



Digital Domain Holdings Limited
數字王國集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 547)



ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT 2016



CONTENTS

1.	ABOUT THIS REPORT	2
2.	ENVIRONMENTAL PROTECTION	3
2.1	CORPORATE ENVIRONMENTAL POLICY	3
2.2	ELECTRICITY CONSUMPTION	3
2.3	NON-HAZARDOUS WASTE MANAGEMENT	3
2.4	ENVIRONMENTAL PERFORMANCE	4
3.	EMPLOYMENT AND LABOUR PRACTICES	5
3.1	CORPORATE POLICY OF EMPLOYMENT AND LABOUR	5
3.2	CORPORATE POLICY OF TRAINING AND RECRUITMENT	5
3.3	CORPORATE POLICY OF HEALTH AND WORK SAFETY	6
3.4	SOCIAL PERFORMANCE	6
4.	OPERATING PRACTICES	8
4.1	CORPORATE POLICY OF SUPPLY CHAIN	8
4.2	CORPORATE POLICY OF INTELLECTUAL PROPERTY RIGHTS	8
4.3	CORPORATE POLICY OF ANTI-CORRUPTION	8
5.	COMMUNITY INVESTMENT	9
6.	SEHK ESG GUIDE CONTENT INDEX	10

ABOUT THIS REPORT

Digital Domain Holdings Limited (the “Company”) is pleased to present our first report (the “Report”) on environmental, social and governance (“ESG”). The Report involves environmental and social impacts, policies and initiatives of the Company and our major subsidiaries (collectively the “Group” or “we”) demonstrating our continuous commitment to sustainability. Additional information in relation to the Group’s corporate governance and financial performance can be referred to the Company’s Annual Report 2016.

We prepared this Report in compliance with the “Environmental, Social and Governance Reporting Guide” (the “ESG Reporting Guide”) under Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”). Those aspects and key performance indicators (“KPI”) defined in the ESG Reporting Guide which are considered to be relevant and material to the Group’s businesses and operations will be presented under four subject areas, namely, environmental protection, employment and labour practices, operating practices and community investment. In addition, a complete list of index in compliance with the ESG Reporting Guide is also available at the end of this Report for an easier reference.

The present scope of ESG reporting covers the principal business of the Group in the region of Hong Kong and the People’s Republic of China (“PRC”). ESG work of our business operation conducted in other regions is planned to be discussed in future ESG reports. The core operating activities conducted in Hong Kong and the PRC include post-production work on advertisements, feature films, television programmes, music videos, internet and mobile application contents, and visual matters for corporate events. This Report highlights our sustainability activities spanning over the reporting period from 1 January 2016 to 31 December 2016.

In order to define what are relevant and material to our business in relation to sustainability, the key is to understand what issues our stakeholders are most concerned with. We define our stakeholders as people who affect our business or who are affected by our business. Our stakeholders include the shareholders, employees, suppliers, customers, environment and community. In our daily business, we actively exchange information with our stakeholders through our transparent platform while we are devoted to continuous improvement of our communication system. We are committed to maintaining a long-term partnership with our stakeholders and are actively engaged in addressing their concerns with follow-up actions in a timely manner. If you, as one of our stakeholders, have any questions about the content of the Report or comments on the Group’s sustainability issues, please contact us via enquiry@ddhl.com.



ENVIRONMENTAL PROTECTION

2.1 Corporate Environmental Policy

The Earth, our precious planet, is the most valuable asset for us. The Group always sees itself accountable to protect this planet and to build a sustainable future for all generations. We are committed to upholding high environmental standards to fulfil the relevant requirements under applicable laws or ordinances during the operation of the business, including all necessary requirements under the Environmental Protection Law of the PRC.

Being a production house for visual effects, we do not operate any factories or manufacturing businesses at the moment. As a result, the Group does not directly produce greenhouse gas in the operation. Nevertheless the Group is committed to actively managing our impact on the environment, especially air quality, by implementing a number of environmental protection measures in the office and workplace.

