

艾德韋宣集團控股有限公司

ACTIVATION GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability) Stock Code : 9919

**2019 ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT**

ACTIVATION GROUP

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1 About This Report

The Board of Directors (the “Board”) of Activation Group Holdings Limited (“Activation”, the “Company” or “we”), collectively with its subsidiaries (the “Group”) is pleased to publish its first Environmental, Social and Governance Report (“this Report”). For information about corporate governance, please refer to the section headed “CORPORATE GOVERNANCE REPORT” in the 2019 Annual Report.

Reporting Basis

This Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “Guide”) set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited issued by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), and has complied with the provisions of “Comply or Explain” and recommended disclosures under the Guide. Readers may refer to the “Content Index to the Environmental, Social and Governance Reporting Guide of Stock Exchange” set out in Appendix II to this Report for quick reference.

Reporting Period and Scope

This Report illustrates the policies, measures and quantitative performance relating to the Group’s core business from 1 January 2019 to 31 December 2019 (the “Year” or the “Reporting Period”). We have collected data from our principal places of operation, including our headquarters in Shanghai, offices in Beijing and Hong Kong as environmental key performance indicators (“KPIs”). We have also collected data of the Group as social KPIs.

Language of the Report

This Report is published in both Traditional Chinese and English. In case of any inconsistency between the Traditional Chinese and English versions, the Traditional Chinese version shall prevail.

Feedbacks on the Report

We highly value your feedback on this Report. If you have any enquiries or suggestions, please contact us by email (ir@activation-gp.com).

2 ABOUT ACTIVATION

Activation is one of the largest experiential marketing services providers in the People's Republic of China ("PRC"), and has become the biggest marketing service provider for luxury and fashion brands in Asia. The Group has over 16 years of experience in providing cross-media integrated marketing communication services with well-established brand image and good reputation by developing a multi-dimensional and interactive marketing model. In core projects of the fashion sector, we have up to 80% luxury/top brand customers rooted in regions with exceptional sense of fashion such as Shanghai, Beijing, Hong Kong and Singapore.

In addition, with our service experience and the leadership of professional team, we have achieved outstanding performance in digital marketing, media public relations, entertainment marketing, brand positioning/advertising and operations of sports events as well as marketing, and have been widely recognized by many professional institutions. Among them, our sports team has become the exclusive partner with Le Tour de France and La Liga Club in China, and the cooperation will continue after 2026.

The Group has formulated development strategies for the below sectors to achieve synergic development in fashion, sports, entertainment and other business sectors, which will enable the Group to reach new heights.



Fashion sector

Strive to be the world's largest integrated luxury marketing agency by expanding to Taiwan, Japan, South Korea and North America with a global layout



Sports sector

Negotiate with more top international sports IP and launch in China



Content and IP creation

In terms of IP derivatives operation and the fashion industry, we plan to create a fashion week platform, model/web celebrity brokerage and a fashion e-commerce platform operation. Furthermore, the Company has also made in-depth preparation in respect of sports IP derivatives such as sports park and sports town, in the hope of eventually building a demonstration sports industry base in the future



The cross-media integrated marketing communication services provided by Activation have been widely recognized by many professional institutions. We have won many well-known awards in the national advertising industry, such as ONE SHOW China Creative Awards, China Micro Marketing Awards, ROI Festival, Effie Awards and the Tiger Roar Award. In the contention of the 19th Webby Awards (the Oscar Awards of the international digital marketing industry), we won 1 nomination and 3 awards, becoming the first award winner in the PRC. Besides, we have also won several international recognitions such as the ADOBE THE CUTTING EDGE Award, AWWWARDS and FWA. Other awards we received during the Year are as follows:

Awards

Issued by

Fashion Pioneer Award – Annual Fashion Exhibition Award
(時尚先鋒大賞－年度時尚展覽獎)

Shanghai Promotion Center for City of Fashion
(上海時尚之都促進中心)

Fashion Pioneer Award – Annual Fashion Activity Award
(時尚先鋒大賞－年度時尚活動獎)

Shanghai Promotion Center for City of Fashion
(上海時尚之都促進中心)

2019 Wild Road Cycling – The Most Influential Amateur
Racing Brand
(2019野途自行車年度風雲榜－最具影響力業餘賽事品牌)

Wild Road Cycling's jury for the annual awards
(野途自行車年度風雲榜評委會)

3 Sustainable Development Strategy






After the Group was successfully listed on the Main Board of the Stock Exchange, apart from focusing on business development, it also takes into account the environmental and social interests. This Report is a platform for disclosing and enhancing stakeholders' understanding on the Group's non-financial performance. While constructing the concept of sustainable development, we are committed to integrating environmental, social and governance ("ESG") factors into our daily operations and management. The Group not only attaches importance to the employees, environment and community, but also abides by laws and regulations as an enterprise of integrity. We aim to promote ESG development actively and play the role of leader to lead other companies to follow.

3.1 Stakeholder Engagement

The Group values the maintenance of good relationship with stakeholders to understand their views and expectations through various communication channels, satisfy and respond to their needs in order to effectively promote sustainable development and bring positive impact to long term development.

