

KINGSMEN CREATIVES LTD

Sustainability
Report 2017



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VISION

Design-led, Quality and
Service-Driven

MISSION

To maintain our position as one
of the leaders in Asia Pacific

To be an active global player
and be recognised as one of the
elite marketing communication
houses globally

To provide exciting and fulfilling
career opportunities for all
members through continual
expansion and continuous
learning

Established in 1976 and listed on the Mainboard of the Singapore Exchange since 2003, Kingsmen is a leading communication design and production group with a strategic network of 19 offices and full service facilities across Asia Pacific and the Middle East to serving our global clients today.

Our commitment to quality standards has gained confidence and recognition in the fields of design consultancy, project management and construction.

ABOUT KINGSMEN

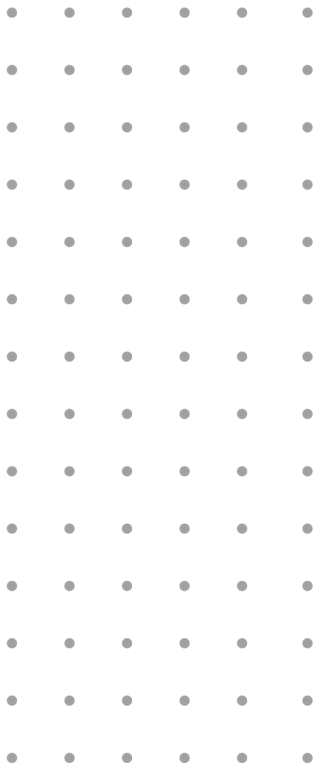
We operate in four main business segments:

- **Exhibitions & Events**
Transforming tradeshows through bespoke solutions
- **Thematic & Museums**
Delivering immersive moments through themed environments
- **Retail & Corporate Interiors**
Crafting sophisticated interiors that stand out
- **Alternative Marketing**
Crafting unique brand experiences for engagement

Backed by a dedicated team of over 1,800 staff, our “One-Stop Shop” concept reflects a seamless workflow from sophisticated design capabilities, attention to design & production details, full warehousing facilities to service-oriented project management.

Our combined manufacturing facility of over 890,000 sqft has a full suite of services managed by an efficient team of skilled craftsmen including creative designers from diverse cultures as well as experienced project teams. Leveraging on these capabilities, we are able to ensure both customer satisfaction and stringent quality control.

Kingsmen’s business culture is founded on creativity, quality, integrity and innovation. At Kingsmen, we take pride in delivering each project from conceptualisation to production, ensuring each possesses its own unique character. Our continuous growth with our valued clientele is a reflection of our good design, effective project management and customers’ satisfaction.



MESSAGE FROM GROUP CEO

● ● **It is our belief that sustainability is a natural extension of our business goals, and this report showcases our desire to effect positive change.** ● ●



At Kingsmen, industry leadership is about sustainability in all that we do. As Asia's leading communication & design group, we are committed to innovating and driving business excellence for sustainable business growth.

This first Sustainability Report covers areas deemed material to Kingsmen based on a materiality assessment we conducted, and we officially formed a Corporate Sustainability Committee in 2017 to raise awareness and identify sustainability opportunities and challenges. It is our belief that sustainability is a natural extension of our business goals, and this report showcases our desire to effect positive change.

We align our long-term business strategies with our stakeholders to advance their interest, and through our business operations support local communities and connect people with new market opportunities.

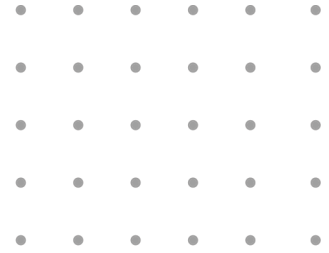
As a service-driven organisation, people form the core tenet of our business. Therefore, we constantly strive to empower them with relevant knowledge and skills. This is achieved through the various training programmes offered in the Kingsmen Academy.

