



WINMARK INVESTMENT HOLDINGS LIMITED

SUSTAINABILITY REPORT

FY2019

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Message from the Executive Chairman

Sustainable development has been a key component of our business structure since the group was established some 40 odd years ago. The global COVID-19 pandemic has impacted how businesses around the world approach sustainability and for Winmark Investment Holdings Limited (“Winmark”), true sustainability is the ability to tide over these obstacles and emerge stronger.

We are committed to the United Nations Sustainable Development Goals (“SDG”) and we strive to align our operating models in line with the SDG agenda. This report has been prepared in accordance to the Global Reporting Initiative Standard (“GRI”) Standard. GRI is an independent and globally recognized reporting framework. It has helped the Group to decide material contents to be presented in this sustainability report and reporting matters that are relevant to our various stakeholders. This report is also aligned with the Sustainability Reporting Guide in Practice Note 7F of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalist (the “Catalist Rules”).

Today, we are pleased to present our second Sustainability Report for Winmark Investment Holdings Limited and its subsidiaries (the “Group”). This report examines our group effort towards sustainability through three key ESG elements, namely Environmental, Social and Governance for the financial year ended 31 December 2019 (“FY2019”).

The Group concluded its Schemes of Arrangement (“SOA”) in August 2018. Since then, the Group has repositioned itself as a going concern with sufficient liquidity and profitability that would be necessary to serve its shareholders going forward. Additionally, the need for effective internal controls have been substantially rectified. New funds have been made available by way of Advance and Conditional Subscription Agreement (“ASA”) and the future seems very promising.

The sustainable development team that comprises the Executive Chairman, Group Financial Controller and Managing Directors of respective subsidiaries that have come together to oversee the development of the Group’s sustainability strategy in its day-to-day and systemic operational challenges. This team is responsible for brainstorming ideas and coordinating sustainability initiatives across the business functions in line with the Group’s policies, plans and operation objectives. The Board, with the assistance of the sustainable development team, having considered sustainability issues as part of its strategic formulation, determined the material ESG factors and oversaw the management and monitoring of the material ESG factors.

At Winmark, we acknowledge that accomplishing the 17 SDG requires collective efforts from all segments and we pledge to be fully committed to the sustainable development agenda. In doing so, Winmark will be able to create greater value for all our stakeholders and a greater future for our next generation.

TAN TIEN HIN WINSTON

Executive Chairman

About Winmark Group

Established in the 1970s, Winmark Investment Holdings Limited (“Winmark” or the “Company” and, together with its subsidiaries, the “Group”) provides interior fit-out solutions for property development and refurbishment projects in Singapore and Southeast Asia.

Winmark Investment Holdings Limited (previously known as Serrano Limited) came from a family business. With the establishment of Winmark and its subsidiaries, the Group grew rapidly and became very well known to medium and large players in the property industry. The Group has undertaken various high-profile projects which steered the Group to a great height. Some of the Group’s past projects include D’Leedon, The Interlace, Reflections at Keppel Bay, Ritz Carlton Residences and ICON @ Tanjong Pagar in Singapore; the Star City Thanlyin township development and Traders Hotel (now known as the Sule Shangri-La Hotel) in Yangon, Myanmar; The Estella condominium in Vietnam; and The Met condominium and The River condominium in Thailand.

The Company has been listed on the Catalist of the Singapore Exchange Securities Trading Limited since 28 October 2014. Trading in the Company’s securities on the Singapore Exchange Securities Trading Limited (“SGX-ST”) was voluntarily suspended by the Company on 16 June 2017 and the Group has submitted its proposal for resumption of trading on 30 April 2020.

Business Overview

For the FY2019 sustainability report, the Group’s core business segments would still involve Building Material Finishes, Interior Fit-Outs, Projects and Retail Furnishings.

Interior Fit-Out Business

Our business includes supply, installation of interior fit-out works which involves customisation, manufacture, supply, and install various products including kitchen cabinets, wardrobes, vanity cabinets, doors, and doorframes (“Panelling Products”), stone, tiles and sanitaryware, aluminium windows and doors in the residential, hospitality, retail, and commercial sectors. Future products and services include other furnishings, ceilings, floors, partitions, mechanical and electrical works.