Stakeholder	Major Communication Channel
 Customers	<ul style="list-style-type: none"> • Customer satisfaction surveys • Customer consultation groups • Visits by customer relationship manager • Daily operation/communication • Telephone calls and emails
 Investors/ investors	<ul style="list-style-type: none"> • General meetings • Interim and Annual reports • Results announcements • Corporate communication • Investors' meetings
 Employees	<ul style="list-style-type: none"> • Employee satisfaction surveys • Channels for employees to express their opinions • Performance appraisals • Seminars/workshops/lectures • Staff communication conferences • Staff intranet

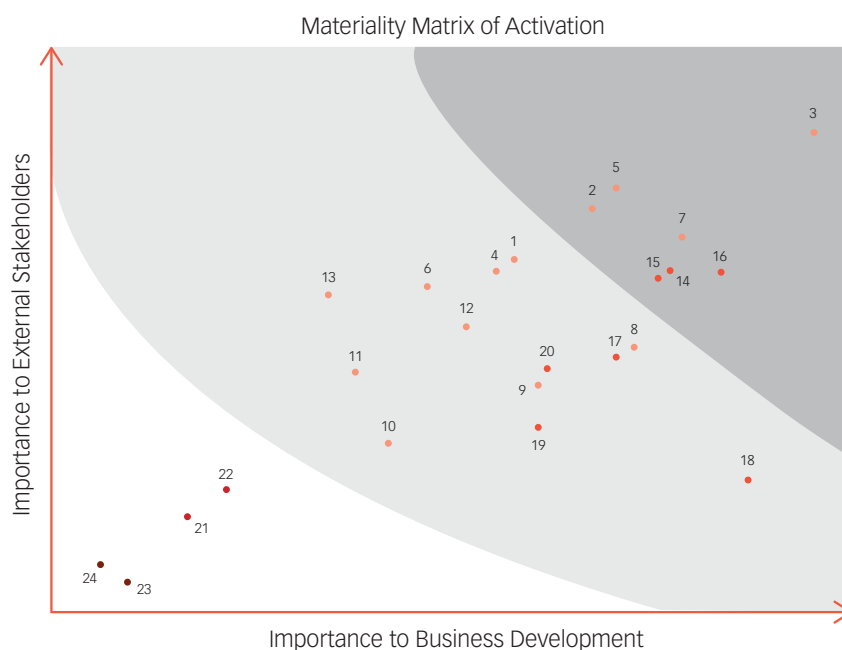
3 Sustainable Development Strategy (Continued)

Stakeholder	Major Communication Channel
 Business partners	<ul style="list-style-type: none"> • Reports • Meetings • Visits • Talks
 Peers	<ul style="list-style-type: none"> • Strategic cooperation projects • Communication conferences
 Suppliers	<ul style="list-style-type: none"> • Supplier management procedures • Supplier/contractor assessments • Site visits • Meetings
 Community/ non-governmental organizations	<ul style="list-style-type: none"> • Community activities • Seminars/workshops/talks • Meetings
 Government and regulators	<ul style="list-style-type: none"> • Proactive consultation of updates on industry compliance • Compliance reports • Meetings

3 Sustainable Development Strategy (Continued)

3.2 Materiality Assessment

Activation has conducted a materiality assessment with the above internal and external stakeholders through online survey, which performed an in-depth discussion on major ESG topics for the Year by scoring each topic. The final results are depicted in the following materiality matrix.



#	Topics	Aspect
1	Economic performance	Economics and Operation
2	Market competitiveness	
3	Compliance with laws and regulations	
4	Responsible procurement	
5	Quality control	
6	Technology development and application	
7	Protection of customers' privacy	
8	Health and safety of products and services	
9	Anti-fraud and anti-corruption	
10	Whistle-blowing mechanism	
11	Compliant handling and responding mechanism	
12	Protection of intellectual property right	
13	Promotion and product/service labeling	
14	Employment rights	Employment and Labour Practices
15	Labour relations	
16	Occupational health and safety	
17	Employee diversity, nondiscrimination and equal opportunity	
18	Prevention of child labour and forced labour	
19	Employee training and development	
20	Qualifications and professional conduct	
21	Energy consumption and efficiency	Environment
22	Environmental awareness of employees	
23	Attention to community	Community
24	Community investment and involvement	

4 Operation Philosophy

Although Activation has become a leading enterprise in the field of cross-media integrated marketing, we always adhere to our operational philosophy of customer-oriented with the aim to help customers to capture a solid business position in the Greater China and Asia Pacific market. We are committed to promoting the development of other aspects, so as to become an international communications group in the cultural communications of top and middle to high-end brands.

4.1 Information System

Our business involves the collection, use, analysis and storage of customers' personal information, and users are increasingly concerned about data protection and privacy. The Group strictly abides by relevant laws and regulations such as the Regulations of the People's Republic of China for Safety Protection of Computer Information Systems (《中華人民共和國計算機信息系統安全保護條例》), the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》), the Provisions on the Technical Measures for the Protection of the Security of the Internet (《互聯網安全保護技術措施規定》), the Administrative Measures for Internet Information Services (《互聯網信息服務管理辦法》), the Administrative Measures for the Security Protection of Computer Information Networks Linked the Internet (《計算機信息網絡國際聯網安全保護管理辦法》), and the Personal Data (Privacy) Ordinance (《個人資料(私隱)條例》) of the Hong Kong Special Administrative Region. We will fully maintain our information security from two major aspects, i.e., platforms including computer equipment, information network platforms and electronic data as well as enhancement of employees' awareness.



