

# MAOYAN ENTERTAINMENT

## 貓眼娛樂

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1896



# Maoyan Entertainment

**2018** Environmental, Social and Governance Report

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# 1. About the Report

This is the first Environmental, Social and Governance report (“ESG report” or the “Report”) published by Maoyan Entertainment (the “Company”), its subsidiaries and the Consolidated Affiliated Entities (collectively referred to as the “Group”, “We” or “Us”). It outlines the Group’s corporate social responsibility philosophy, its implementation of sustainability principles, and its relationship with major stakeholders in the context of ESG, and shares its vision and commitments on corporate social responsibility.

## **Preparative Basis**

The report was prepared in accordance with the ESG Reporting Guide (the “Guide”) in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The report’s coverage and content are in compliance with the disclosure principles in the Guide.

## **Reporting scope and period**

The report’s content is focused mainly on the Group’s core businesses, its sustainable development practices from January 1, 2018 to December 31, 2018 (the “Year” or the “Reporting Period”), and its overall corporate social responsibility performance. Unless otherwise specified, the report covers businesses directly controlled by Maoyan Entertainment. Unless otherwise specified, the “Group” refers to Maoyan Entertainment, its subsidiaries and the Consolidated Affiliated Entities.

## **Reporting language**

The report is published in traditional Chinese and English versions. In all instances of discrepancy, the traditional Chinese version shall be regarded as definitive.

For more details of the Group’s corporate governance, please refer to the section of Corporate Governance Report set out in the Annual Report and the Group’s official website at <http://ir.maoyan.com>. We value your opinions. For any enquiries or recommendations, please feel free to contact us.

## 2. About the Group

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on December 8, 2017. We are a leading platform providing innovative Internet-empowered entertainment service in China. Our primary businesses comprise online entertainment ticketing services, entertainment content services, e-commerce services and advertising services and others. The Company was listed in Hong Kong on February 4, 2019.

### Awards

The Group strives to become a leading enterprise in the cultural entertainment industry in China, provide superior cultural and entertainment products and services to the industry and public, and aims to become a market-leading brand trusted by users and partners. In 2018, the Group earned the following major awards and honours:

- 2018 PRC Investor Impression Award: “The Best Unicorn Company” awarded by Alpha Industries
- “2018 Outstanding Life Service Platform” at the 16th China’s Financial Annual Champion Awards, awarded by Hexun.com
- “2018 Top 100 Powerful Unicorn Companies-Unicorn Companies in the Cultural and Entertainment Industry” selected by Entrepreneur
- “2018 iResearch Awards-Best Investment Value Award” awarded by iResearch
- “Annual Private Film Distributor” from the 2nd China Television and Media Leadership Summit at the Shanghai International Film Festival

### 3. Sustainability Philosophy

The Group strives to integrate sustainability philosophy into its overall strategy, policy and business plan. In this way, we aim to minimise the adverse effect of our business operation on the environment while making a greater contribution to society.

#### **Environmental, Social and Governance**

We comply fully with the Environmental Protection Law of the People's Republic of China as well as all environmental protection laws in effect where the Group operates. We strive to reduce consumption of energy, paper, water and other resources in our business operation, implement environmentally-friendly practices, and fulfil our corporate social responsibilities in an effective manner.

During the Year, the Group established an ESG working group (the "Working Group") to improve its sustainable development work. Working Group members include the heads of all relevant departments. In compliance with the Guide's requirements, the Board is responsible for evaluating and determining ESG-related risks and establishing appropriate and effective ESG risk management and internal control system. The Working Group reports to the Board on an irregular basis to ensure the effectiveness of ESG management.