We are also aware that we are unable to realise our sustainability ambitions on our own. Therefore, we seek the commitment from all our employees and business partners as we continuously expand our scope of reporting. This will be done progressively for the subsequent reports.

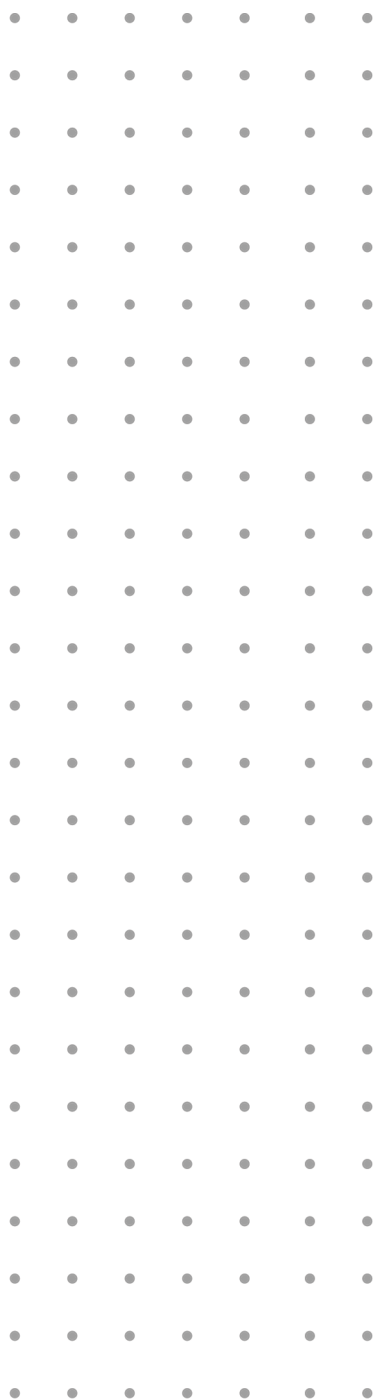
With every step we take, we are closer to finding long-term solutions which will safeguard the future of our business and the communities we operate in.

Andrew Cheng
Group Chief Executive Officer

ABOUT THIS REPORT



Kingsmen has been reporting its economic performance in its Annual Report since 2003. Starting from 2018, we have published our first standalone Sustainability Report. This report focuses on the environmental and social aspects of our business operations and adopts the Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines at Core level.



With the support of top management, a sustainability reporting committee with representatives from different divisions was formed. A materiality assessment was conducted and the relevant information gathered. It covers the topics that have been deemed as material to Kingsmen's key stakeholders.

Your feedback is welcome and you can reach us at info@kingsmen-int.com

REPORTING PERIOD & SCOPE

The report covers the performance of Kingsmen and its subsidiaries (the "Group") from 1 January to 31 December 2017 (**FY2017**).

As this is our first standalone Sustainability Report, we have provided limited historical information.

This report supplements Kingsmen's Annual Report 2017, which can be found on our corporate website www.kingsmen-int.com. In accordance with our efforts to be more environmentally friendly, this report will only be made available online.

OUR APPROACH TO SUSTAINABILITY

Our sustainability strategy is driven by three key pillars of responsible business practice and aims to bring shared values and constantly challenge the way we work in order to achieve our business objectives:



We strive to be relevant in the marketplace & generate profits to benefit our stakeholders & the community at large.



We will create sustainable value for our stakeholders & are committed to aligning our long-term business strategies with their interests.



We will continue to refine our sustainability framework and drive performance improvements around our key material issues.

Our vision is to become sustainably profitable, and we are prepared to constantly challenge the way we work in order to achieve this. Such thoughtful growth calls for the use of goals on sustainability that are rooted in our business ambitions.






As a result, we use a set of Policies, Programmes and Standard operating procedures (SOPs) to deliver change on the ground. We track progress using budgetary controls and internal control procedures.

