to environmental protection. It also posts promotional slogans such as “Save energy by turning off lights”, “Energy saving is everyone’s duty”, “Save every drop of water”, “Treasure forests by using both sides of papers”, etc next to lights, air-conditioners, washrooms and photocopiers.

Emissions

The Company attaches great importance to the management of wastes produced from operation. As a multimedia animation entertainment provider, the Company’s operation does not involve industrial production, and hence no hazardous waste, such as chemical waste, will be produced in the course of operation. As such, it is not particularly necessary to formulate a set of general codes regarding hazardous waste. During the reporting period, there was no material non-compliance with the relevant national laws and regulations in respect of emissions by the Company.

For non-hazardous wastes such as used paper, the Company avoids production of waste at source by such means as promoting paperless office to reduce the use of paper and promoting the reduction of use of bottled water. Recycling of non-hazardous wastes produced by the Company and its subsidiaries is centrally processed at the premises where they are located at the cost of the Company which is included in rental or property management fees.

The Company promotes green travels. Its subsidiary, Shanghai Huajiatai, provides dormitories, located close to its place of operation, for night-shift employees to provide conveniences to its employees and reduce the greenhouse gases emitted from commuting vehicles.

The Company commits to fulfill and comply with national and regional environmental protection regulations and has developed self-regulation processes accordingly. Awareness of environmental protection of all employees is enhanced through environmental protection activities, training program and promotion. The Company always keeps pace with the development of the international environmental protection laws and ensures that the implementation of its environmental policy is in compliance with the international standards and is in the same pace as its global peers.

The Environment and Natural Resources

Though the business nature of the Company does not have significant impacts on the environment and natural resources (e.g. biodiversity), the Company will constantly pay attention to possible impacts on the environment. Should there be matters which have impacts on the environment and natural resources, it will formulate targeted measures to mitigate any possible risks.

7. COMMUNITY

The Company takes active initiatives to fulfill corporate citizenship and encourages its staff to participate in charitable activities.

Community Investment

As a key cultural enterprise in Shenzhen, Guangdong Province, China and a “Culture + Tourism” demonstration base of Shenzhen, China Animation, through the thirteenth Cultural Industry Fair, showcased the latest achievements of “Innovation + Technology” and the novelty of multi-dimensional development of the animation industry, promoting the rapid development of cultural industry and undertakings of Longcheng Jiedao.



8. CSR PERFORMANCE SUMMARY

A. Environmental

Aspect	Policies/name of indicators	Indicator values/comply or explain
A1 Emissions	Policies	Owing to its business nature, China Animation is not involved in material emissions of exhaust gas, exhaust water and hazardous waste. Greenhouse gas emission caused by the use of electricity transformed from fossil fuels during its operation process constitutes its material gas emission. For concrete policies of the Company on energy saving, please refer to A2.1.
	Information on compliance with the relevant laws and regulations that have a significant impact on the issuer	During the reporting period, there was no non-compliance with the relevant national laws and regulations in respect of emissions by the Company.

Aspect	Policies/name of indicators	Indicator values/comply or explain
A1.1	Types of emissions and respective data	Owing to the business nature of China Animation, Shenzhen Wald, Shanghai Huajiatai and Sega Joypolis, its operation process only involves greenhouse gas emission and does not involve pollutants regulated by national laws and regulations.
A1.2	Total greenhouse gas emissions (emitted through electricity consumption)	$E=Q*EF=2,275.98 \text{ tonnes}^3$ where E represents total greenhouse gas emissions (mainly produced by electricity use); Q represents electricity consumption of the Company; EF represents emission coefficients ⁴ .
	Total greenhouse gas emissions per sq.m of floor area (emitted through electricity consumption)	0.06 tonnes/sq.m. ³
A1.3	Total amount of hazardous waste	Owing to the business nature of China Animation and its subsidiaries, its daily operation does not involve production of hazardous waste.
A1.4	Total amount of non-hazardous waste	Non-hazardous wastes produced by China Animation and its subsidiaries are mainly paper and PET bottles. As wastes produced by China Animation and its subsidiaries are centrally processed by the buildings/ industrial parks where it operates, accurate statistical data about wastes is yet to be obtained. The following data shows amount of bottled water and paper purchased by the Company: Bottled water: 8.47 tonnes ³ ; A4 paper: 2.57 tonnes ³

³ The statistics cover the total greenhouse gas emissions of JOYPOLIS indoor theme parks in Shanghai, Qingdao and Tokyo, China Animation Creative Industry Park and the Hong Kong office of the Group.

