

spackmanentertainmentgroup



SUSTAINABILITY  
REPORT  
**2019**

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# 1. Highlights

## 1.1 Corporate profile

Spackman Entertainment Group Ltd. ('**Spackman Entertainment**' or the '**Company**'), together with its subsidiaries (the '**Group**'), one of Korea's leading entertainment company groups is primarily engaged in the independent development, production, presentation, and financing of theatrical motion pictures in Korea.

In order to diversify our revenue streams, we have expanded our business portfolio to include the production of Korean television dramas. In addition to our content business, we also make investments into entertainment companies and film funds that can financially and strategically complement our existing core operations.

Our films are theatrically distributed and released in Korea and overseas markets, as well as for subsequent post-theatrical worldwide release in other forms of media, including cable TV, broadcast TV, IPTV, Video On Demand (**VOD**), and home video/ DVD, etc. We release all of our motion pictures into wide-theatrical exhibition initially in Korea, and then in overseas and ancillary markets.

### Zip Cinema

Spackman Entertainment's Zip Cinema Co., Ltd. ('**Zip Cinema**') is one of the most recognised film production labels in Korea and has originated and produced some of Korea's most commercially successful theatrical films, consecutively producing 10 profitable movies since 2009 representing an industry leading track record. Recent theatrical releases of Zip Cinema's motion pictures include some of Korea's highest grossing and award-winning films such as *CRAZY ROMANCE* (2019), *DEFAULT* (2018), *MASTER* (2016), *THE PRIESTS* (2015), *COLD EYES* (2013), and *ALL ABOUT MY WIFE* (2012).

For more information on Zip Cinema, do visit <http://zipcine.com>.

### Take Pictures

The Company owns a 100% equity interest in Take Pictures Pte. Ltd. ('**Take Pictures**') which has a lineup of several film projects including *STONE SKIPPING*, *GUARDIAN* (working title) and the co-production with Zip Cinema for *THE PRIESTS 2*.

### Simplex Films

The Company owns a 100% equity interest in Simplex Films Limited ('**Simplex Films**') which is an early-stage film production firm. Simplex Films has the following films in the pipeline namely, *A BOLT FROM THE BLUE*, *IRREVOCABLE PROMISE* and *OUR SUPERSTAR K*.



## Novus Mediacorp

Spackman Entertainment also owns Novus Mediacorp Co., Ltd. (**'Novus Mediacorp'**), an investor, presenter, and/or post-theatrical distributor for a total of 79 films (58 Korean and 21 foreign) including *ROSE OF BETRAYAL*, *THE OUTLAWS* and *SECRETLY, GREATLY*, which was one of the biggest box office hits of 2013 starring Kim Soohyun of *MY LOVE FROM THE STARS* fame, as well as *FRIEND 2: THE GREAT LEGACY*. In 2012, Novus Mediacorp was also the post-theatrical rights distributor of *ALL ABOUT MY WIFE*, a top-grossing romantic comedy produced by Zip Cinema. In 2018, *THE OUTLAWS*, co-presented by Novus Mediacorp broke the all-time highest VOD sales records in Korea.

For more information on Novus Mediacorp, do visit <http://novusmediacorp.com>.

## Frame Pictures

The Group owns a 100% equity interest in Frame Pictures Co., Ltd. (**'Frame Pictures'**). Frame Pictures is a leader in the movie/drama equipment leasing business in Korea. Established in 2014, Frame Pictures has worked with over 25 top directors and provided the camera and lighting equipment for some of Korea's most notable drama and movie projects including the upcoming Korean film *GIRL COPS* (2018) featuring rising star Wi Ha-jun of SMGL and *THE GREATEST DIVORCE* (2018) starring Bae Doona of SMGL.

Frame Pictures has also won contracts to supply equipment to *FOUR MEN* (2019), *ASADAL CHRONICLES* (2019), *THE CROWNED CLOWN* (2019), *THE BEAUTY INSIDE* (2018), *HUNDRED MILLION STARS FROM THE SKY* (2018), *LOVELY HORRIBLY* (2018), *THE GUEST* (2018), historical Korean movie *MALMOI, SUITS* (2018) featuring Park Hyung-sik of SMGL, *MISTRESS* (2018), *LIFE* (2018), *LIVE* (2018) starring Lee Kwang-soo of *RUNNING MAN*, *MY MISTER* (2018) and Netflix's first Korean original production *LOVE ALARM* (2018).

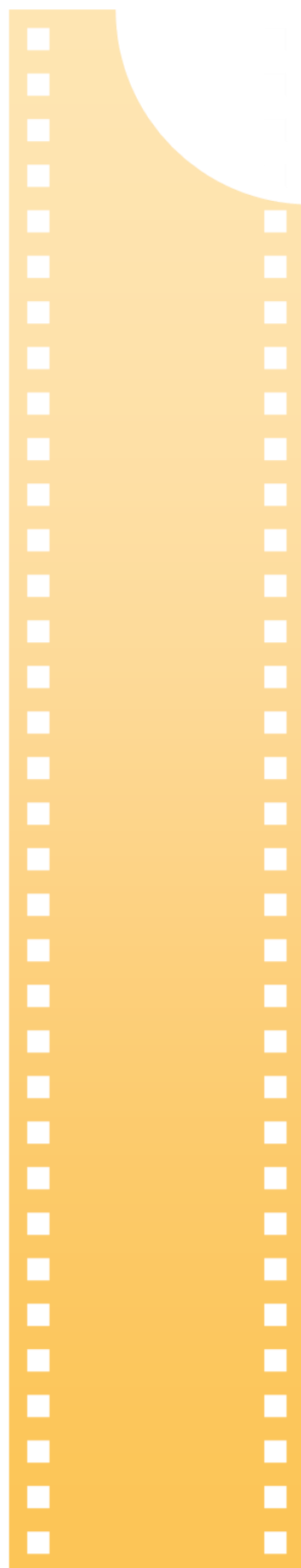
Previously, Frame Pictures was also involved in *THE LEGEND OF THE BLUE SEA* (2016) featuring Jeon Ji-hyeon and Lee Min-ho, as well as *VETERAN* (2015), the number one movie at the Korean box office in 2015 starring Yoo Ah-in of Spackman Media Group Limited.

For more information on Frame Pictures, do visit <http://framepictures.co.kr/>.

## Constellation Agency

The Company owns a 100% equity interest in Constellation Agency Pte. Ltd. (**'Constellation Agency'**). Constellation Agency, which owns The P Factory Co., Ltd. (**'The P Factory'**) and Platform Media Group Co., Ltd. (**'PMG'**), is primarily involved in the business of overseas agency for Korean artists venturing into the overseas market.

The P Factory is an innovative marketing solutions provider specializing in event and branded content production. PMG is a talent management agency which represents and manages the careers of major artists in film, television, commercial endorsements, and branded entertainment.



## Greenlight Content

The Company owns a 100% equity interest in Greenlight Content Limited ('**Greenlight Content**') which is mainly involved in the business of investing into dramas and movies, as well as providing consulting services for the production of Korean content. The acquisition of Greenlight Content has allowed the Group to foray into drama production. The Group's first co-produced drama, *TERIUS BEHIND ME*, in which Greenlight Content is one of the major investors of, was awarded "Drama of the Year" at the 2018 MBC Drama Awards.