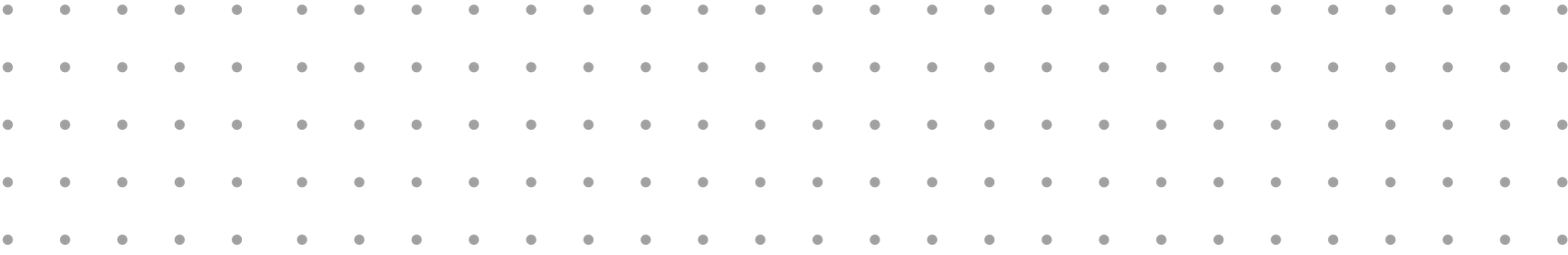
MATERIALITY

The key topics covered in this sustainability report are based on the in-depth materiality assessment conducted in 2017. For our first Sustainability Report, we identified material issues that reflect our significant environmental and social impacts – on our performance as a business and influencing the decisions of stakeholders.

The Sustainability Committee then made an initial prioritisation of issues deemed important and grouped issues of similar nature together. We invited members of our Senior Management and external stakeholders to rank the issues of most importance to them and those which they expected us as a business to address.

This exercise resulted in eight material issues being identified which the Management, Board of Directors and Sustainability Committee have signed off on.

	Material topics	Read more in our:
Economic Performance 	Economic Performance	Annual Report - Statements of Comprehensive Income in our Financial Statements
Governance 	Governance	Annual Report - Corporate Governance
People 	Employee well-being Training & Education Talent Attraction & Retention Health & Safety	People section of our Sustainability Report (page 9)
Environment 	Waste & Resource Management	Environment section of our Sustainability Report (page 14)
Community 	Community Involvement	Community section of our Sustainability Report (page 12)



OUR APPROACH TO SUSTAINABILITY

STAKEHOLDER ENGAGEMENT

We connect regularly with our stakeholders across various communication platforms and maintain frequent dialogue with them. Through these initiatives, we gather their feedback, concerns and interests to help us to focus on aligning our sustainability strategy to generate long-term value and integrate sustainability initiatives into our daily business operations.

As our sustainability reporting journey progresses, we aim to develop a stakeholder strategy that encompasses our interactions and engagement activities with our key stakeholder groups.

Our four key stakeholder groups:



Customers



Suppliers & business partners







Employees



Shareholders

Communicating with our stakeholders:

Stakeholders	Forms of engagement
Customers 	<ul style="list-style-type: none"> • Ongoing progress meetings • After-sales service • Quarterly Electronic Direct Mailers (EDM) • Annual Group Newsletters
Suppliers & business partners 	<ul style="list-style-type: none"> • Annual Partners' Night • Supplier assessment • Regular engagement with suppliers through face-to-face meetings, emails and phone calls
Employees 	<ul style="list-style-type: none"> • Regular employee engagement • Bi-monthly newsletters • Training courses • Regular feedback sessions within teams • Annual appraisal performance
Shareholders 	<ul style="list-style-type: none"> • Annual General Meeting • Investor Relations (IR) team ensures that all material announcements are posted in the IR section of the corporate website • End-of-year financial results briefings • Announcements published on SGXNET whenever required by the Listing Manual

OUR PEOPLE

People are the heart of the business at Kingsmen and we strongly believe in sustainable employability. We prioritise talent attraction and retention, providing a safe working environment, investing in training and creating a fun and motivating workplace for our people.