#### **Stakeholder Engagement**

The Group's success mainly depends on the support of its major stakeholders, and we consequently place a high value on communication with the stakeholders. Our major stakeholders include government and regulatory authorities, shareholders and investors, customers, employees, suppliers and communities. We listen to their opinions through a variety of channels in order to understand their opinions and expectations on the Group. For details, see the table below:

### 3. Sustainability Philosophy

Stakeholders	Major concerns	Major communications channels
<b>Government and regulatory authorities</b>	<ul style="list-style-type: none"> <li>Operational compliance</li> <li>Conformance to code of business ethics</li> <li>Benefit the economy</li> </ul>	<ul style="list-style-type: none"> <li>Written documents or reports</li> <li>Regular or irregular face-to-face communications</li> </ul>
<b>Shareholders and investors</b>	<ul style="list-style-type: none"> <li>Healthy business development</li> <li>Good returns on investment</li> <li>Information disclosure and communication in accordance with the law</li> </ul>	<ul style="list-style-type: none"> <li>Annual reports</li> <li>Result announcements</li> <li>Investor conferences</li> <li>Investor relationship column on the official website</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Providing high quality entertainment products and services</li> <li>Meeting diverse customer needs in accordance with the law</li> <li>Protecting the rights and interests of users</li> </ul>	<ul style="list-style-type: none"> <li>The Group's website and email address</li> <li>Customer service centre</li> <li>Routine operation and communication</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Stable employment</li> <li>Reasonable welfare</li> <li>Occupational health and safety</li> <li>Wide career path</li> </ul>	<ul style="list-style-type: none"> <li>Staff handbook</li> <li>Mail/face-to-face communication</li> <li>Employee training</li> <li>Performance assessment and feedback</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Standardised procurement</li> <li>Conformance to code of business ethics</li> </ul>	<ul style="list-style-type: none"> <li>Supplier management system</li> <li>Supplier evaluation procedure</li> <li>Conference</li> </ul>
<b>Communities</b>	<ul style="list-style-type: none"> <li>Promoting social harmony</li> <li>Supporting charity activities</li> <li>Practicing green operation</li> </ul>	<ul style="list-style-type: none"> <li>Participation in charity activities</li> <li>Volunteer work</li> </ul>

#### Sustainable Development Strategy

We exchange views with stakeholders through a range of channels to identify ESG-related matters, and subsequently conduct materiality assessments. During the Year, the Group advanced “integrity and compliance”, “professional service team”, “sharing natural environment” and “giving back to society and people’s livelihoods” as sustainable development strategy. At the same time, the report also focuses on these four aspects to fully cover major matters relating to the Group’s development and stakeholders’ concerns.

## 4. Integrity and Compliance

To ensure that “integrity and trustworthiness” underpin all its activities, the Group drew on the Corporate Governance Code and its own industry experience to establish effective internal control systems for the identification, reporting, prevention, responsive measures and consultation mechanism of irregularities such as corruption, bribery, fraud and money laundering, and established action plan for the reported incompliance.

### 4.1. Anti-corruption

The Group’s strict stance against corruption is in full compliance with all relevant laws and regulations in jurisdictions in which it operates including the Anti-Money Laundering Law of the People’s Republic of China, Prevention of Bribery Ordinance and Anti-Money Laundering and Counter-Terrorist Financing (Revised) Ordinance of Hong Kong, and other laws and regulations relating to corruption and bribery.

We advocate a corruption-free internal culture and a fair and honest working atmosphere. Group employees may not accept any gift, hospitality, rights or interests targeting themselves, or shall report any such offers in accordance with relevant regulations. Group employees must refuse to participate in hospitality in excess of the routinely sociable nature of business.

We implemented the Maoyan Reporting Guideline and established corresponding reporting procedures and monitoring measures to provide employees and relevant external parties with effective reporting channels. Whistleblowers’ identities are kept strictly confidential, and the Group will inspect and handle any reported irregularity or instance of non-compliance pursuant to the law.

During the Year, the Group was not involved in any material case relating to corruption, bribery, fraud or money laundering.

### 4.2. Information Security

The Group mainly provides online entertainment ticketing services, entertainment content services, e-commerce services and advertising services through internet platforms. As this inherently requires access to user information and orders, information security is one of our major concerns. To this end, the Group complies in full with all laws and regulations related to information security and privacy, including but not limited to the Administrative Measures on Safety Protection of International Connection of Computer Information Networks, the Decisions on Maintenance of Internet Security, the Cybersecurity Law of the PRC, and Several Provisions on Regulating the Market Order of Internet Information Services.