2.2 Electricity Consumption

Electricity consumption is a major source of our indirect greenhouse gas emission. In order to further raise the awareness for energy saving among all employees, the Group carried out a series of “reducing carbon footprint” activities including maintaining the indoor temperature at an optimal level for comfort, installing LED lighting system in the PRC offices, encouraging employees to turn off computers and monitors when not in use, setting office machines such as photocopiers and monitors to turn off automatically after office hours, encouraging employees to make the best use of modern telecommunication system to avoid unnecessary travel arrangement, and putting up signage emphasizing the importance of energy saving in the offices.

2.3 Non-Hazardous Waste Management

In addition to implementation of energy saving initiatives in offices, the Group also promotes other environmental friendly measures so as to reduce disposal of non-hazardous waste (such as used paper) throughout the entire operation. All employees are encouraged to reduce paper usage by using double-sided copying and by a frequent use of electronic



ENVIRONMENTAL PROTECTION

information systems for material sharing or internal administrative documents as part of our environmental protection campaigns.

The Company introduced e-communication with its shareholders and non-registered holders and encourages investors to read the Company's corporate communication published on the websites of the Company and the Hong Kong Stock Exchange so as to reduce paper consumption.

2.4 Environmental Performance

In accordance with the ESG Reporting Guide set out by the Hong Kong Stock Exchange, the data of the "Emissions" and "Use of Resources" of the Group during the reporting period of 2016 are tabulated below.

Energy use and emissions	Unit	2016
Electricity	kWh	271,132
Unleaded petrol	L	11,899
Diesel	L	7,532
Greenhouse gas emissions	CO ₂ e (tonnes)	216.3
Nitrogen Oxides (NOx)	g	8,437
Sulfur Oxides (SOx)	g	296
Particulate Matter (PM)	g	621
Resources use	Unit	2016
Paper	Piece (kg)	199,258 (996.29)
Water	m ³	1,412

Despite the nature of our business has no direct adverse impact on the environment and natural resources, the Group will continue our commitment in environmental protection and strive to build a green and healthy environment to fulfil our responsibilities as a responsible corporate citizen.

EMPLOYMENT AND LABOUR PRACTICES

3.1 Corporate Policy of Employment and Labour

The Group believes that human capital is the most important asset for our long-term operation and business development. Through providing a desirable workplace, continuous training and prospective career opportunities to our employees, the Group will set itself in a good position to improve the business performance and growth.

The Group safeguards the rights of our employees who are located in Hong Kong and the PRC by strictly complying with the requirements of the labour law of Hong Kong and the Labour Law of the PRC respectively. The Group offers equal employment opportunities to different genders, age groups and nationalities such that a sound diversity of human resources can be achieved.

As a caring employer, we fully comply with the local labour legislations that we are subject to. In the PRC, we have participated in welfare schemes concerning pension insurance, unemployment insurance, maternity insurance, occupational injury insurance and medical insurance in accordance with the local regulations including the Regulations on the Administration of Housing Provident Funds and the Social Insurance Law of the PRC. In Hong Kong, we provide medical insurance, maternity leave, incentive and bonus etc. to all our full time employees. We have also participated in the Mandatory Provident Fund (MPF) Scheme, prescribed by the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong).

3.2 Corporate Policy of Training and Recruitment

We believe that competence, work experience and skill-sets of our staff play an important role in maintaining our operation efficiency. In order to recruit and retain talented employees, the Group offers a competitive remuneration package to our staff, including internal promotion opportunities and performance-based bonus. The Group aims to uphold a fair and equitable human resource policy, in which quality and merit of the candidates are the most important elements to be assessed during recruitment and promotion processes.

Every position is characterized by its job nature resulted in different needs of skill-sets and work experience. The Group ensures that every new joiner has received proper orientation training and mentoring programs in order to help them adapt to the new working environment affirmatively and quickly. Master-apprentice relation is very important in our business practice. Experienced employees continuously train the junior employees through daily operation until they become experienced enough to continue this tradition. Through this mentoring program, the Group can nurture employees to elevate their personal qualities, reinforce their skill sets and keep up with the most updated professional knowledge.

Moreover, the Group promotes open and direct communication between employees and management. The management constantly encourage the staff members to communicate with them. Casual and festival gatherings are organized for the Christmas and/or the Chinese New Year to enhance the harmonious spirit throughout the Group.