Information Security

- Set passwords for computers;
- Make regular backups to prevent data loss;
- Undergo regular virus checkups and clean up junk files;
- Adopt licensed operating systems and software;
- The Information Technology Department needs to set the corresponding access rights for employees at different levels in accordance with their needs;
- Keep backup files in database properly to prevent illegal copying and damage;
- Strictly forbid unauthorized copying and information transfer to any company or individual; and
- Settle issues in a timely manner in accordance with established procedures in the event of any unexpected information security incident



Consumer Information Protection

- Collect customers' information legally, and is subject to the provisions set out in the contract in relation to the use of information;
- Prohibit the disclosure of customer information without their consent;
- Organize employee trainings on privacy to strengthen their privacy awareness;
- Resigned employees are not allowed to take customers' information away from the Company; and
- Assume the relevant consequences if the information is leaked due to personal reasons

The Company has included the "Information Security Management System" (《信息安全管理制度》) in the "Employee Manual" (《員工手冊》) with the aim of strengthening the Group's information security management in order to prevent any information security incidents.

4 Operation Philosophy (Continued)

Respect Intellectual Property

Activation understands that intellectual property is an important way to protect assets. The Group strictly abides by the Law of the People's Republic of China on the Protection of Intellectual Property Rights (《中華人民共和國知識產權法》), the Patent Law of the People's Republic of China (《中華人民共和國專利法》), and the Trademark Law of the People's Republic of China (《中華人民共和國商標法》). We have made valid registrations for 23 trademarks and 17 software copyrights in effect, and will closely monitor the validity period to ensure that renewal procedures will be conducted in accordance with relevant requirements before expiration. The provision of our services often involves the use of third party intellectual property rights, such as logo and brand name owned by our clients. As for the protection of intellectual property rights of customers, we ensure that third party materials contain all legal rights such as complete ownership/use rights, portrait rights and intellectual property rights before such materials are obtained. Our Legal Department specifically reminds our project team to pay attention to abide by the terms regarding customers' intellectual property rights when signing contract with customers.

In terms of precautions, the PRC has implemented the Opinions on Promoting the Healthy and Orderly Development of the Mobile Internet (《關於促進移動互聯網健康有序發展的意見》) to enhance the protection of intellectual property rights on innovations such as mobile Internet technologies and business models, and impose heavier penalties on infringement and non-compliance. We will also monitor the market for any intention to copy, infringe or misappropriate our intellectual property rights, and strictly prohibit employees from copying registered intellectual property rights owned by third parties to mitigate operational risks. If any of the aforementioned infringements are found, such cases will be addressed through legal actions.

4.2 Attentive Service

We are willing to listen to our customers' suggestions to understand their needs, thereby improving the quality of our services. Customers are protected by the Law of the People's Republic of China on Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》), pursuant to which a principle of voluntariness, equality, fairness, honesty and credibility in relation to consumer rights shall be followed.

As our operations involve services related to the provision of experiential activities, the safety of our customers and other parties on site is of paramount importance. The Group ensures safety permits are applied in advance for large-scale activities in compliance with the Regulations on Safety Administration of Large-scale Mass Activities (《大型群眾性活動安全管理條例》). We accept full responsibility for safety. We take precautionary measures for each of our events, including:

- Develop safety work plans (specify the time, venue, details and organization of the activity);
- Deploy security staff, assign duty and determine distinctive emblem in advance; and
- Formulate emergency rescue plans, etc.

Health and Safety of Products and Services

We maintain a good relationship with our customers and customize our services according to their needs. During the Reporting Period, none of the services of the Group were rejected or cancelled for safety or health reasons. Our team will continue to negotiate and communicate with our customers, and modify the proposals until they are satisfied, to ensure that relevant work in each progress is performed only after approval has been sought from our customers.

Complaint Handling

We take customers' complaints seriously. The complaints are received by our customer service employees through telephone and email, which are then handled in accordance with established procedures, including giving feedback within a specified time, providing solutions and arranging follow-up actions. All complaints will be collected and recorded, which will be provided to employees as reference in certain circumstances, in order to avoid the recurrence of similar complaints.

During the Year, the Group did not receive any material complaints from our customers in relation to the service of the Group. We will continue to improve our service quality and provide better services to customers.

Advertising Services

The Group complies with the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》), and places high importance on presenting true, legal and healthy advertising content, with zero tolerance to false, exaggerated and misleading content.

4 Operation Philosophy (Continued)

4.3 Anti-Corruption

Activation advocates business integrity, and strictly abides by the laws and regulations related to anti-corruption and bribery, such as the Criminal law of the People's Republic of China (《中華人民共和國刑法》), the Anti-unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》), the Interim Provisions on the Prohibition of Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》), the Supervision Law of the People's Republic of China (《中華人民共和國監察法》) and the Prevention of Bribery Ordinance of the Hong Kong Special Administrative Region (《防止賄賂條例》).

We adopt a zero-tolerance approach towards bribery, extortion, fraud and money-laundering. Relevant codes of conduct have been formulated for employees to comply with, including but not limited to strictly enforcing the principle of avoiding conflicts of interest and strictly prohibiting employees from taking advantage of their positions to obtain benefits, to jointly protect the Group's interests. The Group will impose appropriate penalties on violators and legal actions will be taken against employees that violate the law.