⁴ Carbon emissions are based on the “Environmental Key Performance Indicators Reporting Guide” of HKEx, “Baseline Emission Factors for Regional Power Grids of China” published by the Department of Climate Change under the National Development and Reform Commission and the “TEPCO CO₂ Emissions Factor” published by Tokyo Electric Power Company Holdings, Inc.

Aspect	Policies/name of indicators	Indicator values/comply or explain
A1.5	Measures to mitigate emissions and results achieved	For the Company's policies on reducing emissions, please refer to A2.3.
A1.6	M e t h o d s a n d effectiveness of waste handling	<p>Wastes produced by China Animation and its subsidiaries are centrally processed by the buildings/industrial parks where it operates.</p> <p>In theme parks/parks of China Animation, different types of recycling bins on which recycling labels are fastened for the purpose of collecting various non-hazardous wastes are placed and then delivering them to recycling companies for recycling.</p>
A2 Use of Resources	Policies	Through "Earth Hour", National Energy Saving Publicity Week and National Low Carbon Day, China Animation increases employees' awareness of environmental protection, and encourages them to actively take part in and practise commitments to environmental protection. China Animation also posts promotional slogans such as "Save energy by turning off lights", "Energy saving is everyone's duty", "Save every drop of water", "Treasure forests by using both sides of papers", etc next to lights, air-conditioners, washrooms and photocopiers.

Aspect	Policies/name of indicators	Indicator values/comply or explain
A2.1	Total energy consumption (electricity only)	3,862.20 MWh ⁵ The major energy consumption of China Animation and its subsidiaries is electricity and air-conditioning. As air conditioning consumption and electricity consumption of Shenzhen Wald is paid together with rents and not accounted for separately, and operational management regards it not feasible to provide usage data or separate statements of air-conditioning and electricity for individual tenants, accurate statistical data cannot be obtained.
	Total energy consumption intensity (electricity only)	94.59 MWh/sq.m. ⁵
A2.2	Total water consumption	18,767 cu. m. ⁶ Water consumption of China Animation and Shenzhen Wald is included in leasing rental of operation premises and not accounted for separately. As its water consumption and discharge is solely controlled by buildings/parks, and operational management regards it not feasible to provide usage information or separate statements of water use and drainage for individual tenants, accurate statistical information cannot be obtained.
	Water consumption intensity	0.70 cu. m./sq.m. ⁶

⁵ The statistics cover the data of electricity consumption produced by JOYPOLIS indoor theme parks in Shanghai, Qingdao and Tokyo of the Group as well as China Animation Creative Industry Park and the office in Hong Kong.

⁶ The statistics cover the total water consumption of JOYPOLIS indoor theme parks in Shanghai, Qingdao and Tokyo of the Group.

Aspect	Policies/name of indicators	Indicator values/comply or explain
A2.3	Energy use plan and results achieved	Through activities such as “Earth Hour”, National Energy Saving Publicity Week and National Low Carbon Day, China Animation increases employees’ awareness of environmental protection, and encourages them to actively take part in and practise commitments to environmental protection. The above plan is continual work and results cannot be seen in the short term.
A2.4	Whether there is any difficulties in sourcing appropriate water, water efficiency initiatives and results achieved	China Animation and its subsidiaries mainly consume municipal water, therefore, there is no difficulties in sourcing appropriate water. China Animation posts slogans near washrooms, such as “Energy saving is everyone’s duty”, “Save every drop of water”, etc. The above plan is continual work and results cannot be seen in the short term.
A2.5	Total packaging materials used for finished products	The businesses of China Animation and its subsidiaries do not involve packaging work of finished products and no packaging materials are needed.
A3 The Environment and Natural Resources	Policies	Though the business nature of the Company does not have significant impacts on the environment and natural resources (e.g. biodiversity), the Company will constantly pay attention to possible impacts on the environment. Should there be matters which have impacts on the environment and natural resources, it will formulate targeted measures to mitigate any possible risks.
A3.1	Measures adopted	Though the business nature of the Company does not have significant impacts on the environment and natural resources (e.g. biodiversity), the Company will constantly pay attention to possible impacts on the environment. Should there be matters which have impacts on the environment and natural resources, it will formulate targeted measures to mitigate possible hazards.