The Group has implemented Information Security and Confidential Guideline to set out procedures for the use of different data, and management provisions and requirements relating to the collection, use, disclosure and storage of user information. External or unauthorised persons are prohibited from receiving internal Company information in any way, shape and form unless clearly authorised. In cases of non-compliance with information security and confidentiality requirements, the Group will consider the actual or potential impact of the issue to comprehensively evaluate the corresponding measures. Meanwhile, we strive to help our business partners to comply with laws and regulations relating to privacy and data protection, as well as our own policies.

## 4. Integrity and Compliance

### 4.3. Listening to Users

The Group's philosophy is fundamentally "customer first". We fully comply with the Law of the PRC on the Protection of Consumer Rights, and provide a comprehensive variety of customer services such as online, phone, social media, abnormal data monitoring and active feedback, to listen and respond to customer enquiries and complaints. User feedbacks and suggestions are collected and analysed by our relevant internal departments to further improve the user experience.

### 4.4. Supplier Management

The Group operates in compliance with the Tender Law of the PRC, the Regulation on the Implementation of the Bidding Law of the PRC, and other relevant laws and regulations in jurisdictions in which the Group operates. The Group established "Maoyan Procurement Procedure", enables it to continuously strengthen its management of suppliers. The Group's supplier management procedures are as follows:



#### Supplier Evaluation

Supplier evaluation is a matter of serious importance to the Group. As well as considering the reputation of suppliers and the quality and cost of their products and services, we put a high premium on whether suppliers operate lawfully, and examine their environmental and social commitment. We encourage and expect our suppliers to operate in lawful compliance, including but not limited to:

- Laws and regulations relating to anti-monopoly, anti-corruption, environmental protection, in jurisdictions in which they operate;
- Business practices upholding the principles of integrity and trustworthiness, intellectual property protection, confidentiality, prohibiting bribery; and
- A commitment to human rights and work equality, prohibiting the use of child and forced labour, and providing a safe and healthy working environment.

#### Annual Review of Suppliers

For existing suppliers, we perform reviews and annual examinations regarding their compliance operation through means including (but not limited to) reviewing their contractual performance and in-person meetings. The results of the reviews serve as a basis for cooperation in the coming year, as well as an indicator of how suppliers may continuously improve their performance in respect to compliance operation, environmental and social responsibility, etc.



## **4. Integrity and Compliance**

### **4.5. Respecting Intellectual Property Rights**

As an operator in the media and entertainment industry, the Group always place great importance on safeguarding and protecting intellectual property rights. The Group operates in compliance with the PRC Patent Law, Trademark Law of the PRC, the Copyright Law of the PRC, and other relevant laws and regulations which safeguard the legitimate rights of the Group and other involved parties.

#### **Intellectual Property Rights**

We are committed to improving the terms of intellectual property right protections contained in documents such as drama series cooperation agreements. We further require our suppliers or customers to protect the legitimate rights of the Group or relevant interested parties in accordance with the law, including but not limited to patents, trademarks, copyrights and, proprietary technologies. We also require suppliers or interested parties to provide proof-of-rights documents to reasonably review the legitimacy of rights of involved partners.

#### **Advertisements**

The Group complies with the Advertising Law of the PRC and other relevant laws and regulations to ensure the completeness, truthfulness and accuracy of the product information in its advertisements, and to avoid false advertising or misleading statements on a best effort basis.

## 5. Professional Team

As a “people-oriented” organisation, the Group’s development is directly tied with that of its employees. The Group also complies wholly with laws and regulations such as the Labor Law of the PRC, the Labor Contract Law of the PRC, the Law of the PRC on the Protection of Minors, etc. As of December 12, 2018, the Group’s full-time employees numbered 1,090, all residing in the PRC. Most worked at our headquarters in Beijing, with the rest based in Shanghai and other cities.