Activation has provided employees with whistle blowing channels to reveal any inappropriate behaviors within the Group. Activation will handle reports of violations of discipline and law as well as corruption in accordance with the "Anti-Corruption Reporting System" (《反貪腐舉報制度》), and the chairman of the Board will receive cases via an email address dedicated for such purpose. We encourage whistleblowers to disclose their real names, but will maintain information in strict confidence in the course of investigations without disclosing information to unrelated persons in an attempt to ensure the safety of the whistleblowers. After receiving the reported case, the chairman will directly conduct or appoint other independent investigators to undergo investigation. In order to secure the fairness and objectivity of the investigation, the relevant staff shall closely cooperate with the investigation and provide all relevant information.

In order to enhance the awareness of anti-corruption of staff at all levels, the Group has formulated the "Anti-Corruption Training System" (《反貪腐培訓制度》), planning to instill relevant information through training, anti-corruption publicity columns and display of promotional slogans. We will also actively invite external organizations with anti-corruption training experience to organize training, specifying that a universal anti-corruption training for all staff should be arranged every 12 months, and an anti-corruption training for members of the Board and senior management of the Company should be organized every 6 months.

During the Reporting Period, the Group was not involved in any corruption related cases in which legal proceedings has been raised.

4.4 Supply Chain Management

During the Reporting Period, the Group has 11 (Shanghai: 8; Beijing: 3) major suppliers. They provide products and services for lighting and sound as well as stage-setting for events, including new product launches, new store openings, fashion shows/parties and exhibitions/road shows etc.

We have an internal system in place to standardize the procurement process. We have a stringent supplier selection process. Only suppliers that are operating legally will be qualified as our suppliers, while factors such as price, delivery capacity, scale, quality of work and level of coordination are also taken into account as assessment criteria. We intend to cooperate with suppliers that have sustainable development concepts, including purchasing environmentally friendly event materials with less packaging and products and services that impose relatively less impact on the environment. The Procurement Department will make inquiries to suppliers uniformly and select among at least 3 suppliers in order to enhance fairness.

In the aspect of supervision, the Procurement Department will visit the event venues for examining (including but not limited to construction quality, specifications, safety and materials etc.), take on-site photos and complete an evaluation form for future reference. After the event, the Procurement Department will check the supplier's final quotation with reference to historical quotations, market price and the comparison of construction conditions to make pricing recommendations. If the supplier's behaviors are found inconsistent with the Company's policies, the cooperation with the relevant supplier might be suspended until the situation improves. In addition, the "Anti-Commercial Bribery Agreement" (《反商業賄賂協議》) is signed with commonly used suppliers to safeguard mutual interests and promote the sound development of relations between the parties.

5 Employee-oriented

Employees are the foundation of the Group's development and its most valuable assets. Activation attaches great importance to the contribution of each employee and actively builds all possible personal development opportunities and space, so that they can fully display their talents, achieve their career goals and at the same time realize the Group's objectives to grow together and create new miracles.

The Group complies with the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Employment Ordinance of the Hong Kong Special Administrative Region (《僱傭條例》) and other laws and regulations in relation to the employment in where it operates, and formulates the "Employee Manual" (《員工手冊》), specifying all details which employees shall adhere to. Activation has a total of approximately 343 employees. The charts below show an overview of the Group's employment structure.



5 Employee-oriented (Continued)

5.1 Fair Recruitment

The Group emphasises on the diversity of cultural and professional background when hiring creative staff to have diversified and creative planning capabilities, and believes that the collision of different cultural backgrounds can bring unique creative ideas. During the recruitment process, we adhere to the selection principles of fairness, impartiality and openness to ensure that the candidates are not affected by discriminative factors of age, gender, physical and mental health, marital and family status, race, color, nationality, religious beliefs, political position and sexual orientation etc.

Employee Resignation

Employees may terminate the employment relationship at their own will, but they are required to complete the handover work within the notice period according to the contract. The head of the Human Resources Department will interview the resigning employees to understand the reasons for their resignation and encourage them to provide suggestions for improvement of the Group. The turnover rate¹ for the Year is as follows:

Total Employee Turnover Rate



38.20%

Employee Turnover Rate by Gender



Female employees

30.22%



Male employees

15.63%

Employee Turnover Rate by Age Group



Under 30

32.24%



30-50

12.47%



Over 50

0.00%

Employee Turnover Rate by Geographical Region



Employees in
Beijing

2.23%

Employees in
Shanghai

36.98%

Employees in other regions
(including Hong Kong,
Macau and Taiwan)

0.85%

¹ Calculation method of turnover rate: Number of employees left ÷ (number of employees left + number of employees at the end of the Year) × 100%

5 Employee-oriented (Continued)

Labor Standards

In order to avoid employing child labor and violating laws and regulations under the Provisions on the Prohibition of Child Labor (《禁止使用童工規定》) and the Law on the Protection of Minors (《未成年人保護法》), the Human Resources Department will collect identification documents on the first day of employment to ensure that employees have attained the legal working age.

Newly recruited employees will sign a Labor Contract (《勞動合同》) with legal effect in accordance with the applicable laws and regulations. Both parties shall comply with its terms on the basis of equality, voluntariness and consensus to protect their rights and interests.

During the Year, the Group has not been involved in any case of non-compliance on child labor or forced labor, which proved the effectiveness of the Company's preservation of labor standards.

5.2 Welfare and Benefits

Activation is committed to providing a competitive remuneration package. The Group arranges an annual performance appraisal based on business status, working performance, results, position and other categories, which are the key factors considered in the adjustment of salary and position. In terms of promotion, internal promotion will be prioritized before external recruitment is considered.

