



SUSTAINABILITY REPORT

2022

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1. ABOUT US

Second Chance Properties Ltd was listed on SESDAQ on 24th January 1997. On 2nd March 2004, it was transferred to the Mainboard of Singapore Stock Exchange. Second Chance Properties Ltd. is involved in 4 core businesses which are:

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

2. ABOUT THE REPORT

Reporting Boundary

As a guide, this report covers operations and all subsidiaries for which Second Chance Properties Ltd (“Second Chance” or together with its subsidiaries, the “Group”) has management control, unless otherwise stated. It seeks to provide an overview of our approach, practices, commitment and performance of the Group’s material Environmental, Social and Governance (“ESG”) topics.

Reporting Period & Standard

The reporting period is the same as that of the financial year of the Group (1 September 2021 to 31 August 2022). This report was prepared in accordance with the Global Reporting Initiative (“GRI”) Standards – “Core” reporting requirements. The GRI Standards is the most widely used and internationally accepted sustainability reporting framework. A GRI Index at the end of the report specifies the location of the relevant disclosures.

Independent Assurance

The ESG performance data presented in the report have mainly been extracted from internal information systems and original records to ensure accuracy. The Group has not sought external assurance for this sustainability report but has relied on internal verification to ensure the accuracy of data.

3. FEEDBACK

We are fully committed to our stakeholders and welcome feedback from them with regards to our sustainability efforts as this enables us to improve our policies, systems and results. Kindly address all feedback to contact@secondchance.com.sg. Your feedback is vital to us in achieving our goals to build a sustainable and thriving business. In line with our efforts to promote environmental conservation, there will be no hard copies of this report.

4. BOARD STATEMENT ON SUSTAINABILITY

The Board of Directors (the “Board”) of Second Chance Properties Ltd. (the “Company”) and together with its subsidiaries (the “Group”) is pleased to present its Sustainability Report for FY 2022 prepared in accordance with the GRI Standards and in compliance with the SGX-ST guidelines on sustainability reporting.

The Board believes in the importance of sustainability reporting and is responsible for considering sustainability issues such as Environmental, Social and Governance factors as part of its strategic formulation. The report seeks to present an accurate and even account of our practices and performance in our quest to be a sustainable, responsible corporate citizen.

The Board aims for its businesses and operations to be conducted in a responsible and sustainable manner. The ESG topics in this report reviewed by the Board and Management are assessed to be material and relevant. The Group will continue to take a phased approach to progress along our sustainability journey as we grow our business. We look forward to progressively enhance our sustainability performance to strengthen the growth of our business in the long-term.

The Board would like to express its sincere appreciation to all the stakeholders for the unwavering support to the Group over the years and for joining us on our sustainability journey.

5. GOVERNANCE STRUCTURE

Sustainability is integrated into our business and embedded across various roles and functions. Though the Group does not have a formal SR Committee, the Board and the Audit Committee review and oversee the management and monitoring of the material ESG factors of the Group to ensure that sustainability matters are considered as part of its business strategy.

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.