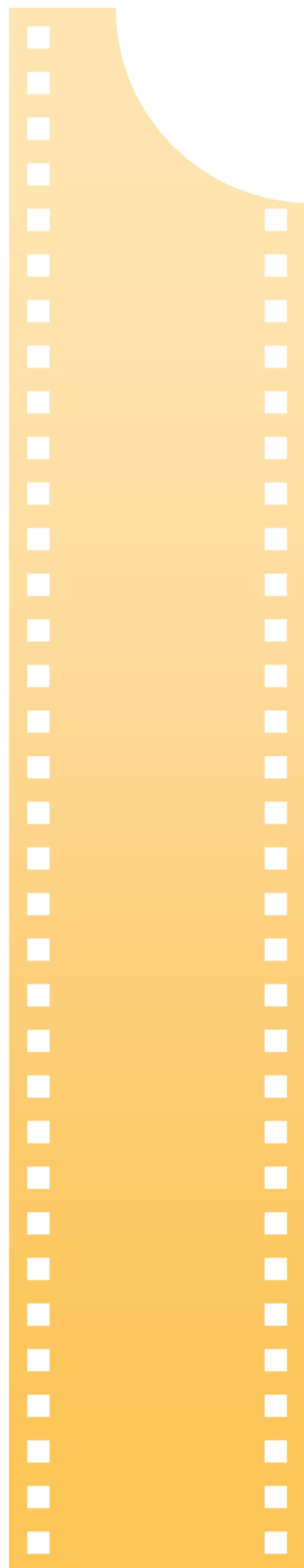
## Spackman Media Group

The Company holds an effective shareholding interest of 43.88% in Spackman Media Group Limited ("**SMGL**"). SMGL, a company incorporated in Hong Kong, together with its subsidiaries, is collectively one of the largest entertainment talent agencies in Korea in terms of the number of artists under management, including some of the top names in the Korean entertainment industry. SMGL operates its talent management business through renowned agencies such as MS Team Entertainment Co., Ltd., UAA & Co Inc., Fiftyone K Inc., SBD Entertainment Inc., and Kook Entertainment Co., Ltd.

Through these full-service talent agencies in Korea, SMGL represents and guides the professional careers of a leading roster of award-winning actors/actresses in the practice areas of motion pictures, television, commercial endorsements, and branded entertainment. SMGL leverages its unparalleled portfolio of artists as a platform to develop, produce, finance and own the highest quality of entertainment content projects, including theatrical motion pictures, variety shows, and TV dramas. This platform also creates and derives opportunities for SMGL to make strategic investments in development stage businesses that can collaborate with SMGL artists. SMGL is an associated company of the Company.

The Group also operates a café-lounge called Upper West, in the Gangnam district of Seoul and own a professional photography studio, Noon Pictures Co., Ltd..

For more details, do visit <http://www.spackmanentertainmentgroup.com/>.





## 1.2 Message to stakeholders & board statement

The Board of Spackman Entertainment is committed to minimising our environmental impacts, growing sustainably, and inspiring others to take action for the benefit of conserving and protecting the world we live in.

In FY2019, we continue our sustainability journey to measure and manage our environmental impacts through our sustainability program, having expanded our scope of reporting to include our wholly-owned subsidiaries, Take Pictures and Simplex Films, in addition to Zip Cinema, Novus Mediacorp and Frame Pictures.

As a leading entertainment production company in Korea, we believe it is important for us to capitalise on the power of film and media to convey the message of environmental protection, not only through our actions of producing content but also narrating it in our content.

With the increasing global need and desire to practise eco-friendly and sustainable processes to produce content, we intend to set and improve our policies to achieve Environmental, Social and Governance sustainability. We understand that our position in the film and drama production arena provides us with the unique opportunity to advocate positive Environment, Social and Economic narratives through our efforts behind the camera as well as the underlying messages relayed on screen.

As such, we shall strive to comply with industry-leading sustainability practices in film and drama production, and also aim to raise awareness and inspire sustainable and socially responsible thinking in local and international audiences through our movie and drama content in the future.

As we journey into the new financial year, the ongoing COVID-19 pandemic has affected various sectors including the Korean entertainment sector. Although most cinemas remain operational in South Korea, COVID-19 will undoubtedly have a significant impact on the movie industry in 2020, resulting from cut back on daily screenings, and delay in both promotional events and film openings. As a Group, we have initiated business continuity planning to protect our staff and mitigate the impact on the Group's business operations, with film developments and productions still continuing with the necessary precautions in place. As the current COVID-19 situation continues to develop, we shall keep a close eye on our operations, and announce any material changes to our business performance to shareholders timely, as and when appropriate.

Lastly, on behalf of the Board, we wish to inform that the Board has, on the whole, considered sustainability issues as part of its strategic formulation and, together with the Management, determined the material Environmental, Social and Governance factors, as well as overseen the management and monitoring of these factors in the Group's sustainability journey.

**ANTHONY WONG**  
Non-Executive &  
Independent Chairman

**JOHN KO**  
Chief Executive Officer



### 1.3 Scope of sustainability report

The scope of the report covers information on material sustainability aspects of Spackman Entertainment relating to the Entertainment segment in Korea, from 1 January 2019 to 31 December 2019 (**FY2019**), unless otherwise specified. This should sufficiently address stakeholders' concerns in relation to sustainability issues arising from the major business operations of the Group.

This report is prepared in accordance with the Global Reporting Initiative (**GRI**) Standards: Core Option as it provides a set of an extensive framework that is widely accepted as a global standard for sustainability reporting. It also considers the Sustainability Reporting Guide in Practice Note 7F of the Singapore Exchange Securities Trading Limited (**SGX-ST**) Listing Manual Section B: Rules of Catalyst (**Catalist Rules**). In preparing our report, we applied the GRI's principles for defining report content and report quality by considering the Group's activities, impacts and substantive expectations and interests of its stakeholders.

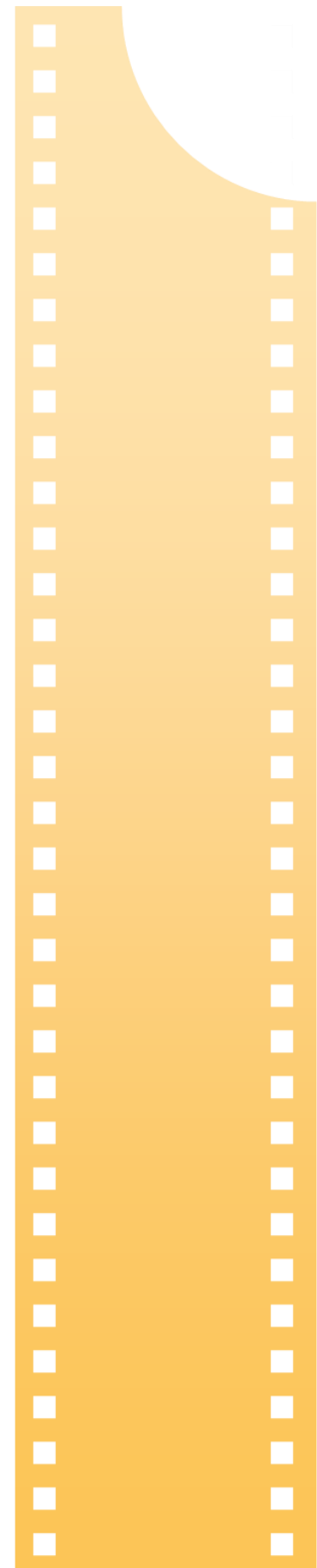
The data and information provided within the report have not been verified by an independent third party. We have relied on internal data monitoring and verification to ensure accuracy.

### 1.4 Restatements

No restatements were made from the previous report.