In terms of welfare, employees are entitled to legal rights and interests, including annual leave, sick leave, personal leave, marriage leave, maternity leave, funeral leave and compensatory leave after working overtime or on holidays. We also provide social insurance and make contributions to provident fund for employees in accordance with the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》). In order to standardize the Company's welfare management, reflect the care for employees and arouse their enthusiasm for work, the "Employee Welfare Management System" (《員工福利管理制度》) was formulated to provide the following additional benefits:



**Supplementary
medical insurance**



**Annual physical
examination**



**Holiday
benefits**



Tourism activities



**Annual
gala**



**Recreational
activities
(e.g. sports day)**

5.3 Talent Development

The Group implements a scientific and innovative management approach and divides work according to modules and professions. These refined arrangements on functions and standardized workflow are the key factors in supporting the cross-media integrated marketing industry to become a leading enterprise. Meanwhile, we also pay attention to personnel training in different areas, including long-term and regular exchanges among international partners, aiming to guide employees to learn different creative ideas and related industry knowledge through experiencing different creative environments. In addition, we have launched different training allowance schemes to encourage employees to pursue further studies and upgrade themselves according to their work needs, so as to enhance their competitiveness.

5 Employee-oriented (Continued)

We invited experienced speakers to share knowledge and experience through the A-TED platform with our employees in different areas to achieve their personal growth. Below is a list of indicators in relation to the training of employees during the Year:

Indicators	Unit	2019
The percentage of employees trained by gender		
Female employees	%	81.00
Male employees	%	54.10
The percentage of employees trained by employee category		
Full-time junior employees	%	84.85
Full-time middle management	%	39.84
Full-time senior management	%	5.88
The average training hours completed per employee by gender		
Female employees	Hour	4.00
Male employees	Hour	4.00
The average training hours completed per employee by employee category		
Full-time junior employees	Hour	4.00
Full-time middle management	Hour	4.00
Full-time senior management	Hour	4.00

5.4 Health and Safety

We strive to ensure the health and safety of our employees in the offices and other event venues, and comply with the relevant laws and regulations such as the Provisions on the Supervision and Management of Occupational Health in the Workplace (《工作場所職業衛生監督管理規定》), the Industrial Injury Insurance Ordinance of the People's Republic of China (《中華人民共和國工傷保險條例》), the Fire Protection Law of the People's Republic of China (《中華人民共和國消防法》) and the Occupational Safety and Health Ordinance of Hong Kong Special Administrative Region (《職業安全及健康條例》). During the Reporting Period, the Group did not have any work-related fatalities or injuries, and the following measures were in place:

- Develop safety protection measures and provide necessary protection equipment to employees working in risky working environments;
- Establish a safety alert system to report dangers, injuries, diseases, etc.;
- Impose punishment on any acts that are harmful to himself/herself or others;
- Formulate and follow contingency plans to deal with unexpected accidents;
- Ensure that the office power supply has been switched off and the electric kettle and microwave oven have been unplugged before rest days and holidays to minimize accidents;
- Place first aid kits in a conspicuous place;
- Organize a variety of recreational and sports activities for employees regularly to strengthen their physique; and
- Provide a green and pleasant office environment for employees by having green plants and placing them in the public area of the offices, etc.

6 Philosophy of Environmental Protection

Although Activation mostly conducts business operations in the office, we still actively integrate environmental protection into daily operations, decision-making and services. We have formulated the "Enterprise Environmental Protection Policy" (《企業環保政策》) and strictly complied with the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) and the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》) and other laws and regulations.

6.1 Green Operation

We strive to make more effective use of resources in our operations, reduce the consumption of energy, paper, water and other resources, and focus on raising employees' awareness of environmental protection and improving their working habits.

Energy Consumption Management

Air conditioning, lighting and other electronic devices are the main sources of energy consumption in offices. The following energy-saving measures have been implemented:

The Group's offices are equipped with a central control and monitoring system to effectively control indoor air quality, indoor temperature, ventilation and humidity, as well as to analyze environmental conditions and energy consumption. The system can automatically turn on or off according to the pre-set time to achieve the goal of energy saving. In addition, windows have been pasted with anti-UV and heat-insulation film to reduce heat absorption. We also regularly arrange the cleaning of the filter screen to improve the operational efficiency of the air conditioners.

High energy efficiency lamps have been installed in the offices to save power while maintaining brightness. At the same time, we clean the lighting devices to maximize their energy efficiency. Glass materials are adopted in the offices to increase light transmittance, and the use of sunlight for illumination is encouraged. The office is divided into several lighting zones and independent lighting switches are set up to flexibly control the use of lamps.

In terms of electronic devices, we mainly purchase energy-efficient electronic devices and mainly use multi-functional printing devices with high energy efficiency to reduce the addition of separate devices. We put great emphasis on cultivating good habits for employees, including setting the computers into automatic standby/sleep mode when idle and turning off electronic devices completely during non-working hours.

During the Year, the collection scope of environmental KPIs consumed 343,153.50 kWh of electricity in total, equivalent to 204.55 kWh per square meter or 1,000.45 kWh per employee.

6 Philosophy of Environmental Protection (Continued)

Paper Management

In consideration of environmental protection and energy conservation, the Group proposes the following initiatives to save paper and facilitate recycling:

- Update and optimize the office automation system to improve work efficiency and reduce paper usage;
- Be accustomed to a paperless office by using electronic documents and electronic communication technology to transfer information as much as possible without printing unnecessary documents;
- Try to print necessary documents in black and white mode;
- According to the analysis of printing volume, the proportion of color printing is 69%. In the coming year, we intend to make plans to reduce the proportion of color printing;
- Encourage employees to recycle and reuse the printed waste paper by themselves; and
- Monitor the printing quantity regularly, etc.