Our human resource Policies and Code of Conduct cover fair remuneration, benefits, health and safety, career development and training and are regularly reviewed by our management. The policies comply with the legal standards in the areas we operate in.

TALENT STRATEGY

We aim to build a sustainable leadership pipeline of talents that will be nurtured to be the future leaders of the organisation. As part of our leadership renewal plans, we participate in the Singapore-Industry Scholarship (SgIS) – a partnership between the Government and Kingsmen to develop a strong core of Singaporeans to anchor strategic sectors which are critical for Singapore’s development. To date, Kingsmen has welcomed seven scholars on board where they will undergo two rigorous years of job training and career development.

We also specifically monitor competency requirements for strategically critical roles, and maintain a look out for high-potential internal candidates, providing them with development opportunities.

TRAINING AND DEVELOPMENT – KINGSMEN ACADEMY

We aspire to be a learning organisation with a culture of continuous learning to keep ahead of market trends and respond proactively to face the challenges of a dynamically changing landscape. All new Kingsmen employees undergo an onboarding programme, which exposes them to the culture of Kingsmen, a broad overview of the Company, and knowledge of their day-to-day job roles and responsibilities.

At Kingsmen, “Educating through Engagement” is a working and practicable maxim that places training right in the career path of our people. To build employee capability, we have the Kingsmen Academy which focuses on the development of our people to reach their fullest potential

and provide them with a fulfilling career with the organisation. As part of the Kingsmen Academy, we have a total of 13 unique Kingsmen courses across 6 distinct categories – Sales & Marketing, Process Management, Service Differentiation, Leadership/ Management, Legal Knowledge and Finance.

The training curriculum is guided by our strategy on employee development and consists of various programmes that range from core functional competencies to leadership capabilities and life skills. These include on-the-job training and coaching, and the mentorship programme which provides a unique opportunity for identified employees to engage and learn from senior management through casual engagement sessions.



OUR PEOPLE

LEADERSHIP DEVELOPMENT

Delivery of our business strategy requires skilled leadership. That is why we have developed a series of custom-made programmes, some of which have been developed in collaboration with an external partner. These programmes focus on expanding our leaders' skillsets and fostering their leadership and management potential.

Our annual regional conferences are aimed at accelerating the development of a strong regional talent pool across the Group, and enhancing their abilities to execute and achieve transformation goals of the organisation. The conferences are opportunities for future leaders to interact with different regional offices to gain new experiences and perspectives.

TRAINING BEYOND THE CLASSROOM

Behind every successful organisation lies a great team that works seamlessly together. Throughout the year, Kingsmen offices conduct team building exercises to strengthen the bond among its teams. In 2017, we held the bi-annual Outward Bound Course, where staff from the Group's regional offices came together to share experiences at the Outward Bound School in Pulau Ubin, Singapore.





EMPLOYEE ENGAGEMENT



We hold regular formal and informal engagement sessions to ensure that an inclusive work environment is cultivated. To promote a culture of open communications, constant interaction is maintained between managers and their teams to monitor the well-being of employees. In 2017, we kicked off a new dialogue session series with the top management team to communicate and connect with senior managerial staff in more intimate settings. These sessions encourage attendees to share their views and address any concerns they may have.

Our Sports & Recreation Committee also organises various events to bring employees together outside of their daily work – from our annual Dinner and Dance to sports-related events, health talks and other special interest activities.

WORKPLACE HEALTH & SAFETY

We provide a safe work environment for our people and a workplace safety and health committee actively promotes awareness on occupational health and safety and raises the safety standards for employees.

The committee ensures that we comply with all regulatory requirements, conduct safety onsite inspections, fire safety plans, and enforces safety-related trainings of all operational staff.



OUR COMMUNITY

We believe we have a responsibility to improve the lives of those in the communities we operate in and focus on initiatives that will contribute where it matters and have a positive impact. Beyond corporate work, our community strategy is centred on supporting various social initiatives in the areas of art, youth and education.