### 1.5 Sustainability contact

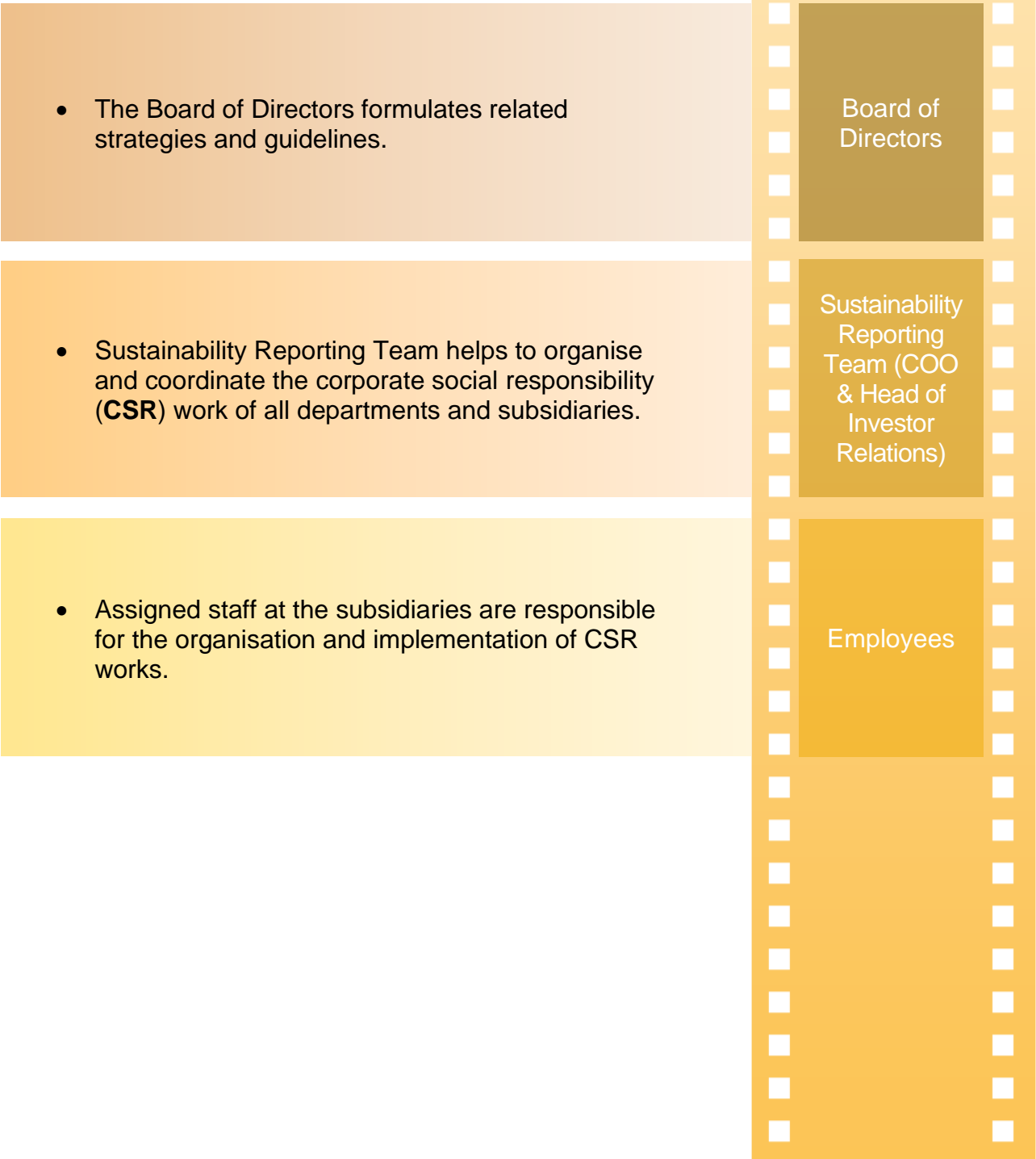
We welcome your views and feedback on our sustainability practices and reporting at [sr@spackmanentertainmentgroup.com](mailto:sr@spackmanentertainmentgroup.com).



## 2. Our approach to sustainability

### 2.1 Sustainability organisational structure

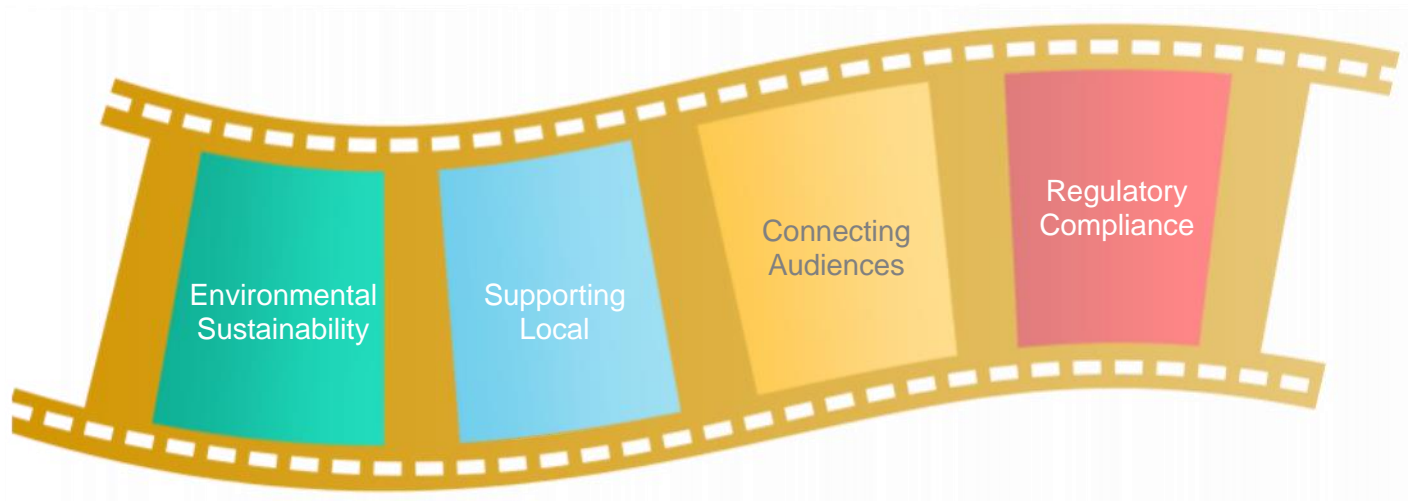
Sustainability is a vital part of our corporate strategy for achieving long-term growth. The values we create for our people, the environment and society at large very much determine our financial performance. We developed a sustainability organisational structure to move things forward:





## 2.2 Sustainability strategy

At the Group level, our sustainability strategy aims to create integrated values. Together with disciplined execution of our strategy and a commitment to doing business responsibly, we commit to deliver value to all our stakeholders through the following:



The sustainable strategy is underpinned by our Employee Code of Conduct, which establishes a clear tone at the top with regards to employees' business and ethical conduct.

The strategy is also guided by external sources, including the Global Reporting Initiative Standards and Sustainability Reporting Guide in Practice Note 7F of the Catalist Rules.

## 2.3 Consulting our stakeholders

We recognise the need to continuously develop our responsible business approach in order to address growing stakeholder expectations around our impact on the economy, environment and society. As such, we periodically consult with our stakeholders to determine the issues that are most relevant to them and Spackman Entertainment on an ongoing and ad hoc basis.

An overview of our approach and rationale is set out below (with stakeholders listed in alphabetical order), together with the feedback we have received.