During the Year, 1,070.00 kg of paper were consumed in the collection scope of environmental KPIs with an average of 3.12 kg consumed by each employee.

Waste Management

General waste	<ul style="list-style-type: none"> • The Company adopts waste classification and supports recycling, and places recycling bins in the Company • Reuse envelopes, binders, file cards and other stationery • Use refills to reuse the pen and avoid discarding the entire pen
Hazardous waste	<ul style="list-style-type: none"> • Rent printers, ink cartridges and toner cartridges, and the ink/toner is injected by leasing companies to reduce treatment of unnecessary hazardous waste • Use rechargeable batteries instead of disposable batteries • Set up waste battery recycling bins, and cooperate with electronic companies to recycle old computers or other electronic waste
Canteen equipment	<ul style="list-style-type: none"> • The plate cleaning system is adopted in the canteen of the Company, which can disinfect and recycle tableware, reduce the supply and use of disposable boxes and tableware as well as protect the health of employees
Food waste	<ul style="list-style-type: none"> • Food waste is handled by professional third-party enterprises

During the Year, the collection scope of environmental KPIs generated 14.56 tonnes of non-hazardous office waste with an average of 0.04 tonnes per employee; in terms of hazardous waste, the Shanghai office generated 10 computers and 15 pieces of waste ink cartridges and waste toner boxes of hazardous waste, which we have arranged the leasing companies for further disposal and recycling.

6 Philosophy of Environmental Protection (Continued)

Water Resources Management

Although the operation of the Group does not involve the use of a large amount of water, the Group highly treasures water resources. We have identified that the major water consumption sources are mainly located in toilets and pantries, where water conservation slogans and posters are posted. In order to avoid “Water Flowing for a Long Time” (「長水流」) and waste of resources due to delayed maintenance, regular inspection and leakage test are arranged for water supply facilities and concealed water pipes. We will install water-saving faucets and water-saving toilets that meet the national standards.

During the Year, we consumed 325.00 tonnes² of water resources, equivalent to 0.19 tonnes per square meter or 0.95 tonnes per employee respectively.

6.2 Emissions Management

The Group utilizes the platform of this Report to present its annual environmental KPIs performance, which is effective for the purposes of monitoring, reviewing, and getting well prepared based on certain indicators which are used to set targets in the future.

Looking forward, the Company will pay more attention to climate change issues and will refer to more issue-related documents, such as the Paris Agreement, the Annual Report on China's Policies and Actions for Addressing Climate Change (2019), and the Task Force on Climate-related Financial Disclosures (TCFD), in order to actively implement carbon emission reduction measures and establish our image as a green corporate.

In accordance with the Greenhouse Gas Protocol developed by the World Resources Institute and the World Business Council for Sustainable Development and ISO14064-1 issued by the International Organization for Standardization, the Group has conducted greenhouse gas (GHG) emissions inventory for the Group's headquarters in Shanghai and its offices in Beijing and Hong Kong. The summary of GHG emissions during the Reporting Period is as follows:

GHG Emissions Performance	Unit	2019
GHG Emissions		
Direct GHG emissions (Scope 1)	tonnes of CO ₂ equivalent (CO ₂ e)	34.32
Indirect GHG emissions (Scope 2)	tonnes of CO ₂ e	293.45
Other indirect GHG emissions (Scope 3)	tonnes of CO ₂ e	135.21
Total GHG emissions (Scope 1, 2 and 3)	tonnes of CO ₂ e	462.98
GHG Emission Intensity		
Per square meter	tonnes of CO ₂ e/m ²	0.28
Per employee	tonnes of CO ₂ e/employee	1.35

- Scope 1: Direct GHG emissions generated from sources owned and controlled by the Company
- Scope 2: Indirect GHG emissions caused by power generation, heating and cooling or steam purchased by the Company externally
- Scope 3: Emissions include GHG indirectly generated by sources not owned or directly controlled by the Company but related to the Company's business activities

² It is difficult to collect the data of water consumption of the headquarters office in Shanghai, so these figures only included the consumption of offices in Beijing and Hong Kong.

6 Philosophy of Environmental Protection (Continued)

GHGs can be divided into direct emissions (Scope 1): use of fuel of the Group's vehicles; indirect emissions (Scope 2): power consumption during operation; other indirect emissions (Scope 3): water use, wastewater treatment, business air travel by employees, waste and paper consumption, etc. During the Year, we increase the understanding of the emission sources from various scopes, which help us formulate more effective and targeted measures in the future in the hope of reducing emissions.