### Diverse and Inclusive Employment

The Group is committed to equal employment and prohibits discrimination and forced labour, to provide all employees with a harmonious, inclusive and fair working environment. Our Employee Recruitment Management Guideline helps the Group maintain its principles of open merit-based recruitment, fair competition and position-oriented selection. Through our annual recruitment plan and process management, we assess the educational background, professional experience and skills of applicants through qualification reviews, written tests, interviews and approval procedures. Applicants are considered regardless of their gender, marital status, family status or disability. Child labour and forced labour are strictly prohibited. During the Year, there were no material violations by the Group in respect of employment.

### Eradicating Harassment in the Workplace

The Group does not tolerate any discrimination against or harassment regarding race, ethnicity, religion, gender, nationality, sexual orientation or disability. At the same time, we also do not tolerate verbal abuse or physical harassment of employees. Employees who are victims of harassment may report the incident(s) to their managers or the human resources and administration department. Any employee found responsible for acts of harassment will be punished in accordance with the law and bear legal liabilities such as being seriously warned, termination of employment, etc.

### 5.1. Remuneration and Benefits

The Group strives to provide its employees with competitive and fair remuneration and a benefits system, and established Staff Handbook, which sets out working hours, vacations and the various benefits available. Apart from those in special posts, employees follow a five-day working week and a standard eight working hours per day. Pursuant to relevant provisions of laws and regulations of the PRC, the Company may implement irregular working hours on employees holding special posts.

#### Remuneration

The Group uses market research and comparisons with equivalent companies to help improve its remuneration and incentive policy and ensure that its employees receive a competitive remuneration package. We provide housing provident fund and various social insurance schemes for employees in accordance with the law, and additionally provide commercial health and accidental insurance.

## 5. Professional Team

### Holidays and Benefits

Employees are entitled to paid annual leave, paid sick leave, casual leave, marriage leave, medical maternity leave, maternity leave, breastfeeding leave, paternity leave, bereavement leave, etc.

### Employee Incentive Schemes

In order to incentivise Directors, senior management and other employees for their contribution to our Group and to attract and retain suitable talents, the Company offers a series of incentive schemes. These include Pre-IPO Share Option Scheme, Post-IPO Share Option Scheme, Restricted Share Units Scheme, and Restricted Share Agreement. We plan to continue granting share-based incentive rewards to employees in future to incentivise their contributions to our growth and development.

### Communication with Employees

The thoughts, opinions and concerns of employees mean a great deal to the Group, and we provide a variety of channels to facilitate free and open communication, strive to become an innovative and effective enterprise. In 2018, we held several meetings in which employees directly expressed their opinions to senior management.

### Cultural Activities

The Group organises a variety of cultural activities on a regular and irregular basis to enhance team-building. The Group's annual meeting also enables employees to understand its performance, the coming year's strategic plan and the value of their contributions to current and future success. This encourages a sense of belonging and "ownership" among employees and contributes to the Company's harmonious atmosphere.

## 5. Professional Team

### 5.2. Emphasis on Talent Development

The Group strongly emphasises talent development, and encourages each employee to reach their potential. The human resources and administration department develops annual training plans, which is in line with the corporate culture of the Group, to enhance employee performance, enrich knowledge and skills, and maintain the Group's competitiveness. We also provide special project training to fulfil the needs of employees from each department on a regular or irregular basis. The special training enables employees to keep up with the latest technologies and industry developments.

Annual training performance	
<b>Total training sessions</b>	41
<b>Total number of trainees</b>	4,978
<b>Total training hours</b>	5,556.6
<b>Percentage of employees trained</b>	61.7%

Type of Training	Purposes of Training
<b>Maoyan new employee orientation</b>	Provides training for new employees in corporate culture, industry knowledge, internal procedures, etc., to enable smoother integration into the team.
<b>Maoyan business training</b>	Online and in-person training for business employees. Training is phased in line with the characteristics of new and existing employees to enhance knowledge and flexibility, and ability to solve problems arising from a changing market.
<b>Professional skills training</b>	Provides professional employees with training relating to professional aspects including technology, products, etc., to create more space and opportunities for employee development.
<b>General skills training</b>	Enhances the quality and capability of employees to increase work efficiency. Training topics include time management, communication skills, etc.
<b>Management training</b>	Aims to enhance the leadership and management skills of the Company management.
<b>Le conference</b>	Regularly invites renowned individuals to share their experiences and expertise, broadening employees' horizons and creating a positive impact on business development.