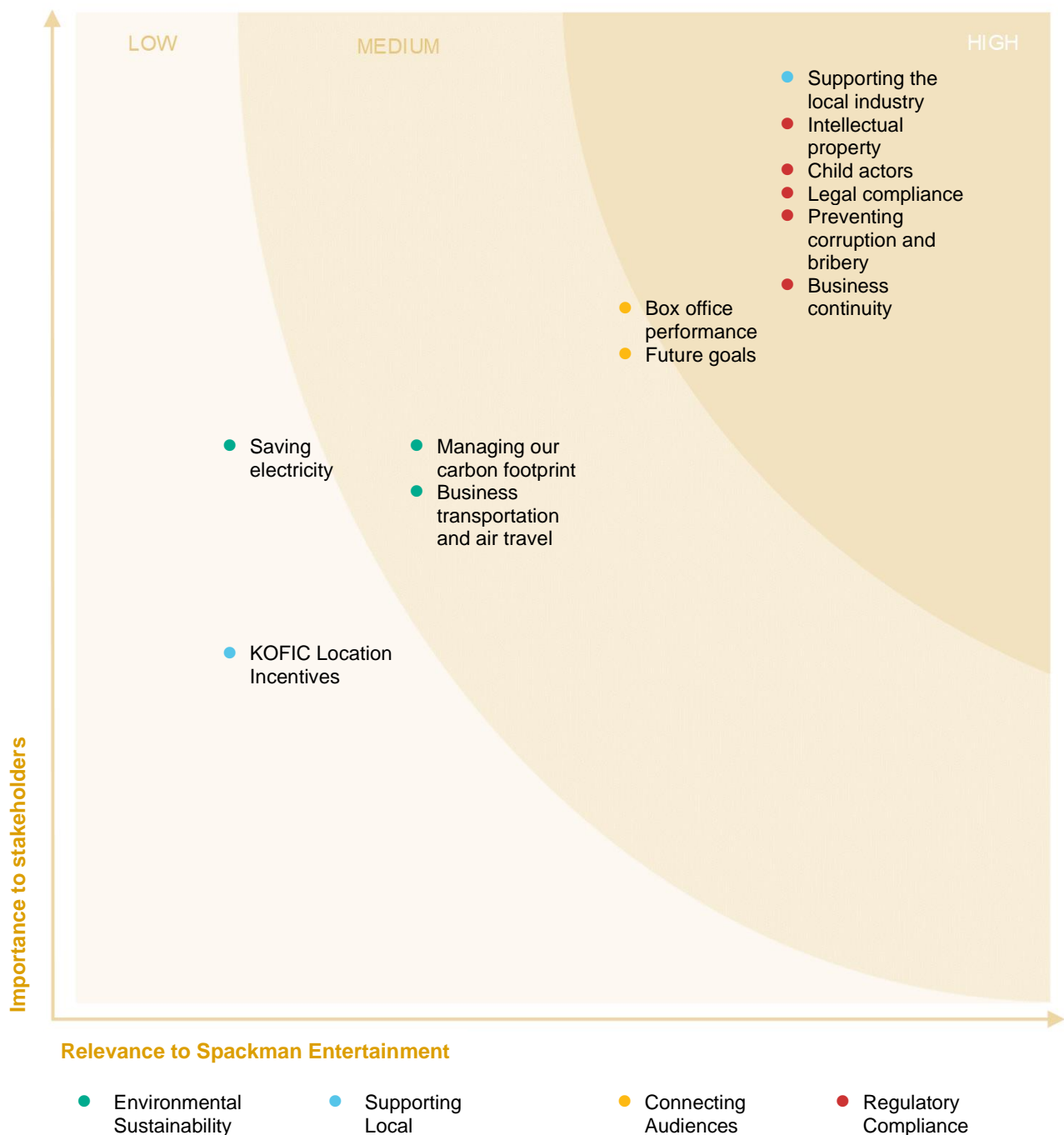
Stakeholders	How we listen	Why we do it	What you've told us
Distributors	<ul style="list-style-type: none"> <li>Regular updates and communication</li> <li>Periodic meetings</li> <li>Events and official launches</li> <li>Interviews and press releases</li> <li>Spackman Entertainment and other websites</li> </ul>	<ul style="list-style-type: none"> <li>Expand distributorship of movies via movie theatres and online platforms in local and overseas markets</li> </ul>	<ul style="list-style-type: none"> <li>Maximise screening locations and distribution channels</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Internal updates and communication</li> <li>Events and functions</li> </ul>	<ul style="list-style-type: none"> <li>Comply with manpower rules and regulations</li> <li>Develop and maintain effective avenues for two-way communication to obtain feedback from employees</li> </ul>	<ul style="list-style-type: none"> <li>Equal opportunities</li> <li>Career progression</li> <li>Benefits and rewards</li> </ul>
Government and regulators	<ul style="list-style-type: none"> <li>Regular updates and communication via sponsor</li> <li>Reports and compliance</li> <li>Periodic meetings</li> </ul>	<ul style="list-style-type: none"> <li>Uphold the highest standards of corporate governance and ethical behaviour</li> <li>Maintaining the good relationship between continuing sponsor and the Group</li> <li>Maintaining dialogue with SGX</li> <li>Participate in SGX events to increase visibility and transparency (Shareholder engagement events, roadshows, talks, SGX research programme etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with SGX rulings and local laws and regulations</li> <li>Fully understand all regulations applicable to the company</li> </ul>
Investors/ Producers/ Presenters	<ul style="list-style-type: none"> <li>Regular updates and communication</li> <li>Periodic meetings</li> </ul>	<ul style="list-style-type: none"> <li>Maintain regular communication between producers, presenters, and investors</li> <li>Open communication between producer, directors, cast and crew members</li> <li>Discussion on what moviegoers want</li> </ul>	<ul style="list-style-type: none"> <li>Content development</li> <li>Project profitability</li> <li>Budget monitoring</li> </ul>
Moviegoers	<ul style="list-style-type: none"> <li>Events and official launches</li> <li>Interviews and press releases</li> <li>Spackman Entertainment and other websites</li> </ul>	<ul style="list-style-type: none"> <li>Expand distributorship of movies via movie theatres and online platforms in local and overseas markets</li> <li>Discussion on what moviegoers want</li> </ul>	<ul style="list-style-type: none"> <li>Targeted screening locations and distribution channels</li> <li>Viewing preference</li> <li>Content development</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>Shareholders' meeting</li> <li>Board meeting</li> <li>Spackman Entertainment and other websites</li> <li>Regular updates and communication</li> <li>Roadshows</li> </ul>	<ul style="list-style-type: none"> <li>Consistently improve company's management</li> <li>Operate and manage the Company effectively and efficiently</li> <li>Committed to delivering economic value to our capital providers through a strong financial performance and engagement with them</li> </ul>	<ul style="list-style-type: none"> <li>Long-term profitability</li> <li>Sustainability matters</li> <li>Achieve company targets</li> <li>Company growth and development</li> <li>Compliance with all relevant requirements</li> <li>Ensure business continuity</li> </ul>

## 2.4 Sustainability materiality

Using a materiality index, we align our responsible business priorities with the Spackman Entertainment's principal business and operational risks, as illustrated in the diagram below.

We have also developed metrics to help us measure our progress, as indicated in our sustainability scorecard in **Appendix A**. We will review and adjust the matrix each year, as the external and business context changes.

The aspect boundaries 'within' the organisation are limited to Spackman Entertainment, Zip Cinema, Novus Mediacorp, Frame Pictures, Take Pictures and Simplex Films whereas the aspect boundaries 'outside' the organisation include distributors, employees, government and regulators, investors/ producers/ presenters, moviegoers, and shareholders.



### 3. Our performance

#### 3.1 How we measure our performance

Our **sustainability strategy** is embedded into the appropriate parts of our business, with dedicated teams for each focus area, and coordination by our relevant departmental managers.

Progress will be tracked in two key ways: measuring performance against metrics, and evaluating how well the programs have advanced, through a series of ‘commitments’.

##### Metrics and targets

We have established key performance indicators for each of the four focus areas outlined in our **sustainability strategy**.

Periodically, we plan to introduce new metrics and update targets to ensure alignment with our strategy.