Our focus on supporting youth empowerment is an extension of our motto of continuous learning that has become synonymous with Kingsmen. We hope to create opportunities for the marginalised youth through our support for the beneficiaries' community engagement work. We also participate in other community initiatives on selective basis, ensuring that it is aligned with our community engagement objective.

ONE FUTURE – NO HUNGER

Our Malaysia office took part in the World Vision 30-Hour Famine DIY camp – an initiative by World vision to raise funds for the underprivileged struggling against hunger and poverty every day. Through their involvement in the 30-Hour Famine, participants learnt about global issues affecting the poor through interactive and educational games as they find out how their actions can make an impact. Together with other like-minded people, they fasted in solidarity from 1st to 2nd July.

“CREATIVE JOURNEY WITH HUMPTY DUMPTY, PRESENTED BY KINGSMEN”



Our Vietnam office initiated a campaign to benefit disadvantaged youth from selected social centres and orphanages in Ho Chi Minh City and its nearby areas. The mission was to increase creative self-exploration by providing a creative platform for the disadvantaged youth and concurrently raise public awareness about the support society can lend to these young people.

Through a series of public activities, including a design contest, a charity walk, a pop-up store roadshow and a charity auction, the campaign raised funds to create and facilitate extra-curriculum activities for these disadvantaged youth such as painting classes, design courses, and sports events.





OUR ENVIRONMENT

As part of Kingsmen's sustainability practice, we embrace sustainability in ways that generate value for both our organisation and our clients throughout the planning and execution phase of our projects. We understand that our business processes can have positive and negative environmental impacts and our goal is to provide services that wherever practical, minimises the negative and maximises the positive longer-term impacts.

SUSTAINABLE WORKING ENVIRONMENT

We are a part of the global effort to sustain and better manage our resources and are constantly seeking ways to deliver more environmentally-friendly projects.

Some of our conservation initiatives include adopting environmentally-friendly practices into our processes; and as part of our standard operating procedures, reducing energy as well as water consumption.

Our Green Committee champions environmentalism within the Group and employees are actively involved in fulfilling our Green philosophy, by engaging in green practices within our day-to-day operations, by practicing the 3Rs – recycle, reuse and reduce.

ECO-INNOVATION

Our designers and project personnel advocate green design during the planning process and there is collaborative effort to seek ways to make projects more eco-friendly with the introduction of new innovative products and materials. We also consider environmental impacts in our recommendations to clients and during procurement.

Our service offerings include the rental of more than 100 furniture types to reduce the material consumption at events. In addition, we also offer clients the option of recycling custom-built booth components to reduce waste and provide turnkey services for storage to refurbishment after each show, extending the lifespan of the built materials. Modular systems such as Octanorm and Maxima are design solutions for booth structures which provide versatility and can be reused. Increasingly, we are exploring the extensive use of new technologies and materials to reduce waste and help our clients create unique experiences that create more value.

We acknowledge that change is necessary but it is a long-term ongoing process, as these are practices deeply rooted in the industries we operate in, but we will continue to work with our business partners to raise their awareness and look to reduce our carbon footprint through innovative ways.

OUR NEW HOME, THE KINGSMEN EXPERIENCE

Our new home, *The Kingsmen Experience*, marks a new way of working – an extension of the Experiencing Kingsmen brand. Our new headquarters will be the home of innovation for years to come and it is a reflection of our design-driven culture.

With a focus on flexibility and collaboration – to inspire ideas and facilitate creativity, our HQ is now a space for the best creative minds to come together to deliver the best in experience design for the market. Beyond just being an attractive work environment, it aims to be a breeding ground for fresh ideas and attract new talent.

Located at the heart of the experience centre, the communal area CoLab is designed to tie individuals closer to




the Kingsmen identity. When people meet, ideas spark and unexpected chemistry will form. The open-plan building with different work zones will give our people a greater sense of freedom and work in spaces where they feel most comfortable in.