## 5. Professional Team

### Performance Appraisal System

The Employee Performance Management Guideline aims to strengthen the Group's core competitiveness. The Guideline is an important tool for evaluating the performance and capability of employees, considering their remuneration, and encouraging improved work performance.

### Performance Complaint System

Communication is the essence of every aspect of performance management. As such, management at each level shall communicate with employees with an open, pragmatic and constructive attitude. Employees may also communicate their suggestions or complaints regarding performance policy, procedures and results to managers at any level, or to the human resources and administration department.

### 5.3. Health and Safety

In regard to employee health and safety, the Group complies with all relevant laws and regulations including the Law of the PRC on the Prevention and Control of Occupational Diseases, Provisions on the Supervision and Administration of Occupational Health at Work Sites, Regulation of Insurance for Work-related Injury, and the Occupational Safety and Health Ordinance of Hong Kong. The Group at all times strives to maintain a safe, healthy and caring workplace. During the Year, the Group experienced no work-related accidents, injuries or deaths.

### Annual Health Check

The Group provides an annual health check for employees to find any latent diseases and enable targeted health risk management.

### Social Insurance and Commercial Insurance

In compliance with PRC national and local government laws and regulations, the Group provides employees with pension insurance, basic medical insurance, work-related injury insurance, maternity insurance, unemployment insurance as well as housing provident fund. The Group also provides corresponding supplementary medical benefits protection, including outpatient, emergency, inpatient, maternity fees for females, critical illness, accident and death.

### Employee Support Scheme

The Group caters to the mental health of employees by providing professional mental health services. Services include in-person consultation and discussion with a professional psychological counselling team, allowing employees to relax and cope with everyday pressures.

### Health Talks

During the Year, the Group organised a series of health talks for employees, covering topics such as oral healthcare, body care, etc.

## 6. Sharing the Natural Environment

The Group operates in compliance with PRC environmental protection laws and regulations, as well as those in effect in other operational jurisdictions. Environmental assessments are carried out on an annual basis. During the Year, the Group was not found to be in violation of environmental protection provisions.

### 6.1. Promoting a Low Carbon Culture

In response to PRC climate change strategies such as China's Policies and Actions for Addressing Climate Change 2018, the Group has implemented a range of measures to save energy and resources to slow down climate change. During the Year, greenhouse gas emissions inspections were conducted for the Group's head office in Beijing, in accordance with the Greenhouse Gas Protocol issued by World Resources Institute and the World Business Council for Sustainable Development, and ISO14064-1 from the International Organisation for Standardisation.

The inspections revealed that greenhouse gas emissions from the head office in Beijing comprised carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbon (PFCS) and sulphur hexafluoride (SF<sub>6</sub>). As the Company did not have direct combustion, it created no direct emissions (Scope 1). Instead, its sources of greenhouse gas emissions were electricity consumption (Scope 2), water consumption, paper consumption and waste in landfills (Scope 3). For a summary of greenhouse gas emissions during the Reporting Period, please refer to Appendix I.

### 6.2. Practicing Green Operation

By rationalising its greenhouse gas emissions, the Group has established measures to improve energy efficiency, reduce the greenhouse gas emissions and cut energy consumption in its routine operations. The Group strives to contribute more in respect of energy saving, water resources management, waste recycle as well as paperless office.

#### Saving Energy

All lighting at the Group's head office in Beijing has been converted to energy-efficient LED. To further boost efficiency, lighting has also been organised into multiple areas which are independently controlled and can be switched off in unoccupied zones. Lighting equipment is cleaned seasonally, to enhance their energy efficiency. Office equipment that is not in use is set to idle or sleep mode or is switched off in non-working hours.

The Beijing head office has also adopted water-cooled air-conditioning, with room temperatures normally restricted to approximately 26 degrees Celsius. Apart from special situations, air-conditioning is operated only during office hours to reduce unnecessary energy consumption. To further enhance the environmental responsibility of employees, we promote employee awareness of emissions reduction via email, posters and regular intranet updates.