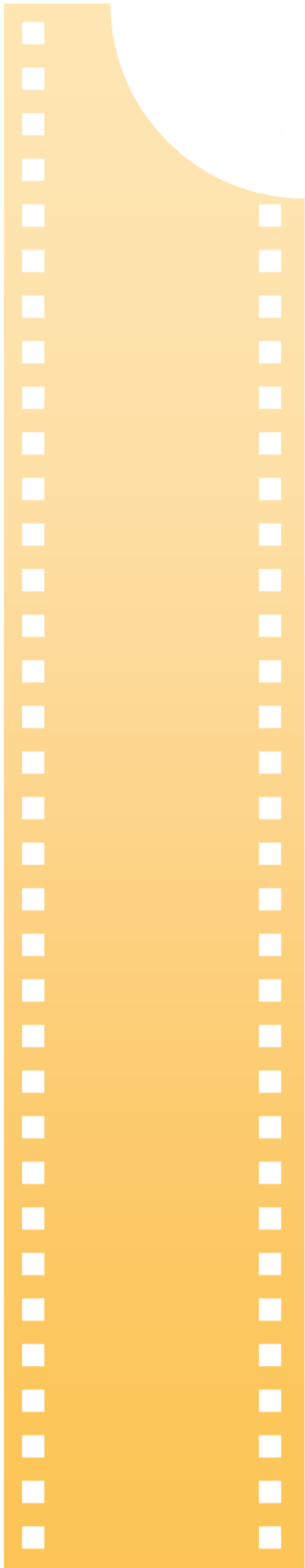
##### Commitments

To ensure we have a robust sustainability programme in place, we have included the key commitments for each area of our sustainability strategy. The progress we have made against each key commitment is indicated using the symbols shown in the table below.

We track and review our sustainability programme with the Board of Directors at least once a year.

##### Symbols used to indicate progress against commitments

Symbol	Meaning
Ⓝ	New commitment this year
⦿	Not started / not met
◐	In progress
●	Complete
⌚	Ongoing commitment: no end date



## 3.2 Environmental sustainability

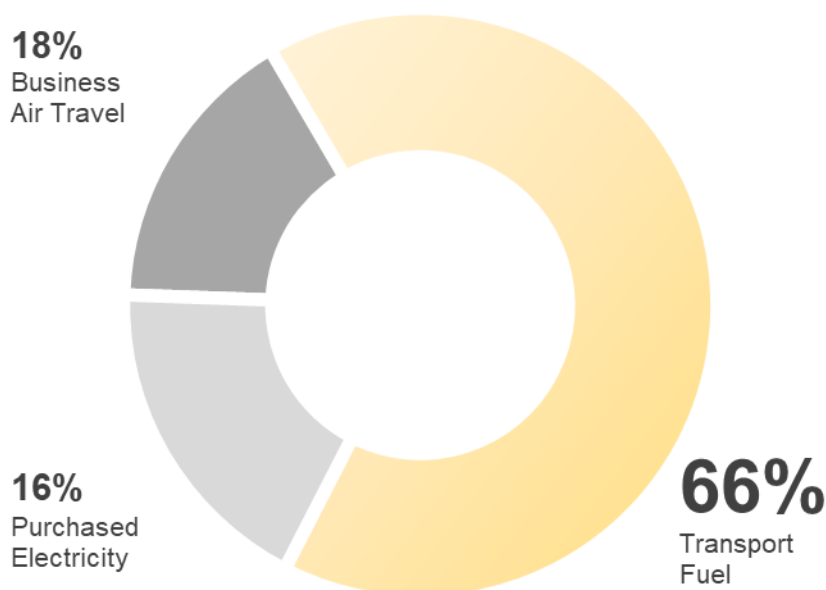
### Overview

Tracking of the energy consumptions of our businesses forms the basis of our sustainability efforts. We measure the carbon footprint of our operations, providing insight into the carbon reduction and energy efficiency opportunities at each division.

### Managing our carbon footprint

We recognise that reducing carbon footprint in our daily operations has a positive effect on climate change. To determine the carbon footprint, we collect energy usage data from each of our businesses and then calculate our total annual greenhouse gas (**GHG**) emissions. We follow the Greenhouse Gas Protocol established by the World Resources Institute and the World Business Council for Sustainable Development, the standard manual for measuring corporate GHG emissions. Using the “control method”, we include 100% of the emissions associated with businesses which we directly control. Our carbon footprint includes:

- All fuels used directly by our companies (Scope 1 emissions)
- All purchased electricity used in our offices (Scope 2 emissions)
- Impact of business air travel (optional Scope 3 emissions)



In FY2019, Spackman Entertainment generated a carbon footprint of 123.5 tonnes of carbon dioxide emission (**tCO<sub>2</sub>e**) with a carbon footprint intensity of 6.1 tCO<sub>2</sub>e per million dollars of revenue, representing a 17% increase from the previous year. The increase in carbon footprint intensity is due to the inclusion of Take Pictures and Simplex Films in the current year reporting scope.

The emission mainly arises from petrol usage in our vehicles which accounted for approximately 66% of the total carbon footprint of Spackman Entertainment.

As such, we have revised our commitment to maintain the carbon footprint per million dollars of revenue in FY2019 and use it as a baseline due to the increase in our Group size.

### FY2019 Progress

# 6.1 tCO<sub>2</sub>e

Carbon emission intensity per million dollars of revenue

Business transportation and air travel

We recognise that travel is a core part of doing business and face-to-face meetings are often the best way to build relationships with clients and business partners. However, this also gives rise to carbon emissions that contribute to deteriorating air quality and climate change.

To manage our carbon emissions, we will strive to reduce non-essential business transportation and air travel by leveraging on other modes of client communication (including emails, telephone or video conferencing) calls) where possible.

Saving electricity

The Group's electricity consumption came from regular operations of the office. All employees stringently complied with the Group's policy of saving energy. The Group utilised electricity-saving light bulbs at its offices as well as educated its employees about energy conservation and emission reductions. To ensure the effective use of electricity, the Group adopted the following practices:

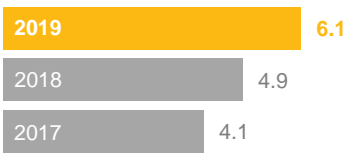
- Turn off lights, computers and air conditioning system before clocking out
- Place energy saving reminder labels next to switches
- Clean office equipment (such as refrigerator, air-conditioner) regularly to maintain high efficiency
- Use energy saving equipment
- Set temperature of air conditioners to 25°C

The Group established policies and procedures to reduce energy consumption in the office, to assess the energy efficiency, to increase the use of clean energy, and to ensure power is turned off when electrical appliances are not in use.

Commitments: Environmental stewardship

Maintain carbon footprint per million dollars of revenue (from FY2019 baseline)

Carbon footprint per million dollars of revenue (tCO<sub>2</sub>e)



FY2019 progress

(N)

- We generated a carbon footprint of 123.5 tonnes of carbon dioxide emission (tCO<sub>2</sub>e) with a carbon footprint intensity of 6.1 tCO<sub>2</sub>e per million dollars of revenue, representing a 17% increase from the previous year.
- The emission mainly arises from petrol usage in our vehicles which accounted for approximately 66% of the total carbon footprint of Spackman Entertainment.
- The increase in carbon footprint intensity is due to the inclusion of Take Pictures and Simplex Films in the current year reporting scope.



### 3.3 Supporting local

#### Overview

Supporting local talent is the way to go in developing the local film industry. Collaborating with local authorities provides a host of economic benefits such as tourism promotion and job creation.

#### Supporting the local industry

Zip Cinema has been a member of the Korean Film Producers Association (**KFPA**) under the Korean Film Council (**KOFIC**) since 2007. Novus Mediacorp and Frame Pictures also strongly support the industry initiatives of KFPA and KOFIC, to stimulate, grow and sustain the Korean film industry.

We also seek to create long-term economic benefits for our communities through recruitment of local talent and development of local suppliers, supporting a reliable local supply network to drive economic growth.

In addition, all of our suppliers and contractors must adhere to our requirements regarding safety, health, security and the environment, as well as the principles of our Standards of Business Conduct. We are also focused on developing local businesses through regular meetings with them to ensure they are aware of the opportunities created by our projects and understand our requirements.