Building Material Finishes

Our subsidiary, Sinbor Company (Private) Limited, is a reliable provider of building finishes, particularly in the area of marbles, tiles, sanitaryware and specialized wood flooring.

Sinbor’s subsidiary, Euroasia Façade Pte Ltd, is a local company that provides aluminium, doors and windows with European quality products at a very competitive price. Euroasia has successfully completed various high profile projects for Mandarin Oriental Hotel Singapore, H&M Orchard, Kuwait Embassy Singapore, and houses at Sentosa Cove.

Retail Furnishings

Casa Mia @ Sinbor has been active in retailing at various established departmental stores and atriums. The Group targets to set up its flagship showroom by FY2020 to present a wide

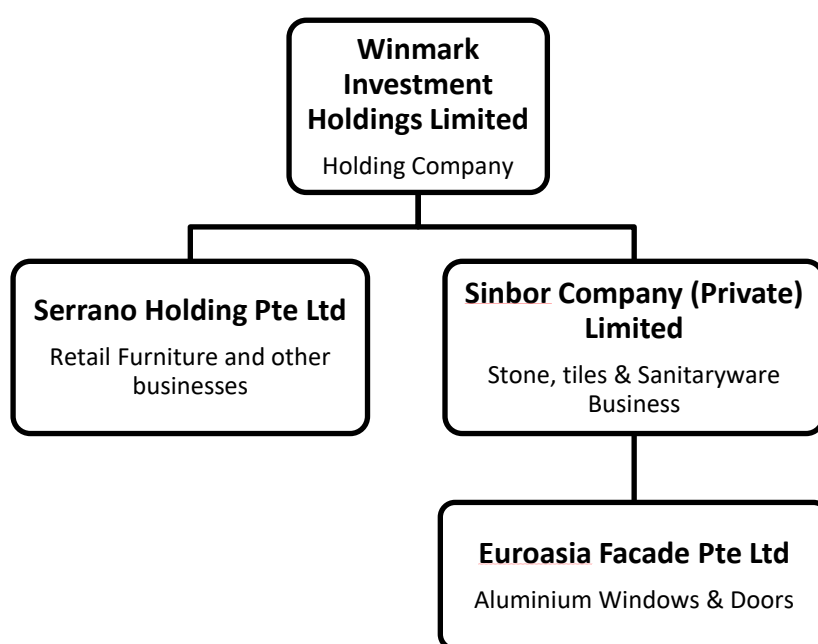
range of the Group's products and to reach out to retail customers as well as relevant parties involved in the office and commercial segments.

Project Furnishings

We position ourselves to provide a range of products such as building materials primarily natural stone, marble, bathroom sanitaryware and mosaic, patented Italian aluminium profiles, Panelling Products and furniture on a project basis with a focus on volume, cost efficiency and quality control to ensure that good project management will always be observed.

Group Corporate Structure

Winmark Investment Holdings Limited is the listed company on the Catalist Board and the Groups structure as at 31 December 2019 is set out below. The Group is in active discussions with various companies within its industry with a view to complement our businesses in order to expand our product offering to our potential customers.



Sinbor Company (Private) Limited

The Group acquired a 51% stake in Sinbor Company (Private) Limited ("SCPL") on 17 September 2018 which sells stone, tiles and sanitaryware. SCPL focuses on retail and projects for stone, tiles and sanitaryware and supplies and installs building materials primarily natural stone, marble, bathroom sanitaryware and mosaic for retail, residential and commercial projects.

Sinbor and its 80% owned subsidiary, Euroasia, have an order book of \$10.2 million for FY2019.

Euroasia Facade Pte Ltd

Euroasia Facade Pte Ltd (“EFPL”) is a registered General Builder Class 2 under BCA and is active in the design, fabrication and installation of Patented Italian Aluminium Profiles for doors, window, door frames and façades used in both commercial and residential properties.

EFPL will specialise in aluminium doors and windows for Good Class Bungalows (“GCBs”) and larger projects.