Apart from GHG emissions, the types and data of emissions generated by the Group's vehicles during the Year are as follows:

Emissions	Unit	2019
Nitrogen oxides (NO _x)	kg	6.33
Sulfur oxides (SO _x)	kg	0.19
Particulate matter (PM)	kg	0.47

Measures to mitigate emissions

Vehicle Management	<ul style="list-style-type: none"> • Encourage employees to take public transport and reduce the use of vehicles while encouraging carpooling; • Arrange regular maintenance for vehicles so as to handle problems in a timely manner when they are spotted; • Strictly prohibit employees from improperly using vehicles; and • Conduct route planning to avoid fuel wastage due to detours
Business Travel	<ul style="list-style-type: none"> • Adopt video and telephone conferences where possible; and • Choose direct flights for necessary business travel

6 Philosophy of Environmental Protection (Continued)

6.3 Environmental Protection Activities

Activation launched the “Voluntary Sorting and Recycling of Office Waste for Green and Environment Protection” (「辦公垃圾分類回收綠色環保志願」) scheme at the beginning of the Reporting Period to conform to the Regulation on Domestic Waste Management of Shanghai (《上海市生活垃圾管理條例》). We placed recycling bins for waste sorting in the Shanghai office and organized training sessions, in order to guide employees to recycle and sort non-hazardous waste, hazardous waste, wet waste and dry waste appropriately, realizing the mission of “Start from Ourselves and Little Things around” (「從自己做起、從身邊小事做起」). Moreover, our employees can transform recyclables and commonly-seen waste generated from daily office work into renewable resources, in the hope that they can contribute to going green and environmental protection through their own efforts.

The Group focuses on promoting cycling on campus, which not only contributes to creating a green and healthy life style through cycling but also boosts the joint development of related upstream and downstream industries.



Le Tour de France Events in China (環法中國系列賽事) will join hands with China Green Foundation to join the “Million Forests Scheme” (「百萬森林計劃」) where a “Le Tour de France in China Forest” (「環法中國林」) will be built in Tengger Desert in Alashan. Each participant can donate a seed for the desert in the name of “Knight of Earth” (「地球騎士」). Le Tour de France Events in China also works jointly with Magene Technology to launch an online competition, and off-line charitable cycling site-visit. Through integrating online and off-line events, cyclists can witness the growth of mixed forests while realizing “Grow under Adverse Situation” (「逆生長」) in Tengger Desert.

7 Giving Back to the Community

Activation regards community interests as its own responsibility and proactively fulfills such responsibilities and obligations while paying attention to the sustainable development of the community. In order to demonstrate its undertakings of social responsibility, the Group donated HKD1 million to the Community Chest during the Reporting Period. With the mentality of “Give a Man a Fish and You Feed Him for a Day; Teach a Man to Fish and You Feed Him for a Lifetime” (「授人以魚，不如授人以漁」), we cooperated with various public interest organizations in the field of education and environmental protection. Among such events, Activation spared no effort to support the following China domestic public interest causes:



- LaLiga Club (西甲俱樂部) donated funds to the “Sunny Break Time Scheme” project (「陽光課間計劃」) under the Bazaar Charity Fund to provide children in poverty-stricken areas with more sports facilities and teaching resources, enabling children to happily enjoy sports and grow healthily as well igniting their football dreams

- Planning “Star, Rabbit and Love” (「星星兔子和愛」) wishing box exhibition and charitable public design competition with an aim to promote the design philosophy of “Design with Social Responsibility” among designers from young generations, so as to call for the public to pay more attention to the needs of autistic children
- Le Tour de France Events in China cooperated with Joyrun (悅跑圈) to jointly launch the charitable event “JOY RIDE as One Through Cycling” (「JOY RIDE 騎心協力」), in which the participants rode a bicycle for 3 kilometers every day, making a contribution to charity and maintaining the healthy and sustainable habit of exercising.

In the future, we will gain a deeper understanding of the community needs and leverage on the Group’s strengths to plan more target-oriented charitable activities so as to benefit more persons in need.

Appendix 1: Sustainability Data Statement

Environmental Performance	Unit	2019
Emissions		
Nitrogen oxides (NO _x)	kg	6.33
Sulphur oxides (SO _x)	kg	0.19
Particulate matter (PM)	kg	0.47
GHG emissions		
Direct GHG emissions (Scope 1)	tonnes of CO ₂ e	34.32
Indirect GHG emissions (Scope 2)	tonnes of CO ₂ e	293.45
Other indirect GHG emissions (Scope 3)	tonnes of CO ₂ e	135.21
Total GHG emissions (Scope 1, 2 & 3)	tonnes of CO ₂ e	462.98
GHG emissions intensity		
Per square meter (Scope 1, 2 & 3)	tonnes of CO ₂ e/m ²	0.28
Per employee (Scope 1, 2 & 3)	tonnes of CO ₂ e/employee	1.35
Hazardous wastes		
Computer	piece	10*
Waste ink cartridge and toner cartridge	piece	15*
Non-hazardous wastes		
Total amount of non-hazardous wastes	tonnes	14.56
Per employee	tonnes/employee	0.04
Paper consumption		
Paper consumption	kg	1,070.00
Per employee	kg/employee	3.12
Energy consumption		
Total electricity consumption	kWh	343,153.50
Per square meter	kWh/m ²	204.55
Per employee	kWh/employee	1,000.45
Vehicles		
Gasline	liter	12,673.00
Water consumption		
Total water consumption	tonnes	325.00
Per square meter	tonnes/m ²	0.19
Per employee	tonnes/employee	0.95

* Only apply in Shanghai office

Appendix 1: Sustainability Data Statement (Continued)