As part of our strategy, we have committed to recruit at least 80% of our talent and source at least 80% of our purchases locally. In FY2019, 95.7% of our talent were recruited locally and 92.7% of our purchases were sourced locally as well.

#### KOFIC Location Incentives

KOFIC provides a Location Incentive Grant to support part of the expenses spent in Korea for producing foreign audio-visual works, for the purpose of tourism promotion, job creation and other economic benefits. It is also aimed at encouraging the hosting of location shooting and post-production of foreign audio-visual works and thereby enhancing the production capacities of the Korean film industry and creating an international production network around it.

Eligible works consist of feature films, television series and documentaries produced by a foreign production company, in which the allocation of foreign capital in the production cost exceeds 80%. Up to 20-25% of the total Qualifying Production Expenditure (**QPE**) is claimable as Location Incentives Grant, depending on the available amount in the production's total budget.

Presently, the Group has not tapped either directly or indirectly on such incentives but may look at opportunities to collaborate with foreign partners to promote Korea as a film and drama hub and the sharing of Hallyu to international audiences.

#### FY2019 Progress

**95.7%**

Talents sourced locally

**92.7%**

Purchases sourced locally

## Commitments: Supporting local

**Recruit at least 80% of our talent locally**

### Talent sourced locally (%)

2019	95.7
2018	94.1
2017	94.1

### FY2019 progress



- The Group recruited 95.7% of our talent locally, which exceeds our target set. The increase is due to the inclusion of Take Pictures and Simplex Films in the current year reporting scope.

**Source at least 80% of our purchases locally**

### Purchases sourced locally (%)

2019	92.7
2018	98.1
2017	79.5

### FY2019 progress



- The Group sourced 92.7% of our purchases locally, which exceeds our target set.

### 3.4 Connecting audiences

#### Overview

In FY2019, Korean movies claimed a domestic market share of 51.0% (representing a box office of 115.6 million admissions). Given this potential, the Korean movie industry certainly has the opportunity to effect positive change in the society on a large scale.

Through effective storytelling, we believe our movies help to empower and inspire audiences to take action to improve their own lives and communities.

#### Box office performance – *CRAZY ROMANCE*

Breaking from tradition, Zip Cinema produced a romantic comedy in FY2019. Ranked as Korea's best romance film of 2019<sup>1</sup>, *CRAZY ROMANCE*, featuring Kim Rae-won and Gong Hyo-jin, opened #2 at the Korean box office, after the US film, *JOKER*, on the first day of its release. The film surpassed the 2 million audience mark in less than two weeks since the first day of its official wide release on 2 October 2019 in Korea.

The distribution rights for *CRAZY ROMANCE* was sold to 22 countries including Singapore, Malaysia, Vietnam, Cambodia, Taiwan, Philippines, Hong Kong, Macau, Australia and New Zealand.

For more information on *CRAZY ROMANCE*, please scan the QR code on the right.



#### *JESTERS: THE GAME CHANGERS*

*JESTERS: THE GAME CHANGERS*, produced by Simplex Films, opened #3 at the Korean box office on the first day of its wide release on 21 August 2019.

Directed by award-winning director, Kim Joo-ho, the historical comedy film stars Cho Jin-woong of *INTIMATE STRANGERS* (2018) and *THE SPY GONE NORTH* (2018) and Son Hyun-joo of *ORDINARY PERSON* (2017). The movie revolves around the story of a 'gang of clowns' that manipulates rumours throughout the country and stirs the public. The 'gang of clowns' is discovered by Han Myung-hoe (played by Son Hyun-joo), the most powerful man in Joseon, and creates legendary stories about King Sejo (played by Park Hee-soon).

For more information on *JESTERS: THE GAME CHANGERS*, please scan the QR code on the right.



#### Box Office



 **2.9m**



 **0.6m**

<sup>1</sup> Hankook Ilbo (Link), '가장 보통의 연애' 150만 돌파, 손익분기점 넘었다

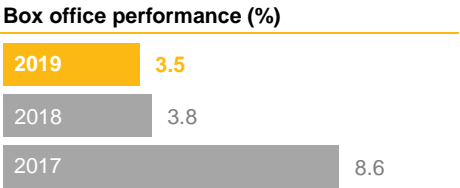
Future goals

We recognise that our businesses represent a wide variety of voices, cultures, lifestyles, and perspectives; we do not speak with one single voice about sustainability but rather approach each audience with a unique and appropriate message. Going forward, we will continue to find new opportunities to use these platforms to address various sustainability concerns.

As part of our strategy, we have committed to track and report on the box office performance of our films going forward.

Commitments: Connecting audiences

Track box office performance



FY2019 progress

- *CRAZY ROMANCE* has a total of 2.9 million tickets sales, grossing US\$20.4 million at the Korean box office.
- *JESTERS: THE GAME CHANGERS* has a total of 0.6 million tickets sales, grossing US\$4.2 million at the Korean box office.

### 3.5 Regulatory compliance

#### Overview

To maintain a fair, ethical and efficient business and working environment, the Group strictly adheres to the local laws and regulations relating to intellectual property (IP), child actors, anti-corruption and bribery, irrespective of the area or country where the Group conducts its business.

#### Intellectual property

IP rights shape each stage of a film-maker's journey from script to screen. They help producers attract much needed funds; enable directors, screenwriters and actors, as well as the numerous artists and technicians who work behind the scenes, to earn a living; and inspire technological breakthroughs that enable creative ideas to be brought to life.

The Group respects the creative effort behind all IPs driving the movie industry and ensures that all of its movies acknowledges and respects and appropriately remunerates the IP rights of all authors.

#### Child actors

The Group aims to uphold industry standards to ensure conditions for the development and protection of children and young people under the age of 18 involved in artistic performance (e.g., level of guardian supervision required when working for the Group, continuation of education according to local legal conditions, limits to number of hours worked, psychological support in dealing with child celebrity).

#### Legal compliance

The Group, through its Company Secretary, has updated the Board on relevant new laws and regulations affecting the Company, including changes to the SGX-ST Listing Rules, risk management, corporate governance, insider trading and key changes in the relevant regulatory requirements, to facilitate effective discharge of their fiduciary duties as Board or Board Committees members.

#### Preventing corruption and bribery

The Group prohibits all forms of corruption and bribery. The Group requires all employees to strictly abide by professional ethics and eliminate any corruption and bribery. All employees are expected to discharge their duties with integrity, to act fairly and professionally, and to abstain from engaging in bribery activities or any activities, which might exploit their positions against the Group's interests.

Whistle-blowers can report verbally or in writing to the senior management of the Group for any suspected misconduct (including corruption, bribery extortion, fraud and money laundering) with full details and supporting evidence. The management will conduct investigations against any suspicious or illegal behavior to protect the Group's interests and the whistleblowers' confidentiality.

In FY2019, the Group was not in violation of any of the relevant laws and regulations in relation to IP, child actors, anti-corruption and bribery, extortion, fraud and money laundering that have a significant impact on the Group.

#### FY2019 Progress

0

Regulatory and compliance incidents

0

Confirmed incidences of corruption and actions taken

0

Non-compliance with laws and/or regulations which resulted in significant fines and non-monetary sanctions

## Business continuity

The global outbreak of the COVID-19 will have a significant toll on cinemas worldwide. Unlike home-based or digital media, which is likely to benefit from the possible spread of COVID-19 as people self-isolate at home and avoid social interactions, going to the movies is understandably a social activity that many people would want to avoid for now.

In South Korea, although most cinemas remain operational (apart from cinemas in Daegu, which are closed due to COVID-19), the domestic film agency KOFIC reported that cinema attendance has declined significantly in the first quarter of 2020, prompting several films to delay both promotional events and film openings, including the Oscar winning *PARASITE*. Outside Daegu, cinema operators have cut back on daily screenings, and reduced physical presence of cinema staff to reduce the risk of spreading the virus. Film developments and productions will still continue with the necessary precautions in place.

