

SUSTAINABILITY REPORT
2018

SECOND CHANCE PROPERTIES LTD is involved in 4 Core businesses which are:

- Property Investment
- Retailing of Apparel
- Retailing of Gold Jewellery
- Investing and Trading in Financial Instruments

We aim for our businesses and operations to be conducted in a responsible and sustainable manner and thereby have implemented the following five key pillars as part of our Corporate Sustainability. They are **Corporate Social Responsibility (CSR)**, **Environmental Impact Management, Governance, Risk Management** and **Customer Satisfaction**.

The Group maintains its benchmark through an annual audit which includes emphasis placed on its subsidiary in Malaysia, conducting In-house Internal Audit which comprises of document reviews and interview with key personnel and inspection of operations focused on Management and Environment. The audit ensures that systems are firmly in place to allow for effective planning and accountability of the Group.

The stakeholders of the Group who are notably the shareholders, employees, customers and suppliers whose concerns on the environment are always addressed especially on the usage of environmentally friendly products. As for the shareholders, their major concern is on the future growth of the company and the present low dividend payout. As the Group is paring its debts it needs to effectively cut down its dividend payout with a view to lowering its debt and shall remain poised for a bigger catch in the future.

1) ***Corporate Social Responsibility (CSR)***

We believe in being a socially responsible corporate citizen by being involved in causes that help the less fortunate. Every year we make donations both in cash and kind to the needy. We have also started a bursary award in May 2017 which we will be continuing this year. In the future, the company intends to donate up to 1% of its net profits for social causes.

In Malaysia, every year we have been donating clothes to the Old Folks Home and others. We also encourage our employees, both in Singapore and Malaysia to volunteer their time in charitable causes.

In our endeavor to continuously improve our CSR, we have imposed a mandatory Casino Exclusion Order to all Executive Directors and key personnel of the Company.

2) ***Environmental Impact Management***

Our Group is committed to do our best to care for the environment that we operate in and has carried out the following:

a) Optimising electricity and water usage in our stores.

b) Progressively replacing all lighting with energy efficient light fittings with a target to complete this exercise by 31 August 2019.

c) In stages we are replacing all plastic bags with biodegradable bags. We have stopped purchasing new plastic bags and we aim to totally discontinue the use of plastic bags by the year 2020.

As retailers in Apparels and Gold Jewellery, the electricity usage in Singapore is well controlled. There is no water usage as there are no toilets within the units. Staff and customers use the public toilets within the building where we have rented our units. In Malaysia, for the building which we own and occupy, we have installed energy efficient light fittings and water efficient sanitary fittings and we constantly keep reminding our employees on the control of and avoidance of unnecessary wastage of electricity and water.

Regular practice is conducted for all our employees on the proper usage of fire extinguishers in the building. We also regularly make sure that all extinguishers are in proper working order and ready to be used when required.

We practice and encourage the principle of "Reduce, Reuse & Recycle" of resources such as paper. All employees are encouraged to reuse paper and minimize printing wherever possible.

3) ***Governance***

a) Business Strategy

Our retail apparel business has been affected adversely by intense competition and changing trends towards western clothing by the younger generation, which has resulted in us closing all the non-performing stores. We are now revamping our company-owned flagship store.

As part of our strategy, we have continually reduced our debt through the sale of several properties and securities. With a very low gearing, we are now in a stronger position to seize opportunities as and when it presents itself.

b) Succession Plan

The Nominating Committee endorsed a proposal that Mr. Hasan Marican, the Deputy CEO will be the successor to the CEO in any eventuality. Thereafter, he and the Nominating Committee will appoint a Deputy CEO either from the Company or headhunted with a preference of age below 50 years.

After a year or two on the job, this Deputy CEO, if found suitable, will rise to the post of CEO and thereafter Mr. Hasan shall be the Executive Chairman.