## 6. Sharing the Natural Environment

### Water Conservation

Although we are not engaged in an industry known for high water consumption, we pay high attention on the risk of global water resource shortage, and actively encourage employees to conserve water and eliminate wasteful usage. To this end, we tuned the water pressure to the lowest, post water-saving informational labels, and have installed infrared sensors to automatically shut off water flow when fixtures are not in use. The Group conducts regular inspections of water meter readings to detect potential leaks in the system.

### Paperless Office

The Group has implemented an OA System to supplant the use of paper in office administration. It has also introduced an e-accounting system and e-procurement. In offices, notices posted near printers remind employees to printed double-sided and use recycled paper if possible. The Group also uses electric telecommunication technologies to further reduce paper consumption. During festivals, paper greeting cards have been supplanted by electronic greeting cards. We carry out regular statistical surveys on paper consumption to remind relevant departments to reduce paper use.

### Waste Management

We strictly comply with relevant laws and regulations relating to waste. Through routine recycling and reuse of materials, the Group has reduced its consumption of natural resources. We encourage employee to reuse envelopes, binders, file cards and other stationery items, and using changeable pen refills to reuse pen barrels. Office waste paper is handled by a professional recycling company.

For hazardous waste such as used batteries, the Group provides designated recycling bins. Computers and electronic equipment which have reached the end of their lives are recycled and reused by qualified service providers.

## 7. Giving Back to Society and People's Livelihoods

The Group always concerns about the development of the people's livelihoods, in the hope of awaking the public's awareness to the society, through participates in a wide range of charity events and encouraging the participation of charity events, to help those-in-need and improve quality of life in the community. In December 2018, the Group organised and participated in the "Love Makes Winter Warmer" charity event. In one week, seven community ambassadors, multiple foundations and community partners jointly carried out work to aid the elderly people, impoverished children and stray animals across the PRC. This was done by engaging the public to practice "small caring, big changes", aiding the disadvantaged groups to improve their living standards, spending a warm winter, and let the society becoming better.



## 8. Appendix 1: Sustainability Data Statement

Environmental*	Unit	2018
<b>Emissions</b>		
NO <sub>x</sub>	kg	767.4
SO <sub>x</sub>	kg	1,151.0
Particulates	kg	109.6
<b>GHG emissions</b>		
Direct GHG emissions (Scope 1)	tonnes CO <sub>2</sub> e	0.0
Indirect GHG emissions (Scope 2)	tonnes CO <sub>2</sub> e	484.7
Other indirect GHG emissions (Scope 3)	tonnes CO <sub>2</sub> e	8.0
Total GHG emissions (Scope 1, 2 & 3)	tonnes CO <sub>2</sub> e	492.7
<b>GHG intensity</b>		
Per square meter (Scope 1, 2 & 3)	tonnes CO <sub>2</sub> e / m <sup>2</sup>	0.1
Per employee (Scope 1, 2 & 3)	tonnes CO <sub>2</sub> e / employee	0.7
<b>Energy consumption</b>		
Total electricity consumption	kWh	548,113.0
Electricity consumption intensity (per square meter )	kWh / m <sup>2</sup>	119.6
Electricity consumption intensity (per employee)	kWh / employee	779.7
<b>Water consumption</b>		
Total water consumption	m <sup>3</sup>	4,820.0
Water consumption intensity (per square meter)	m <sup>3</sup> / m <sup>2</sup>	1.1
Water consumption intensity (per employee)	m <sup>3</sup> / employee	6.9
<b>Hazardous waste production</b>		
Total hazardous waste production	computer	74.0
Hazardous waste production intensity (per employee)	computer / employee	0.1
<b>Non-hazardous waste production</b>		
Total non-hazardous waste production	tonnes	50.6
Non-hazardous waste production intensity (per employee)	tonnes / employee	0.07
Total non-hazardous waste recycled	tonnes	4.5
Total paper consumption	reams	2,450.8
Paper consumption intensity	reams / employee	3.5

\* The environmental key performance indicators are only related to the Group's head office in Beijing.



**Maoyan Entertainment**