B Social – Employment and Labour Practices

Aspect	Policies/name of indicators	Indicator values/comply or explain
B1 Employment Policies		The Company has been recruiting pursuant to the principles of openness, fairness, competition and meritocracy. Recruitment is conducted in such a way that top priority is given to internal employee transfer before considering external recruitment. It encourages reasonable mobilization of employees within the Company, thereby providing more promotion and learning opportunities for employees. The Company has established a human resources management system and strictly abides by relevant local and national regulations.
	Information on compliance with the relevant laws and regulations that have a significant impact on the issuer	The Company strictly observes national and local labour laws and regulations; During the reporting period, there was no non-compliance with the relevant national laws and regulations by the Company.
B1.1 ⁷	Total workforce	990
	Male	440
	Female	550
	Below 30	841
	30-50	136
	Above 50	13
	Mainland China	744
	Hong Kong	6
	Overseas	240
	Full time	401
	Part time	589

⁷ The statistics cover the labour information of JOYPOLIS theme parks in Shanghai, Qingdao and Tokyo, China Animation Creative Industry Park and Hong Kong office of the Group.

Aspect	Policies/name of indicators	Indicator values/comply or explain
B2 Health and Safety	<p>Policies</p> <p>Information on compliance with the relevant laws and regulations that have a significant impact on the issuer</p>	<p>China Animation and its subsidiaries continue to improve occupational health and safety system, and provide staff with comprehensive protection measures as far as possible, to eliminate all kinds of potential health and safety risks. Shanghai Huajiatai encourages employees to travel in a green manner, and prohibits employees from using electric vehicles to commute to and from workplace, with a view to eliminating any possible risks.</p> <p>During the reporting period, there was no non-compliance with the relevant national laws and regulations in respect of safe working environment by the Company.</p>
B2.1	Number and rate of work-related fatalities	0 ⁸
B2.2	Lost days due to work injury	0
B2.3	Measures and monitoring methods for occupational health and safety	Shanghai Huajiatai and Sega Joypolis request operators of large-scale equipment to receive pre-job training and pass assessment. Personnel failing to pass assessments are not allowed to work. In addition, emergency response plans are made and emergency drills for all employees are arranged in batches.

⁸ The statistics cover the work injury information of JOYPOLIS theme parks in Shanghai, Qingdao and Tokyo , China Animation Creative Industry Park and Hong Kong office.

Aspect	Policies/name of indicators	Indicator values/comply or explain
B3 Development Policies and Training		<p>China Animation provides targeted, systematic and forward-looking training for its employees, to ensure that its employees can quickly meet the needs of the relevant positions while exploring the potentials of employees to support the Company's sustainable development.</p> <p>Shanghai Huajiatai and Sega Joypolis provide every new recruit with induction training, and basic training. At the same time, different departments will arrange on-the-job training and conduct assessments for staff at different positions. Some key positions require employees holding qualification certificates for ensuring operational safety and standardization. For management personnel, the Company also organizes management skills and leadership enhancement training.</p>
B3.1	The percentage of employees trained	62.6% ⁹
B3.2	The average training hours completed by employee	10 hours

⁹ The statistics cover the employee information of JOYPOLIS theme parks in Shanghai, Qingdao and Tokyo, China Animation Creative Industry Park and Hong Kong office of the Group.

Aspect	Policies/name of indicators	Indicator values/comply or explain
B4 Labour Standards	Policies	None of the businesses of the Company employ child labour or forced labour, and a human resources management system is in place. The Company has established clear provisions for working hours and overtime compensation
	Information on compliance with the relevant laws and regulations that have a significant impact on the issuer	China Animation strictly complies with national laws and regulations. Currently, the minimum age requirement of all employees of the Company is 18. During the reporting period, the Company did not receive any reported cases.
B4.1	Measures for avoiding child and forced labour	China Animation and its subsidiaries only employ employees aged above 18; and a human resources management system is in place. The Company has established clear provisions for working hours and overtime compensation.
B4.2	Procedures for handling non-compliance	With a suggestion box set up in the staff lounge area, feedback collected from its staff will be directly passed to its general manager, who will then assign personnel to conduct investigations and verifications about such non-compliance. Punishments will be imposed on non-compliance. The Company has never had any case of non-compliance.