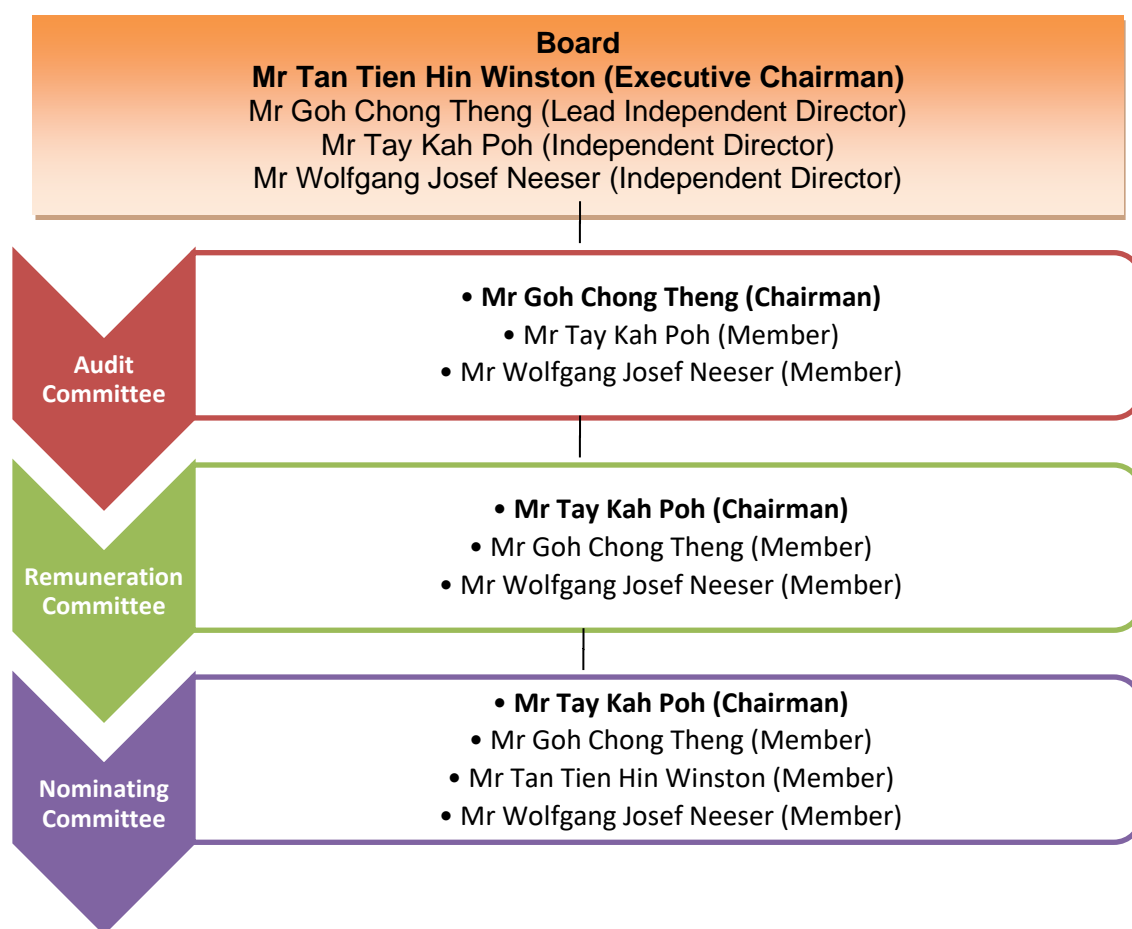
Serrano Holding Pte Ltd

In FY2019, Serrano Holding Pte Ltd is the retail arm of the Group and is in charge of the furniture retail business which will include brick and mortar, have started online sales channels as well as wholesale of home and office furniture and will continue to expand these efforts in the coming years.

Group Vision

The Group works closely with our subsidiaries which were Small and Medium Enterprises (“SMEs”) with limited resources for growth, and lack of capabilities in IT infrastructure, customer relationships management, product management and supplier acquisitions, as well as expertise to harness technology for productivity and growth. We put in place certain of the Group’s standard operating proceedings in the operations of our subsidiaries. Apart from that, we also target SMEs which are current market leaders in their respective markets. Hence, the Group Management is committed to source for complementary investment opportunities in the market to build a stronger team with shared resources, and wider range of quality products for the construction industry and thus improving business performance of the Group through cross-selling and greater customer satisfaction. With the completion of the Schemes of Arrangement in 2018, the Group has enhanced its internal controls by implementing initiatives such as stringent project, cost and cash management, worker performance schemes and proper financial reporting systems. The Group is looking to improve its standard operating procedures by the end of FY2020, especially in the area of IT infrastructure and payroll systems.