EMPLOYMENT AND LABOUR PRACTICES

3.3 Corporate Policy of Health and Work Safety

Our Group strives to safeguard the health and safety for our employees as part of the Group's long-term plan. We have developed and adopted health and safety policies including prohibition of smoking in the workplace, abuse of alcohol and drugs, identification and prevention of risks and hazards in the working area, and follow-up actions for accidents or personal injuries. We require our employees to strictly adhere to and comply with such policies, which are set out in our employee handbook.

Providing a comfortable and safe working environment and protecting our employees from occupational hazards are very important parts of the Group's operation. The Group adopts an open-space design for our workplaces in the PRC so that the employees feel like working at home in the offices. Ample space between workstations, clean and tidy common space such as corridors and pantry, sufficient ventilation and lighting systems are essential in our offices. Moreover, occupational safety guidelines including appropriate working postures and posters of proper lifting method are accessible from the intranet and are put up at appropriate locations in offices respectively to raise the safety awareness of employees.

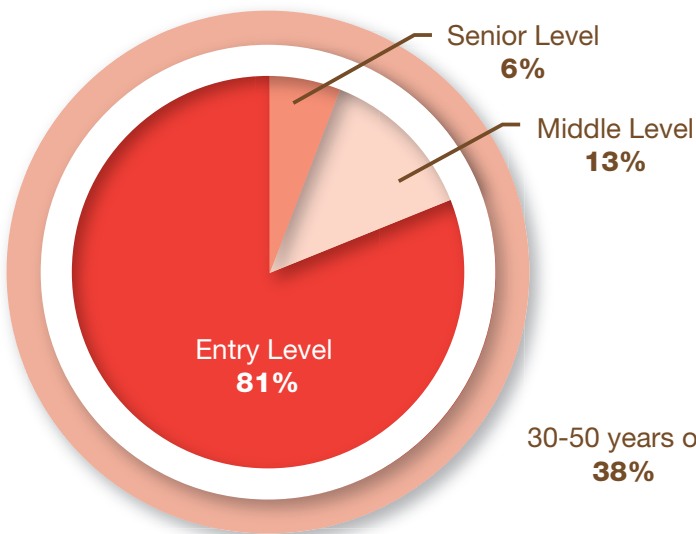
3.4 Social Performance

In accordance with the ESG Reporting Guide set out by the Hong Kong Stock Exchange, the data of the "Social Performance" of the Group during the reporting period of 2016 are tabulated as well as presented in graphs below.

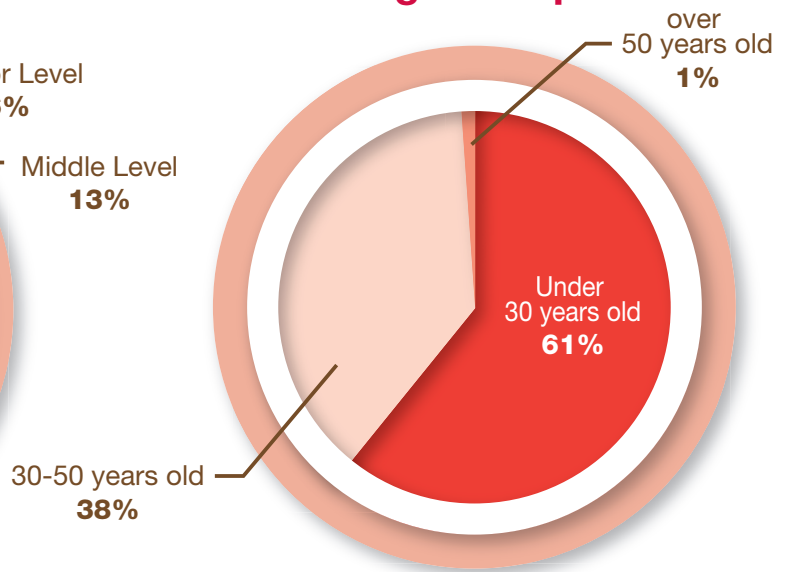
	2016
Total Workforce as of 31 December 2016	172*
Turnover rate by gender (%)	
Female	13.95
Male	19.77
Turnover rate by age group (%)	
Under 30 years old	21.51
30-50 years old	12.21
over 50 years old	0
Turnover rate by region (%)	
Hong Kong	1.74
PRC	31.98

* This figure only covers employees hired by the Headquarter in Hong Kong and by the subsidiaries in the PRC.