This Plan has been further reinforced with a succession team, whereby several executives within the Group, all below the age of 50 years have been earmarked and identified to form the core team that will support the overall Succession Plan. If necessary, recommendations will be made by the Nominating Committee for professionals to be brought to further reinforce the team.

Appropriate training and handover process has been initiated by the current Management team to Mr. Hasan and the other identified executives for their development towards their planned roles.

c) Investor Relations

We manage investors' expectations and promote a positive investment environment in the following manner:

- Annual General Meetings
- SGX Net announcements
- Annual Reports
- Website updates
- Investors can request to be on the Mailing List of the Company
- Maintain a database of email addresses of our Investors.

As part of good governance and to ensure gender diversity our Company's constitution stipulates that at any point in time, at least one member of the Board must be a female and this has been duly implemented by the Company.

4) ***Risk Management***

We take Risk Management seriously to ensure the sustainability of the Group. In doing so, we have readily engaged a professional Risk Management Consultant to thoroughly study our organisation for any inherent risk which includes the following:

a) Identification and documentation of risks and controls.
b) Assessment and Risk Management procedures and evaluation of controls.
c) Test of controls
d) Internal and External Audits – The Group has an in-house Internal Audit team which regularly reviews the internal controls in place, examines the proper implementation of the controls and reports to the Audit Committee. An External audit is conducted annually by an accredited Certified Audit Firm.

In every quarterly Audit Meeting, the Committee will discuss and be update on risk matters related to the Group, to ensure that any inherent risks are handled promptly and appropriately.

e) Whistle Blower Policy – As part of the Company's due diligence effort to ensure that sound corporate governance practices are being adopted, the Company has also implemented a "Whistleblower" Policy to empower employees, suppliers, tenants and customers to voice their grievances and/or to raise their concerns involving the Company without any fear or repercussions. Such concerns include dishonesty, fraudulent acts, corruption, legal breaches and other serious improper conduct; unsafe work practices and any other conduct that may cause financial or non-financial loss to the Group or damage to the Group's reputation. The whistle blowing policy is communicated to all staff and covered during staff training sessions. The Chairman is in charge of managing this specific area.

The Group undertakes to investigate complaints of suspected fraud and unethical undertakings in an objective manner and has put in place, with the Audit Committee's endorsement, arrangements by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The objective for such arrangements is to build up independent and transparent investigation of matters raised and to allow appropriate actions to be taken.

The Group is committed to a high standard of ethical conduct and adopts a zero tolerance approach to fraud. The Group will treat all information received confidentially and protect the identity and the interest of all whistleblowers. Anonymous disclosures will be accepted and anonymity honoured. To further strengthen its Whistleblower Policy, the company has implemented a strong deterrent by offering a cash reward to any person whether employees, suppliers, business associates or the general public who provides specific, reliable and credible information or evidence of fraudulent activities by any of the Company's Executive Directors and Management team as listed in the Company's Annual Report ($50,000/-cash reward) and all other employees (up to $2,000/-cash reward) which leads to admission of guilt by the accused or leads to successful prosecution.

The Audit Committee also reviewed the adequacy of the whistle blower arrangements instituted by the Group through which staff and external parties may, in confidence raise concerns about possible improprieties in matters of financial reporting or other matters.

All cases reported are objectively investigated and appropriate remedial measures are taken where warranted. All whistle blowing matters are reviewed monthly/quarterly by the Audit Committee.

The policy is communicated via the Company's website. On an ongoing basis, the whistle-blower policy is covered during staff training and periodic communication to all staff as part of the Group's efforts to promote awareness of fraud control. Further, any staff member having any specific concerns can contact the Lead Independent Director directly through email at Amm6552@gmail.com or via telephone at +65 6242 2426.

5) **Customer Satisfaction**

It is a fact that customer satisfaction can make or break a business. We always emphasize the importance of good customer service to all our employees and we continuously provide in house training.

In conclusion we will continue to play our part by improving and ensuring our Corporate Sustainability.