B Social – Operating Practices

Aspect	Policies/name of indicators	Indicator values/comply or explain
B5 Supply Chain Management	Policies	<p>The Company selects major suppliers through bidding. Regarding the business of toys trading of China Animation, it ensures that all selected suppliers have fulfilled the required qualifications, for example ISO9001, Disneyland's COC, Japan Bandai's certification, etc, so that products meet international standards.</p>
B6 Product Responsibility	Policies	<p>China Animation attaches great importance to product quality and credibility. Through the strict management of product quality inspection, it ensures that it provides quality products to customers. China Animation undertakes product quality testings of its toy products through Shenzhen Wald. Through measures such as process guidance and inspection at suppliers' production sites, and product quality random inspection, it undertakes strict control over product quality in accordance with standards such as ISO9001, Disneyland's COC and Bandai's.</p> <p>As the first licensed JOYPOLIS operator of SEGA in China, Shanghai Huajiatai strictly abides by inspection standards of SEGA in park management and ensures providing customers with a safe and comfortable entertainment venue through effective operational management.</p>
	Information on compliance with the relevant laws and regulations that have a significant impact on the issuer	<p>During the reporting period, there was no non-compliance with the relevant national laws and regulations in respect of products, services, health and safety by the Company.</p>

Aspect	Policies/name of indicators	Indicator values/comply or explain
B6.1	Number of product recall cases	0 ¹⁰
B6.2	Methods for dealing with complaints	Shanghai Huajiatai and Sega Joyplis provide operators with training in handling complaints, standardizing attitude, methods of treatment and speech skills, etc.
B6.4	Quality assurance process and product recall procedures	China Animation entrusts Shenzhen Wald for conducting product quality testing work. Through measures such as process guidance and inspection at suppliers' production sites, and product quality random inspection, it undertakes strict control over product quality in accordance with standards such as ISO9001, Disneyland's COC and Bandai's. To date, there has been no product recall case.
B7 Anti-corruption	Policies	China Animation has put in place relevant policies and formulated Moral Code of Conduct which stipulates management's scope of responsibility about anti-corruption and supervision was strengthened. At the same time, China Animation undertakes daily work inspection through internal audit department and formulates inspection work through Internal Audit Methods.
	Information on compliance with the relevant laws and regulations that have a significant impact on the issuer	During the reporting period, there was no corruption case involving the Company or its employees. It also strictly follows the relevant national regulations on anti-bribe, extortion, fraud and money laundering.

¹⁰ The statistics cover the product recall information of JOYPOLIS theme parks in Shanghai, Qingdao and Tokyo, China Animation Creative Industry Park and Hong Kong office of the Group.

Aspect	Policies/name of indicators	Indicator values/comply or explain
B7.1	Number of corrupt cases and outcomes of the cases	0 ¹¹
B7.2	Anti-corruption measures	In its daily operation, the Company has set up suggestion boxes, whistle-blowing hotlines and mailboxes to strengthen the supervision over its management, and promotes an anti-corruption work ethic inside the Company to create a clean and honest working environment. With regard to procurement business, procurement personnel will sign integrity protocols.

B Social – Community

Aspect	Policies/name of indicators	Indicator values/comply or explain
B8 Community Investment	Policies	The Company takes the initiatives to fulfill corporate citizenship and encourages the staff to participate in charitable activities.
B8.1	Focus areas of contribution	As a key cultural enterprise in Shenzhen, Guangdong Province, China and a “Culture + Tourism” demonstration base of Shenzhen, China Animation, through the thirteenth Cultural Industry Fair, showcased the latest achievements of “Innovation + Technology” and the novelty of multidimensional development of the animation industry, promoting the rapid development of cultural industry and undertakings of Longcheng Jiedao.

¹¹ The statistics cover the information of JOYPOLIS theme parks in Shanghai, Qingdao and Tokyo, China Animation Creative Industry Park and Hong Kong office of the Group.