Social Performance	Unit	2019
Human Resources Data		
Employment		
Total number of employees	No. of people	343
Total number of employees (by gender)		
Female employees	No. of people	221
Male employees	No. of people	122
Total number of employees (by employment type)		
Full-time junior employees	No. of people	198
Full-time middle management	No. of people	128
Full-time senior management	No. of people	17
Total number of employees (by age group)		
Under 30	No. of people	196
30 to 50	No. of people	143
Above 50	No. of people	4
Total number of employees (by geographical region)		
Total number of employees in Beijing	No. of people	53
Total number of employees in Shanghai	No. of people	274
Total number of other employees (including Hong Kong, Macau and Taiwan)	No. of people	16
Turnover rate		
Total turnover rate of employees	%	38.20
Turnover rate of employees (by gender)		
Female employees	%	30.22
Male employees	%	15.63
Turnover rate of employees (by age group)		
Under 30	%	32.24
30 to 50	%	12.47
Above 50	%	0.00
Turnover rate of employees (by geographical region)		
Employees in Beijing	%	2.23
Employees in Shanghai	%	36.98
Other employees (including Hong Kong, Macau and Taiwan)	%	0.85

Appendix 1: Sustainability Data Statement (Continued)

Social Performance	Unit	2019
Development and Training		
The percentage of employees trained by gender		
Female employees	%	81.00
Male employees	%	54.10
The percentage of employees trained by employee category		
Full-time junior employees	%	84.85
Full-time middle management	%	39.84
Full-time senior management	%	5.88
The average training hours completed per employee by gender		
Female employees	Hour	4.00
Male employees	Hour	4.00
The average training hours completed per employee by employee category		
Full-time junior employees	Hour	4.00
Full-time middle management	Hour	4.00
Full-time senior management	Hour	4.00

Appendix 2: Content Index to the Environmental, Social and Governance Reporting Guide of Stock Exchange

Indicator			Related Chapter
A. Environmental			
A1: Emissions	General Disclosure	Information on: (a) the policies and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	6. Philosophy of Environmental Protection
	A1.1	The types of emissions and respective emissions data.	6.2 Emissions Management Appendix 1: Sustainability Data Statement
	A1.2	Greenhouse gas emissions in total and intensity.	6.2 Emissions Management Appendix 1: Sustainability Data Statement
	A1.3	Total hazardous waste produced and intensity.	6.1 Green Operation Appendix 1: Sustainability Data Statement
	A1.4	Total non-hazardous waste produced and intensity.	6.1 Green Operation Appendix 1: Sustainability Data Statement
	A1.5	Description of measures to mitigate emissions and results achieved.	6.2 Emissions Management
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	6.1 Green Operation
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	6.1 Green Operation
	A2.1	Direct and/or indirect energy consumption by type in total and intensity.	6.1 Green Operation Appendix 1: Sustainability Data Statement
	A2.2	Water consumption in total and intensity.	6.1 Green Operation Appendix 1: Sustainability Data Statement
	A2.3	Description of energy use efficiency initiatives and results achieved.	6.1 Green Operation
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	6.1 Green Operation
	A2.5	Total packaging material used for finished products and, with reference to per unit produced.	Inapplicable, the operation of the Group did not involve the use of any packaging material

Appendix 2: Content Index to the Environmental, Social and Governance Reporting Guide of Stock Exchange (Continued)

Indicator		Related Chapter	
A3: The Environment and Natural Resources	General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	6.3 Environmental Protection Activities
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	6.3 Environmental Protection Activities
B. Social B1: Employment	General Disclosure	Information on: (a) the policies and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	5. Employee-oriented 5.1 Fair Recruitment 5.2 Welfare and Benefits
	B1.1	Total workforce by gender, employment type, age group and geographical region.	5. Employee-oriented Appendix 1: Sustainability Data Statement
	B1.2	Employee turnover rate by gender, age group and geographical region.	5.1 Fair Recruitment Appendix 1: Sustainability Data Statement
B2: Health and Safety	General Disclosure	Information on: (a) the policies and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards:	5.4 Health and Safety
	B2.1	Number and rate of work-related fatalities.	5.4 Health and Safety
	B2.2	Lost days due to work injury.	5.4 Health and Safety
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	5.4 Health and Safety
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	5.3 Talent Development
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	5.3 Talent Development Appendix 1: Sustainability Data Statement
	B3.2	The average training hours completed per employee by gender and employee category.	5.3 Talent Development Appendix 1: Sustainability Data Statement

Appendix 2: Content Index to the Environmental, Social and Governance Reporting Guide of Stock Exchange (Continued)

Indicator			Related Chapter
B4: Labour Standards	General Disclosure	Information on: (a) the policies and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	5.1 Fair Recruitment
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	5.1 Fair Recruitment
	B4.2	Description of steps taken to eliminate such practices when discovered.	5.1 Fair Recruitment
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	4.4 Supply Chain Management
	B5.1	Number of suppliers by geographical region.	4.4 Supply Chain Management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	4.4 Supply Chain Management
B6: Product Responsibility	General Disclosure	Information on: (a) the policies and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	4. Operation Philosophy 4.1 Information System 4.2 Attentive Service
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Inapplicable
	B6.2	Number of products and service related complaints received and how they are dealt with.	4.2 Attentive Service
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	4.1 Information System
	B6.4	Description of quality assurance process and recall procedures.	4.2 Attentive Service
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	4.1 Information System

Appendix 2: Content Index to the Environmental, Social and Governance Reporting Guide of Stock Exchange (Continued)

Indicator		Related Chapter
B7: Anti-corruption	General Disclosure	Information on: (a) the policies and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.
	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.
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of communities where the issuer operates and to ensure its activities take into consideration the communities' interests.
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).
	B8.2	Resources contributed to the focus area.

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