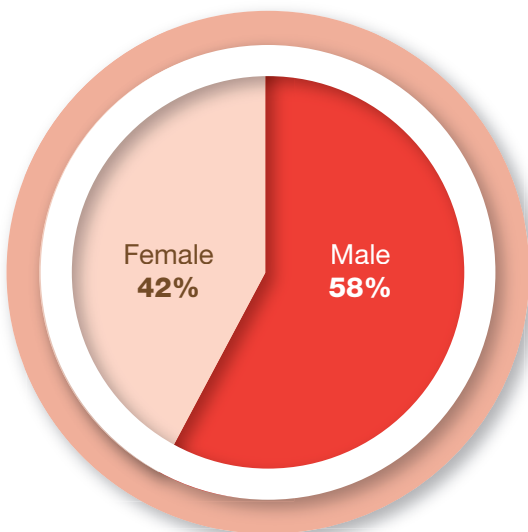
Total Workforce by Employment Category



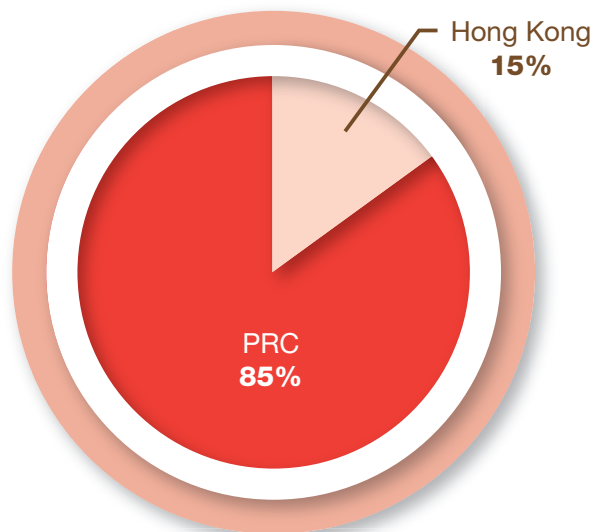
Total Workforce by Age Group



Total Workforce by Gender



Total Workforce by Region Category



OPERATING PRACTICES

As a responsible corporate citizen, one of our missions is to disseminate the pursuit of sustainability into our core business. The Group has developed a series of management systems and procedures to be aligned with the corporate governance required by the Hong Kong Stock Exchange. Furthermore, the Group encourages all business partners to develop energy-saving and consumption-reducing policies in order to work together in our pursuit of sustainable development.

4.1 Corporate Policy of Supply Chain

Whenever we are required to select our suppliers and contractors, we not only consider economic and commercial benefits during the tendering processes but we also evaluate the suppliers' and contractors' track records and capacity in compliance with all the applicable laws and regulations, safeguarding workers' health and safety, and mitigating environmental impacts.

4.2 Corporate Policy of Intellectual Property Rights

Being involved in the innovative business, the Group safeguards the confidentiality of all customers and entrepreneurs and ensures that the customer's information is properly protected. Confidentiality agreement must be signed before business engagement with contractors. We also require our employees to strictly observe the procedure on handling the Group's confidential information set out in our confidentiality management policy handbook.

4.3 Corporate Policy of Anti-Corruption

The Group is committed to upholding a high standard of business ethics and to standard to prohibit bribery and corrupt practices. The Group has developed a series of company policies on anti-fraud, anti-bribery, anti-extortion and anti-money laundering with reference to the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong). With principles of "Commitment, Assurance of High Quality, Fair Deals and Faithfulness", all employees perform their duties with utmost level of good faith, determination and professionalism, and ensure that the reputation of the Group will not be tarnished because of misconduct and corruption behavior.

COMMUNITY INVESTMENT

The Group is committed to making a better society through active community involvement. Both the Group and its employees have put their best effort in helping the local communities and people in need.

In line with this commitment, the Group has purchased charity moon cakes from The Community Chest, an independent and non-profit organization which raises funds through community wide appeals on behalf of member social welfare agencies, during the Mid-Autumn Festival. All proceeds will be allocated to the 155 member social welfare agencies supported by the Chest.