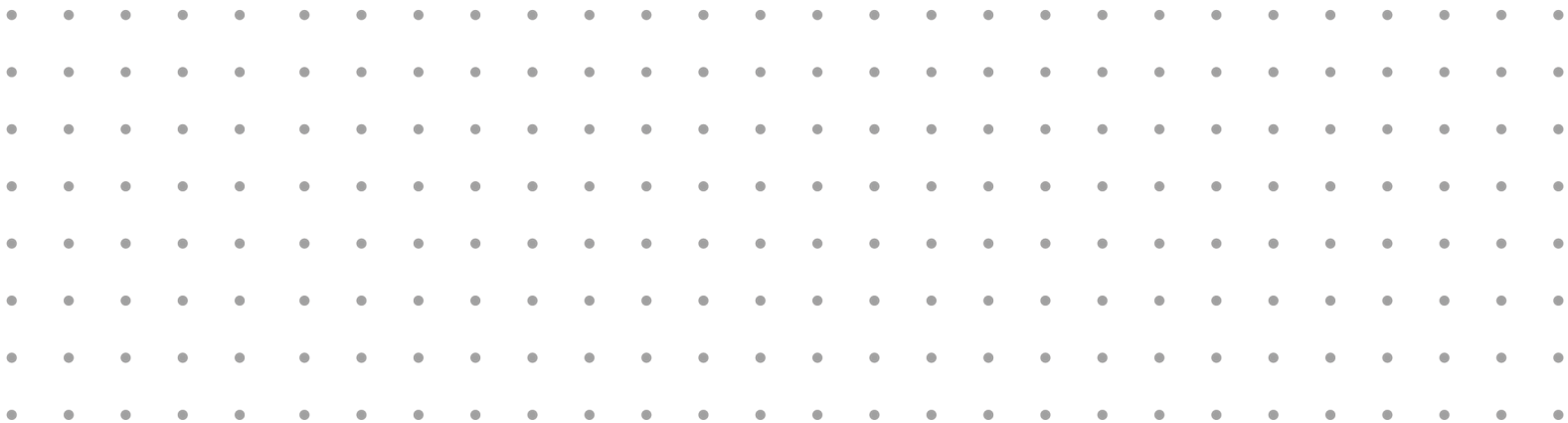
Unique touches throughout the experience centre will create a truly memorable journey for visitors and staff alike. It is truly an exciting time for us and we cannot wait to share the final product with you.



SUMMARY

We will continue to track our progress and conduct responsible business practices, foster a highly engaged workforce, and develop best practices in regards to our environmental impacts. We are consistently enhancing our performance-monitoring processes and improving the type of data that we collect.

Performance Targets for FY2018	
People 	<ul style="list-style-type: none">• Develop a more robust programme within Kingsmen Academy to provide opportunities for staff to develop and grow• Improve overall employee well-being through steady improvements in engagement
Environment 	Review current environmental policy and update to meet current business needs
Community 	Extend our Youth-focused community involvement throughout the Group