As a Group, we have initiated business continuity planning to protect our staff and mitigate the impact on the Group's business operations. We have put in place the following controls at our Singapore Headquarters and our offices in Seoul, South Korea as follows:

- Brief employees on good personal hygiene practices as advised by the respective health authorities.
- Enhanced screening procedures for visitors, including completion of a health screening and declaration form which includes travel history to affected areas in the last 14 days and/or contact history with infected persons in the last 14 days.
- Carry out symptom or temperature monitoring of employees daily. Staff are encouraged to wear a mask if they are unwell, and will be advised to go to a designated clinic/ hospital for immediate medical assessment if they are identified to have symptoms of COVID-19 (e.g. fever of 37.5°C and above).
- Hand sanitisers are placed in common areas for staff to use.
- Adopt social distancing measures as mandated by the respective governments.
- Where possible, cross-train employees and establish covering arrangements to minimise disruptions.

As far as practicable, our employees from Singapore and South Korea have also started working from home. We will monitor the local situation and will put in place the above practices and any additional controls as required by the local governments (e.g. quarantine measures, stop work orders) where applicable.

As the current COVID-19 situation continues to develop, we shall keep a close eye on our operations, and announce any material changes to our business performance to shareholders timely, as and when appropriate.

## Commitments: Regulatory compliance

Fully compliant with relevant laws and regulations in relation to IP, child actors, anti-corruption and bribery, extortion, fraud and money laundering

### Achievements

- Achieved full compliance with relevant laws and regulations in relation to IP, child actors, anti-corruption and bribery, extortion, fraud and money laundering

### FY2019 progress



- The Group was not in violation of any of the relevant laws and regulations in relation to IP, child actors, anti-corruption and bribery, extortion, fraud and money laundering that have a significant impact on the Group.



## Appendix A: Sustainability scorecard

### Results

Performance indicators	Units	FY2017	FY2018	FY2019
Revenue	US\$'million	20.6	21.7	20.1

### Environmental sustainability

Performance indicators	Units	FY2017	FY2018	FY2019
Total carbon footprint	tCO <sub>2</sub> e	84.5	105.7	123.5
Carbon emission intensity	tCO <sub>2</sub> e/ US\$'million	4.1	4.9	6.1

### Supporting local

Performance indicators	Units	FY2017	FY2018	FY2019
Talents sourced locally	Percentage	94.1	94.1	95.7
Purchases sourced locally	Percentage	79.5	98.1	92.7

### Connecting audiences

Performance indicators	Units	FY2017	FY2018	FY2019
Total box office ( <i>MASTER</i> )	Million	7.2	n.a.	n.a.
Total box office ( <i>GOLDEN SLUMBER</i> )	Million	1.4	n.a.	n.a.
Total box office ( <i>DEFAULT</i> )	Million	n.a.	3.8	n.a.
Total box office ( <i>CRAZY ROMANCE</i> )	Million	n.a.	n.a.	2.9
Total box office ( <i>JESTERS: THE GAME CHANGERS</i> )	Million	n.a.	n.a.	0.6

n.a. - not applicable

### Regulatory compliance

Performance indicators	Units	FY2017	FY2018	FY2019
Regulatory and compliance incidents	Number	0	0	0
Confirmed incidences of corruption and actions taken	Number	0	0	0
Non-compliance with laws and/or regulations which resulted in significant fines and non-monetary sanctions	Number	0	0	0

### Other information

Performance indicators	Units	FY2017	FY2018	FY2019
Total employees	Number	17	17	23

## Appendix B: GRI content index

### GRI Standards Content Index

The GRI Content Index references the Spackman Entertainment Group Ltd Sustainability Report 2019 (SR), the Annual Report 2019 (AR) and the Spackman Entertainment Corporate Website (Web).

Disclosure number	Disclosure title	Page reference and remarks
GRI 102: General disclosures		
Organisational profile	102-1	Name of organisation <ul style="list-style-type: none"><li>AR: Corporate Profile (Page IFC)</li></ul>
	102-2	Activities, brands, products, and services <ul style="list-style-type: none"><li>AR: Corporate Profile (Page IFC)</li></ul>
	102-3	Location of headquarters <ul style="list-style-type: none"><li>AR: Corporate Information – Note 1 to the Financial Statements (Page 79)</li></ul>
	102-4	Location of operations <ul style="list-style-type: none"><li>AR: Our Business (Page 5)</li><li>AR: Group Structure (Page 23)</li><li>AR: Corporate Information (Page 27)</li><li>AR: Investment in Subsidiaries – Note 17 to the Financial Statements (Pages 115-123)</li><li>AR: Investment in Associated Companies – Note 18 to the Financial Statements (Pages 124-125)</li><li>Web: <a href="https://spackmanentertainmentgroup.com/contact">https://spackmanentertainmentgroup.com/contact</a></li></ul>
	102-5	Ownership and legal form <ul style="list-style-type: none"><li>AR: Corporate Information – Note 1 to the Financial Statements (Page 79)</li></ul>
	102-6	Markets served <ul style="list-style-type: none"><li>AR: Segment Information – Note 33 to the Financial Statements (Pages 148-150)</li></ul>
	102-7	Scale of organisation <ul style="list-style-type: none"><li>AR: Corporate Profile (Page IFC)</li><li>AR: Segment Information – Note 33 to the Financial Statements (Pages 148-150)</li></ul>
	102-8	Information on employees and other workers <ul style="list-style-type: none"><li>SR: Sustainability Scorecard (Page 19)</li></ul>
	102-9	Supply chain <ul style="list-style-type: none"><li>SR: Supporting Local (Page 13)</li></ul>
	102-10	Significant changes to the organisation and its supply chain <ul style="list-style-type: none"><li>Web: <a href="https://spackmanentertainmentgroup.com/corporate-filings">https://spackmanentertainmentgroup.com/corporate-filings</a></li></ul>
	102-11	Precautionary Principle or approach <ul style="list-style-type: none"><li>AR: Corporate Governance Report (Pages 29-61)</li></ul>
	102-12	External initiatives <ul style="list-style-type: none"><li>Not applicable</li></ul>
	102-13	Membership of associations <ul style="list-style-type: none"><li>SR: Supporting Local (Page 13)</li></ul>
Strategy	102-14	Statement from senior decision-maker <ul style="list-style-type: none"><li>AR: Joint Message from Non-Executive Chairman &amp; CEO (Pages 2-3)</li><li>SR: Message to Shareholders &amp; Board Statement (Page 4)</li></ul>
	102-15	Key impacts, risks, and opportunities <ul style="list-style-type: none"><li>AR: Corporate Profile (Page IFC)</li><li>AR: Film Business Model (Page 6)</li><li>AR: Independent Auditor’s Report (Pages 66-71)</li></ul>
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior <ul style="list-style-type: none"><li>SR: Sustainability Strategy (Page 7)</li></ul>
	102-17	Mechanisms for advice and concerns about ethics <ul style="list-style-type: none"><li>AR: Corporate Governance Report (Pages 29-61)</li></ul>
Governance	102-18	Governance structure <ul style="list-style-type: none"><li>AR: Corporate Governance Report (Pages 29-61)</li></ul>
	102-19	Delegating authority <ul style="list-style-type: none"><li>AR: Corporate Governance Report (Pages 29-61)</li></ul>