In this reporting period, we collaborated with two institutions, Mars Era (火星時代) and Beijing Film Academy (北京電影學院), to provide their students an internship program so that the students were given an opportunity to work with our professionals and to be exposed to the state-of-the-art visual technology. We also open the internship program to public to recruit young generations who are enthusiastic in visual effects production.

Some of our subsidiary offices are located in the residential neighborhood in the PRC where social events are held throughout the year to support the community. For example, our Shanghai office joined a charity event held by the Red Town in the district of Changning during the reporting period. We always believe the proverb “deeds of giving are the very foundations of the world” and will consistently help and support people in needs.



SEHK ESG GUIDE CONTENT INDEX

Aspects, General Disclosures and KPIs	Description	Relevant Section in ESG Report	Remarks
Aspect 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	Environmental Protection	
KPI A1.1	Types of emissions and respective emissions data	Environmental Protection	
KPI A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	Environmental Protection	
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity	–	The Group has not identified any hazardous wastes that were produced by our core business.
KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity	–	No significant non-hazardous wastes were produced in our core business.
KPI A1.5	Description of measures to mitigate emissions and results achieved	Environmental Protection	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Environmental Protection	

Aspects, General Disclosures and KPIs	Description	Relevant Section in ESG Report	Remarks
Aspect A2: Use of Resources			
General Disclosure	Policies on efficient use of resources including energy, water and other raw materials	Environmental Protection	
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	Environmental Protection	
KPI A2.2	Water consumption in total and intensity	Environmental Protection	
KPI A2.3	Description of energy use efficiency initiatives and results achieved	Environmental Protection	
KPI A2.4	Description of whether there is any issue in sourcing water, water efficiency initiatives and results achieved	–	The Group believes that our water consumption is mainly used for domestic use purpose and no issues are addressed at this moment.
KPI A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	–	Use of packaging material is not applicable to our core business.
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources	Environmental Protection	
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them	Environmental Protection	

SEHK ESG GUIDE CONTENT INDEX

Aspects, General Disclosures and KPIs	Description	Relevant Section in ESG Report	Remarks
Aspect 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	Employment and Labour Practices	
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Employment and Labour Practices	
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Employment and Labour Practices	
Aspect 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	Employment and Labour Practices	
KPI B2.1	Number and rate of work-related fatalities	–	No work-related fatalities were occurred during the reporting period.

Aspects, General Disclosures and KPIs	Description	Relevant Section in ESG Report	Remarks
KPI B2.2	Lost days due to work injury	–	No lost days due to work injury were recorded during the reporting period.
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Employment and Labour Practices	
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Employment and Labour Practices	
KPI B3.1	The percentage of employees trained by gender and employee category	Employment and Labour Practices	
KPI B3.2	The average training hours completed per employee by gender and employee category	Employment and Labour Practices	
Aspect 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	Employment and Labour Practices	
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	Employment and Labour Practices	
KPI B4.2	Description of steps taken to eliminate child and forced labour practices when discovered	–	No such incidents were reported during the reporting period.

SEHK ESG GUIDE CONTENT INDEX

Aspects, General Disclosures and KPIs	Description	Relevant Section in ESG Report	Remarks
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain	Operating Practices	
KPI B5.1	Number of suppliers by geographical region	–	No suppliers were contracted for the core business during the reporting period.
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Operating Practices	
Aspect 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, labelling and privacy matters relating to products and services provided and methods of redress	–	Not identified as material aspect
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	–	Not identified as material aspect
KPI B6.2	Number of products and service related complaints received and how they are dealt with	–	Not identified as material aspect
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Operating Practices	

Aspects, General Disclosures and KPIs	Description	Relevant Section in ESG Report	Remarks
KPI B6.4	Description of quality assurance process and recall procedures	–	Not identified as material aspect
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Operating Practices	
Aspect 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	Operating Practices	
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	–	No concluded legal cases regarding corrupt practices were brought against the issuer or its employees during the reporting cases.
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Operating Practices	
Aspect B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities takes into consideration the communities' interests	Community Investment	
KPI B8.1	Focus areas of contribution	Community Investment	
KPI B8.2	Resources contributed to the focus areas	Community Investment	