GRI INDEX

GRI Standard	Disclosure	Page Reference/Information
GRI 102: General Disclosures		
Organisational profile		
102-1	Name of Organisation	Kingsmen Creatives Ltd
102-2	Activities, brands, products, and services	Sustainability Report – About Kingsmen (page 3); Annual Report – Financial Highlights & Performance Review (pages 8-11)
102-3	Location of headquarters	Singapore
102-4	Location of Operations	Sustainability Report – About Kingsmen (page 3)
102-5	Ownership and legal form	Annual Report – Financials, Note 1 to the Financial Statements (page 53)
102-6	Markets served	Annual Report – Financials, Note 5 to the Financial Statements (page 53)
102-7	Scale of the organisation	Annual Report – Financial Highlights & Performance Review (pages 8-11), Financial Statements (pages 46 – 47)
102-8	Information on employees and other workers	The scope of the sustainability report only covers all employees in Kingsmen and its subsidiaries.
102-9	Supply Chain	Our supply chain integrates both in-house capabilities with best of breed expertise from external parties. These include sub-contractors and partners in the carpentry, metal works, mechanical and electrical, flooring, spray painting, lighting, air conditioning, painting, carpet, freight forwarding and travel sectors to deliver the optimal solution seamlessly.
102-10	Significant changes to the organisation and its supply chain	No significant changes to during FY2017
102-11	Precautionary Principle or approach	Annual Report – Corporate Governance Report (pages 30 – 31)
102-12	External initiatives	Sustainability Report – Our Approach to Sustainability (page 6)
102-13	Memberships of associations	Refer to our Kingsmen Website – Awards and Affiliations
Strategy		
102-14	Statement from senior decision maker	Sustainability Report – Message from Group CEO (page 4)
Ethics and Integrity		
102-16	Values, principles, standards and norms of behavior	Annual Report – Corporate Governance Report (pages 21 – 34)

GRI INDEX

GRI Standard	Disclosure	Page Reference/Information
Governance		
102-18	Governance Structure	Annual Report – Corporate Governance Report (pages 23 – 24)
Stakeholder Engagement		
102-40	List of stakeholder groups	Sustainability Report – Stakeholder Engagement (page 8)
102-41	Collective bargaining agreements	0% of workforce are participating in collective bargaining agreements.
102-42	Identifying and selecting stakeholders	Sustainability Report – Materiality. Stakeholder Engagement (pages 7 – 8)
102-43	Approach to stakeholder engagement	Sustainability Report – Stakeholder Engagement (page 8); Annual Report – Corporate Governance Report, Communication with Shareholders, Principle 15 (page 33)
102-44	Key topics and concerns raised	Sustainability Report – Materiality (page 7)
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Annual Report – Notes 17 – 18 to the Financial Statements (pages 84 – 91)
102-46	Defining report content and topic boundaries	Sustainability Report – About this Report (page 5)
102-47	List of Material Topics	Sustainability Report – Materiality (page 7)
102-48	Restatements of information	Not applicable
102-49	Changes in reporting	Not applicable
102-50	Reporting period	1 January – 31 December 2017
102-51	Date of most recent report	Not applicable
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	Info@kingsmen-int.com
102-54	Claims of reporting in accordance with the GRI Standards	Sustainability Report – About this Report (page 5)
102-55	GRI Content Index	GRI Content Index
102-56	External Assurance	We have not sought external assurance for our current Sustainability Report.
GRI 200: Economic Performance		
201-1	Direct economic value generated & distributed	Annual Report – Financials (pages 36 – 117)
202-2	Proportion of senior management hired from the local community at significant locations of operation	Annual Report – Board of Directors, Senior Management (pages 4 – 7)

GRI Standard	Disclosure	Page Reference/Information
GRI 300: Environment		
301-2	Recycled input materials used	Sustainability Report – Our Environment (page 14)
-	Eco-Innovation	Sustainability Report – Our Environment (page 14)
GRI 400: Social		
401-2	Benefits to full term employees that are not provided to part-time or temporary employees	Sustainability Report – Our People (page 9)
402-1	Minimum notice periods regarding operational changes	In the event of termination, a minimum notice period of one to three months needs to be fulfilled, depending on the employee's job grade. The minimum notice period for non-executives has been specified in the employee's contract.
403-1	Worker representation in formal joint management – worker health & safety committees	Sustainability Report – Our People (page 11)
404-1	Average hours of training per employee per year	Sustainability Report – Our People (pages 9 – 10)
404-2	Programs for upgrading employee skills	Sustainability Report – Our People (pages 9 – 10)
404-3	Percentage of employees receiving regular performance and career development reviews	Sustainability Report – Our People (page 9)
413-1	Operations with local community engagement, impact assessments and development programs	Sustainability Report – Our Community (pages 12 – 13)

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