6. STRATEGIC APPROACH FOR SUSTAINABILITY & STAKEHOLDER ENGAGEMENT

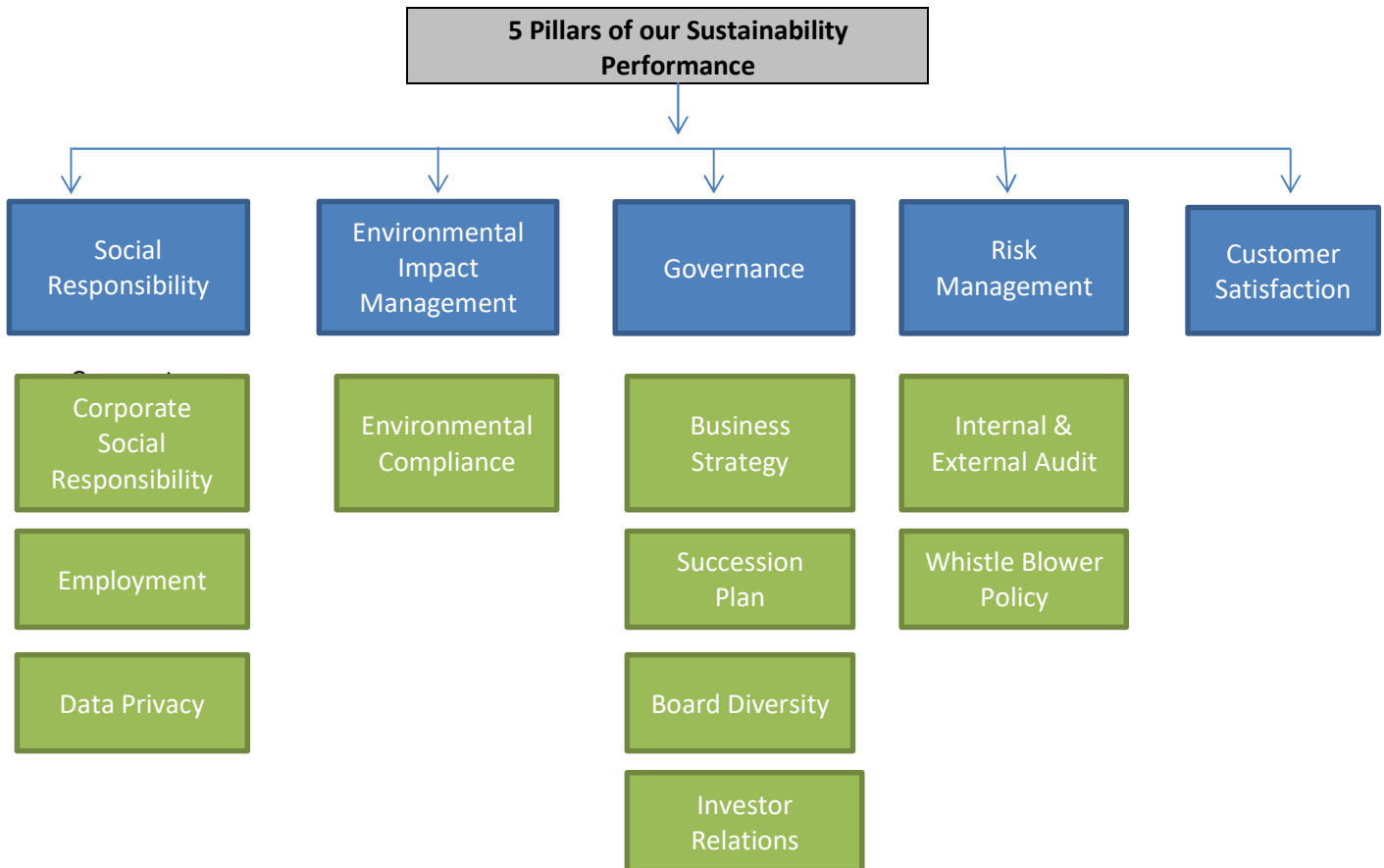
The Group recognises the importance of our stakeholders' interests and expectations in driving the success of our business as well as our sustainability performance. An important starting point in our sustainability journey is to identify our stakeholders and material aspects relevant to our business.

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.

| Stakeholders | Engagement and Communication channels | Key concerns and expectations | Our Responses and Actions |
|---------------------|---|---|--|
| Shareholders | <ul style="list-style-type: none"> • Corporate Website • Group Annual Reports • Annual General Meetings • Half yearly announcements • Regular announcements via SGXnet | <ul style="list-style-type: none"> • Increase earning capacity • Improve corporate governance structure | <ul style="list-style-type: none"> • Strive towards healthy growth • Establish shareholder communication mechanism • Issue Annual reports and other information on regular basis |
| Employees | <ul style="list-style-type: none"> • Regular dissemination of information • Open dialogues with employees • Performance appraisal | <ul style="list-style-type: none"> • Promote career development • Protection of their basic rights and interests • Sense of belonging and recognition • Fair employment practices | <ul style="list-style-type: none"> • Provide a good working environment • Regular training to employees • Provide avenues for career development • Protection of employee rights and interests |
| Customers | <ul style="list-style-type: none"> • Email queries • Customer visit to stores | <ul style="list-style-type: none"> • Providing quality products • Customer rights protection | <ul style="list-style-type: none"> • Providing quality products • Customer data protection • Promptly addressing customer complaints |
| Suppliers & Tenants | <ul style="list-style-type: none"> • Email communication • Contracts and agreements | <ul style="list-style-type: none"> • Promote joint development • Compliance with terms and conditions | <ul style="list-style-type: none"> • Open communication • Ethical business practices |

7. MATERIALITY ASSESSMENT

Material topics have been identified based on both risks and opportunities arising from our business activities, the environmental, social and governance impacts that are most significant to our stakeholders, as well as with reference to our current risk management framework. Applying the guidance from GRI, we have identified the following material aspects:



8. SOCIAL RESPONSIBILITY

(a) Corporate Social Responsibility

We believe in being a socially responsible corporate citizen by being involved in causes that help the less fortunate. From this year onwards, The Salleh Marican Foundation Ltd. has agreed to fund the Group's CSR programmes. The Group's Directors and Key personnel have agreed to give their time to support the activities of the Salleh Marican Foundation Ltd. Every year we make donations both in cash and kind to the needy. We have continued again this year on granting Bursary Funds to assist and support deserving students pursuing their undergraduate studies in the field of Science, Technology, Engineering and Mathematics (STEM). The bursary award was started in May 2017 and this year will be the 6th Bursary Award.

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.

(b) Employment

We believe in fair employment practices as well as upholding human rights principle. In line with this commitment, we continue to promote diversity and equal opportunities at work place. There is no discrimination on the basis of religion, age, ethnicity or gender.

As at 31 August 2022, the Group has in total about 45 employees in its retail outlets and corporate office. No incidence of workplace discrimination or grievance was reported in FY 2022.

Employee Remuneration and Benefit

We are of the view that the current remuneration structure for all employees are appropriate to attract, retain and motivate them to manage the business and operations of the Group. In addition to the competitive remuneration offered, the Group has in place a term life and hospital and surgical insurance as well as provision for free annual medical check-up for all its key executive employees.

We recognize the need to stay informed and accordingly both on-the-job and ad-hoc trainings are made available to our employees.

Covid-19 Compliance

The Group has put in place safeguards to ensure health and safety of all employees specially during the current times when the Covid-19 pandemic has significantly impacted the global economy.

(c) Data Privacy

We are committed to follow and comply with all applicable data privacy laws. Various systems have been put in place so that information related to our customers and employees are protected. Customers can be rest assured that their personal data that are collected are handled and protected in a responsible and secure manner.

Across the Group, we are pleased to announce that there have been zero cases of data breaches identified for FY 2022 and we target to maintain this track record in the future. We strive to uphold the trust that our customers and employees have placed in us and will continue to improve and strengthen our data protection processes and procedures.

9. ENVIRONMENTAL IMPACT MANAGEMENT

Our Group is committed to do our best to care for the environment that we operate in. We are constantly assessing how best to invest our resources to make a positive impact on our environment and have carried out the following:

- a) Optimising electricity and water usage in our stores.
- b) Progressively replacing all lighting with energy efficient light fittings. Also, lights are switched off when rooms are unoccupied.
- c) In stages we are replacing all plastic bags with biodegradable bags, which has already been done in our Malaysian operation. In Singapore, we have stopped purchasing new plastic bags.
- d) We have reduced excessive paper usage by adopting measures such as e-filing of documents wherever the option is available instead of printing them. Meeting papers are being reduced and reused by printing on both sides of the page. At the same time, we are recycling our papers and will also cut down any excessive papers used such as filings in our half-yearly meeting files. We have stopped circulating hard copy files for quarterly financial reports and instead use email to communicate the same to all Directors.
- e) In line with Company's corporate social responsibility initiatives and sustainability strategy, we have implemented the use of electronic means of communication for purpose of serving notices to the Company's shareholders and encourage our shareholders to support our sustainability efforts by embracing electronic communications.

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 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.

No fines or non-monetary sanctions have ever been imposed on the Company for non-compliance with environmental laws and regulations.

10. GOVERNANCE

(a) Business Strategy

Our strategy to reduce our debt levels over the last few years by consolidating our businesses and gradually selling off our properties is paying off. We have and will continue to recycle the proceeds from the sale of properties into high dividend yield companies with strong fundamentals. Our dividend income for this financial year has increased substantially over the last year and is set to increase much further as we build our investment portfolio.

To ensure that the Group can withstand worsening market conditions and even a crash, we continue to maintain a low gearing level by adhering to a total debt-equity ratio of not more than 0.5, as well as maintaining sufficient standby facilities.

The Board also has an Investment Committee comprising 4 members, and chaired by a Non-Executive Director. Three of the four members have extensive experience in the securities industry. The Investment Committee meets regularly to review the Group's Investment Portfolio.

(b) Succession Plan

The Nominating Committee endorsed a proposal that Mr. Hasan Marican, the Deputy CEO to 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) Board Diversity

We have maintained a culture of diversity to benefit from a wide talent pool. We have put in place a formal written Board Diversity Policy to ensure an inclusive and diverse Board composition. 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.