Corporate Governance



The Board is committed to creating value for its shareholders and to ensure the sustainable development of business within the Group by focusing on strategic planning, robust risk management and competitive remuneration for all staff.

Audit Committee: The key roles include, amongst others, overseeing and evaluating internal controls system, financial reporting system, risk management and all compliance-related reporting.

Remuneration Committee: Review and formulate key performance indices (KPI) for all staff. The committee shall also ensure a competitive remuneration package in line with the market forces to incentivise staff working towards long term goals set by the Group.

Nominating Committee: The key functions include, amongst others, review of Board composition, Board effectiveness, succession planning and confirmation of the independence of all Directors in accordance with the Code and the Catalyst Rules.

Stakeholder Engagement

The original shareholders of Winmark no longer have a stake in the Company after the completion of the Schemes of Arrangement. The new controlling shareholder, Winmark Investments Pte Ltd (“WIPL”) has taken a 68% stake and the creditors of Winmark have taken a 25% stake in Winmark after receiving a 93% haircut on the amounts owed. WIPL has taken various steps to restore the confidence of the stakeholders. One of the initiatives will be to instil good corporate governance to ensure that the previous problems will not be repeated. In particular, the new Management and Board have instilled stringent terms for various sales, projects and purchase processes. Separately, an Independent Review is being conducted by KPMG to investigate all the past allegations and an internal auditor has been engaged since FY2019 to ensure all internal controls are in place. The Management has been busy implementing the internal controls in our current operations.

Going forward, the new Management and Board remain fully committed to significantly improve stakeholders’ engagement. There will be better risk management to protect the value for shareholders. Mutual respect, constant engagement, and being transparent are the key pillars to building an effective relationship with the different stakeholders we interact with. We engage with our stakeholder via various approaches on a regular basis be it formal or informal as we believe understanding our stakeholders’ interests are the keys to success.

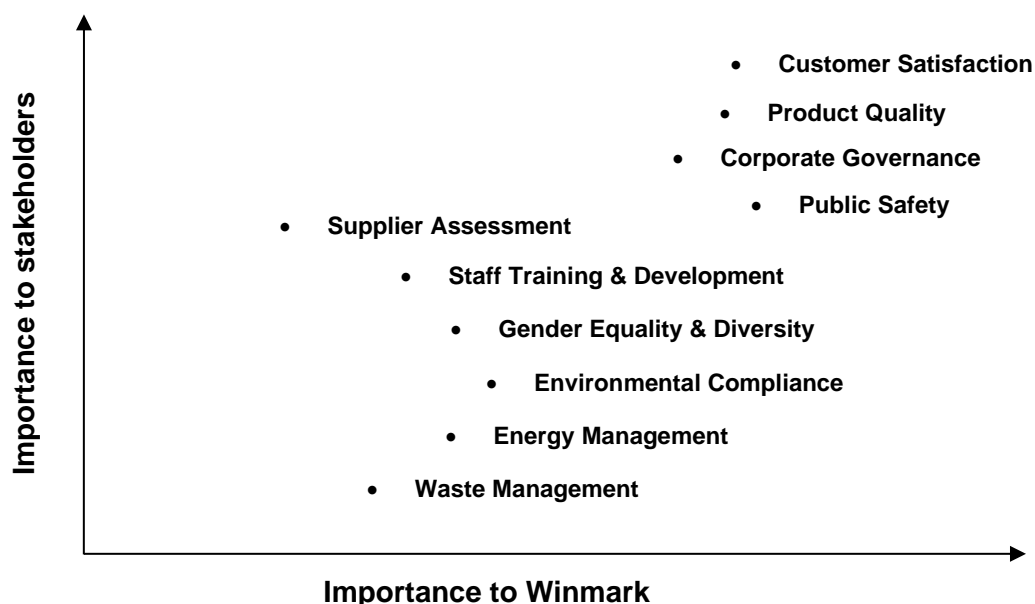
Our robust engagement model helps us connect with both internal and external stakeholders. This would help us in developing strong partnerships and thus build success together.