Disclosure number	Disclosure title	Page reference and remarks
102-20	Executive-level responsibility for economic, environmental, and social topics	<ul style="list-style-type: none"> <li>SR: Sustainability Organisational Structure (Page 6)</li> </ul>
102-21	Consulting stakeholders on economic, environmental, and social topics	<ul style="list-style-type: none"> <li>SR: Consulting Our Stakeholders (Page 8)</li> </ul>
102-22	Composition of the highest governance body and its committees	<ul style="list-style-type: none"> <li>AR: Corporate Governance Report (Pages 29-61)</li> </ul>
102-23	Chair of the highest governance body	<ul style="list-style-type: none"> <li>AR: Corporate Governance Report (Pages 29-61)</li> </ul>
102-24	Nominating and selecting the highest governance body	<ul style="list-style-type: none"> <li>AR: Corporate Governance Report (Pages 29-61)</li> </ul>
102-25	Conflicts of interest	<ul style="list-style-type: none"> <li>AR: Corporate Governance Report (Pages 29-61)</li> <li>AR: Statistics of Shareholdings (Pages 152-153)</li> <li>SR: Sustainability Strategy (Page 7)</li> </ul>
102-26	Role of highest governance body in setting purpose, values, and strategy	<ul style="list-style-type: none"> <li>AR: Corporate Governance Report (Pages 29-61)</li> </ul>
102-27	Collective knowledge of highest governance body	<ul style="list-style-type: none"> <li>AR: Corporate Governance Report (Pages 29-61)</li> </ul>
102-28	Evaluating the highest governance body's performance	<ul style="list-style-type: none"> <li>AR: Corporate Governance Report (Pages 29-61)</li> </ul>
102-29	Identifying and managing economic, environmental, and social impacts	<ul style="list-style-type: none"> <li>SR: Sustainability Materiality (Page 9)</li> </ul>
102-30	Effectiveness of risk management processes	<ul style="list-style-type: none"> <li>AR: Corporate Governance Report (Pages 29-61)</li> </ul>
102-31	Review of economic, environmental, and social topics	<ul style="list-style-type: none"> <li>SR: Sustainability Report (Pages 1-23)</li> </ul>
102-32	Highest governance body's role in sustainability reporting	<ul style="list-style-type: none"> <li>SR: Sustainability Organisational Structure (Page 6)</li> </ul>
102-33	Communicating critical concerns	<ul style="list-style-type: none"> <li>SR: Sustainability Materiality (Page 9)</li> </ul>
102-34	Nature and total number of critical concerns	<ul style="list-style-type: none"> <li>SR: Sustainability Materiality (Page 9)</li> </ul>
102-35	Remuneration policies	<ul style="list-style-type: none"> <li>AR: Corporate Governance Report (Pages 29-61)</li> </ul>
102-36	Process for determining remuneration	<ul style="list-style-type: none"> <li>AR: Corporate Governance Report (Pages 29-61)</li> </ul>
102-37	Stakeholders' involvement in remuneration	<ul style="list-style-type: none"> <li>AR: Corporate Governance Report (Pages 29-61)</li> </ul>
102-38	Annual total compensation ratio	<ul style="list-style-type: none"> <li>AR: Corporate Governance Report (Pages 29-61)</li> </ul>

Disclosure number		Disclosure title	Page reference and remarks
	102-39	Percentage increase in annual total compensation ratio	<ul style="list-style-type: none"> <li>AR: Corporate Governance Report (Pages 29-61)</li> </ul>
<b>Stakeholder engagement</b>	102-40	List of stakeholder groups	<ul style="list-style-type: none"> <li>SR: Consulting Our Stakeholders (Page 8)</li> </ul>
	102-41	Collective bargaining agreements	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>
	102-42	Identifying and selecting stakeholders	<ul style="list-style-type: none"> <li>SR: Consulting Our Stakeholders (Page 8)</li> </ul>
	102-43	Approach to stakeholder engagement	<ul style="list-style-type: none"> <li>SR: Sustainability Strategy (Page 7)</li> </ul>
	102-44	Key topics and concerns raised	<ul style="list-style-type: none"> <li>SR: Consulting Our Stakeholders (Page 8)</li> </ul>
<b>Reporting practice</b>	102-45	Entities included in the consolidated financial statements	<ul style="list-style-type: none"> <li>AR: Investment in Subsidiaries – Note 17 to the Financial Statements (Pages 115-123)</li> <li>AR: Investment in Associated Companies – Note 18 to the Financial Statements (Pages 124-125)</li> </ul>
	102-46	Defining report content and topic Boundaries	<ul style="list-style-type: none"> <li>SR: Sustainability Materiality (Page 9)</li> </ul>
	102-47	List of material topics	<ul style="list-style-type: none"> <li>SR: Sustainability Materiality (Page 9)</li> </ul>
	102-48	Restatements of information	<ul style="list-style-type: none"> <li>SR: Restatements (Page 5)</li> </ul>
	102-49	Changes in reporting	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>
	102-50	Reporting period	<ul style="list-style-type: none"> <li>SR: Scope of Sustainability Report (Page 5)</li> </ul>
	102-51	Date of most recent report	<ul style="list-style-type: none"> <li>31 December 2018</li> </ul>
	102-52	Reporting cycle	<ul style="list-style-type: none"> <li>Annual</li> </ul>
	102-53	Contact point for questions regarding the report	<ul style="list-style-type: none"> <li>SR: Sustainability Contact (Page 5)</li> </ul>
	102-54	Claims of reporting in accordance with the GRI Standards	<ul style="list-style-type: none"> <li>SR: Scope of Sustainability Report (Page 5)</li> </ul>
	102-55	GRI content index	<ul style="list-style-type: none"> <li>SR: GRI Content Index (Pages 20-23)</li> </ul>
	102-56	External assurance	<ul style="list-style-type: none"> <li>No external assurance</li> </ul>
<b>GRI 200: Economic disclosures (applicable sections only)</b>			
<b>Economic performance</b>	201-1	Direct economic value generated and distributed	<ul style="list-style-type: none"> <li>SR: Sustainability Scorecard (Page 19)</li> </ul>
<b>Procurement practices</b>	204-1	Proportion of spending on local suppliers	<ul style="list-style-type: none"> <li>SR: Supporting Local (Page 13)</li> </ul>
<b>Anti-corruption</b>	205-3	Confirmed incidents of corruption and actions taken	<ul style="list-style-type: none"> <li>SR: Regulatory Compliance (Pages 17-18)</li> </ul>
<b>Anti-competitive behavior</b>	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	<ul style="list-style-type: none"> <li>SR: Regulatory Compliance (Pages 17-18)</li> </ul>
<b>GRI 300: Environment disclosures (applicable sections only)</b>			
<b>Energy</b>	302-1	Energy consumption within the organisation	<ul style="list-style-type: none"> <li>SR: Environmental Sustainability (Pages 11-12)</li> </ul>
<b>Emissions</b>	305-1	Direct (Scope 1) GHG emissions	<ul style="list-style-type: none"> <li>SR: Environmental Sustainability (Pages 11-12)</li> </ul>

Disclosure number		Disclosure title	Page reference and remarks
	305-2	Energy indirect (Scope 2) GHG emissions	• SR: Environmental Sustainability (Pages 11-12)
	305-3	Other indirect (Scope 3) GHG emissions	• SR: Environmental Sustainability (Pages 11-12)
	305-4	GHG emissions intensity	• SR: Sustainability Scorecard (Page 19)
<b>Laws and regulations</b>	307-1	Non-compliance with environmental laws and regulations	• There is no non-compliance with environmental laws and regulations.
<b>GRI 400: Social disclosures (applicable sections only)</b>			
<b>Child labor</b>	408-1	Operations and suppliers at significant risk for incidents of child labor	• SR: Regulatory Compliance (Pages 17-18)
<b>Forced or compulsory labor</b>	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	• Forced and compulsory labour is strictly prohibited.
<b>Socioeconomic compliance</b>	419-1	Non-compliance with laws and regulations in the social and economic area	• There is no non-compliance with socioeconomic laws and regulations.