Furthermore, the Board has knowledge and skills diversity, with two qualified accountants, a Chartered Financial Analyst specializing in capital markets and a Doctor in Business Administration being members of the Board.

(d) Investor Relations

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

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

11. 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 engages an independent external accredited firm to conduct regular internal audits every year. The internal auditor review the internal controls in place and the proper implementation of the controls as well as any improvements suggested across various areas from IT operations to different business sectors to PDPA management.
- e. An External audit is conducted annually by an accredited Certified Audit Firm. In every half- yearly Audit Meetings, the Committee discusses and updates risk matters related to the Group, to ensure that any inherent risks are identified and handled promptly and appropriately.
- f. **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 CEO 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 (S\$50,000/-cash reward) and all other employees (up to S\$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 whistleblower 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 to this, any staff member having any specific concerns can contact the Independent Non-Executive Chairman directly through email at a.magad@outlook.com or via his handphone at +65 9008 6668.

12. CUSTOMER SATISFACTION

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

Recognising the benefits of ESG factors in business, we will continue to play our part by improving and ensuring our Corporate Sustainability.

13. GRI STANDARDS CONTENT INDEX

| GRI Standard Description | Disclosure | Reference/ |
|-------------------------------|---|--|
| GENERAL DISCLOSURE | | |
| GRI 102: General Disclosures | 102-1 Name of organization | Second Chance Properties Ltd. |
| | 102-2 Activities, brands, products and services | Page 1 – About Us |
| | 102-3 Location of headquarters | Singapore |
| | 102-4 Location of operations | Singapore, Malaysia |
| | 102-5 Ownership and legal form | Public Listed Company on the Mainboard of Singapore Stock Exchange |
| | 102-6 Markets served | Singapore, Malaysia |
| | 102-7 Scale of the organization | Pages 101-102 of Annual Report 2022 |
| | 102-8 Information on employees and other workers | Page 5 - Employment |
| | 102-9 Supply chain | Not applicable |
| | 102-10 Significant changes to the organisation and its supply chain | None |
| | 102-11 Precautionary Principle or approach | Second Chance does not specifically address the precautionary approach |
| | 102-12 External initiatives | Page 4 – Corporate Social Responsibility |
| | 102-13 Membership of associations | None |
| | 102-14 Statement from senior decision maker | Page 2 – Board Statement |
| | 102-16 Values, principles, standards and norms of behaviour | Page 59 of Annual Report |
| | 102-18 Governance structure | Pages 29-59 of Annual Report |
| | 102-40 List of stakeholder groups | Page 3 |
| | 102-41 Collective bargaining agreements | None |
| | 102-42 Identifying and selecting stakeholders | Page 3 |
| | 102-43 Approach to stakeholder engagement | Page 3 |
| | 102-44 Key topics and concerns raised | Page 3 |
| | 102-45 Entities included in the consolidated financial statements | Page 101-102 of the Annual Report |
| | 102-46 Defining report content and topic boundaries | Page 1 |
| | 102-47 List of material topics | Page 4 |
| | 102-48 Restatement of information | None |
| | 102-49 Changes in reporting | None |
| | 102-50 Reporting period | 1 September 2021 to 31 August 2022 |
| | 102-51 Date of most recent previous report | 28 January 2022 |
| | 102-52 Reporting cycle | Annually |
| | 102-53 Contact point for questions about the report | Page 1 |
| | 102-54 Claims if reporting in accordance with the GRI Standards | This report was guided by the GRI standards, Core option. |
| | 102-55 GRI content index | Pages 10-11 |
| | 102-56 External Assurance | Not Applicable. We did not seek external assurance for the Sustainability Report |
| MATERIAL TOPICS | | |
| GRI 201: Economic performance | 201-1 Direct economic value generated and distributed | Pages 10 to 17 of Annual Report Pages 76 to 133 of Annual Report |
| GRI 205: Anti-corruption | 205-1 Operations assessed for risks related to corruption | Pages 8-9 |
| GRI 302: Energy | 302-1 Energy consumption within the organization | Pages 6 |
| GRI 405: Diversity and | 405-1 Diversity of governance bodies and employees | Page 7 |

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|----------------------------|---|--------|
| equal opportunity | | |
| GRI 413: Local Communities | 413-1 Operations with local community engagement, impact assessments, and development program | Page 4 |
| GRI 413: Customer Privacy | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data development programs | Page 5 |