Stakeholder	Engagement Method and Desired Results	Frequency
Shareholder and Investors	<ul style="list-style-type: none"> • Annual general meeting • Extraordinary general meeting (if required) • Transparency of information through constant SGX announcements to update shareholders. 	Annually
Employees	<ul style="list-style-type: none"> • Focus on Integrity, Excellence, Reliability and Value for customers • Apprenticeship and Advancement for deserving employees 	Throughout the year
Customer	<ul style="list-style-type: none"> • Customer satisfaction surveys leading to regular customers' referrals • After sales service, quality endorsements • Excellence, reliability and value for customers 	Throughout the year
Suppliers	<ul style="list-style-type: none"> • Long-term relationships to be the suppliers' preferred customer 	Throughout the year
Government Authorities	<ul style="list-style-type: none"> • Regularly introduce new levels of product innovation and process quality • Compliance with authority license & regulations 	Annually

Stakeholder Interests	We deliver through
<ul style="list-style-type: none"> • Profitability & timely reporting 	Annual report Monthly update via SGX
<ul style="list-style-type: none"> • Career development • Benefits 	Internal & external training Annual performance incentives Two-way communication
<ul style="list-style-type: none"> • Effective resolutions on complaints • High quality products 	Direct & frequent communication with customer Thorough checking of products before delivery
<ul style="list-style-type: none"> • Long term relationship 	Partnership with suppliers in both residential and commercial projects
<ul style="list-style-type: none"> • Transparency • Regulatory disclosures • Accountability 	Sustainability report Certifications Compliance Annual report

Analysis of Materiality

We identify and analyse the most important areas for our stakeholders in order to maximize the value creation for everyone.



The above materiality matrix was presented as above after a thorough discussion among the sustainable development team. This study will be repeated every three years or more frequently if there are any significant changes in the business or market environment. These materiality findings guide our business strategy and planning, monitoring issues that are important to our stakeholders and allowing management to establish relevant actions to improve or resolve each of the issue identified. The Management has assessed and concluded that no factors have changed since FY2018.

Our Environmental Approach

Winmark recognizes the importance of preserving our nature for the benefit of all humankind and our next generation. Hence, we have adopted various initiatives within the Group as part of our efforts to reduce negative environmental impact.

Anti-smoking policy

All offices and factories across the Group adopted an anti-smoking policy, whereby smoking is prohibited in all offices and factories across the Group, under the supervision of the factory and office managers. This initiative supports Singapore's aim to reduce smoking rate to below 10% by the end of year 2020 and promotes a healthier workforce. Additionally, this policy increases productivity by minimising health risks in our office and factory spaces from second-hand smoke and reducing sick leave absenteeism. The Group has successfully kept smoking rates below 10% in FY2019 and aims to further improve our employees' wellbeing by continuing to enforce this initiative in all offices and factories. Management adopted a firm approach for staff caught in violation of the anti-smoking policy, a warning letter or a fine will be issued. Additionally, the management is pleased to report that there have been no cases

of violation to date and below 10% of our workforce are smokers. We target to maintain a healthy workforce in order to compete with our competitors.

Energy management

Our office is equipped with energy efficient systems. For instance, our air-conditioning would be automatically switched on at 9am and off at 6pm, and all lights are switched off after office hours to preserve energy. As part of our continuous effort to reduce energy emission, the Group has converted 50% of lightbulbs to energy saving lightbulbs in our office spaces. We are on track to replace the remaining 50% located in our warehouses by FY2020. Our energy consumption was 131,845 kWh in FY2018 and this decreased to 127,271 kWh in FY2019. We aim to maintain at this level of energy consumption with a variance of 5% for FY2020 compared to FY2019 notwithstanding that production levels are expected to increase. The effective use of energy will translate into greater productivity but not at the expense of effectiveness and efficiency. The management is pleased to report that for FY2019, these energy efficient systems has also resulted in utilities expenses remaining constant year-on-year despite the decreased energy consumption due to increase in electricity cost.

Product quality and Waste management

Being in the manufacturing industry, we need to plan in order to minimise waste in production. The Group would dispose of the waste such as debris, scrap metal and stone responsibly. We have engaged qualified general waste collectors duly certified by the National Environment Agency (NEA) to dispose of our waste every month. The amount of waste disposed of in FY2019 was around 15 tonnes. Our materials procurement procedures also attempt to reduce waste at source. We send inspection teams to suppliers to ensure quality and quantities purchased conform as closely as possible to our customers' requirements.

Apart from production waste, the Group also encourages paper saving, reduced printing needs and recycled paper. The purchase of paper increased to an average of 19 reams per month compared to 10 reams per month in the previous year (i.e. FY2018). This was due to the increased number of pipeline projects for FY2019 which required more paper for the tendering process and also due to the addition of a new furniture business segment during FY2019.

Additionally, the Group aims to reduce excessive water usage in the offices. In FY2019, water bills fell by 47% as compared to previous year (i.e. FY2018). The Group saw a reduction in water usage from 1,982.1 Cubic Metres in FY2018 to 782.3 Cubic Metres in FY2019 (fall of 60%). We aim to keep water usage at around 800 Cubic Metres for FY2020 as we look into increasing production in our business operations.

Winmark is constantly looking for initiatives to cut down waste or reduce negative environmental impact and improve productivity in the process. Hence, the Group is currently studying a potential acquisition of a home-grown Singapore SME in the building management/hospitality business with proven technology to save energy cost, reduce labour costs, improve operational profitability and prolong product lifespan, thus contributing to a more sustainable environment. As of the date of this report, no definitive agreements have been entered into in relation to the aforementioned acquisition and there is no assurance that Winmark will enter into such definitive agreements.

Safety and Health Governance

The safety of our people is of paramount importance. We strive to provide a safe environment for all our staff in order to achieve zero life loss at all sites. A safety handbook is provided to each of our employees containing safety procedures in the event of an unlikely emergency. All our newly joined factory workers have attended and passed the safety training course conducted by the Ministry of Manpower. First aid boxes are in place at both our offices and factory site to prepare for any potential injury cases.

In order to ensure the safety of all stakeholders during the COVID-19 pandemic, the Group takes all necessary precautionary measures in accordance with the guidelines from the World Health Organisation and public health authorities in the respective countries we operate in. These measures include temperature screening, social distancing at our offices and factories and increased frequency of disinfections. We have also implemented a “work from home” system which reduces the risks of transmission for all stakeholders.

Our operations team at Sinbor has implemented a firm risk management plan at the workplace and has successfully been certified at bizSAFE Level 3. Our risk management plan was audited every three years by an approved Workplace Safety and Health (“WSH”) auditor.

We originally planned to invest around S\$500k from FY2019 to FY2020 into automation equipment across all our subsidiaries to cut down on heavy reliance on labour and thus reducing injury risk as the Group is actively sourcing for the right machineries from overseas suppliers. However due to the existing pandemic, plans to invest in machineries from overseas suppliers are placed on hold. The Group will relook into this initiative when it is feasible and practical to do so.

Winmark takes serious care of all its staff and workers’ safety issues and disciplinary action would be taken for any violation of safety procedure. In FY2019, we are pleased to report that we have met our target, as there had been zero workplace related fatalities. We target zero workplace related fatalities in FY2020 and every ongoing year thereafter.

Gender Equality and Diversity of our Human Capital

The Group's work force is predominantly male (82%) vs female (18%) as we are in the supply and installation of building materials industry. However, given the nature of our business, the passion of our staff is essential to our sustainability. In this respect, the Group will always put high value in such passion and loyalty while adopting fair hiring practices when it comes to recruitment and employee career development programmes, whereby every individual would be given equal opportunities and fair treatment for a chance for them to grow further in their career. Senior management value leadership especially in product expertise and will always consider inputs and allow direct communications for any innovative ideas or process improvement plan.

Human capital is our biggest asset. As at 31 December 2019, the Winmark Group employed a lean employee base of 45 employees, of which 44 are permanent employees located in Singapore. We are committed to continue developing our employees through internal and external training. Performance appraisal would be conducted on a yearly basis whereby employees would be able to have two-way communication to review current year performance and discuss career progression plans for the following year.

The Group adheres strictly to MOM policy on both maternity and paternity leaves as we recognize and appreciate parental bonding with new-born babies are precious.

We will offer fair opportunities for both genders subject to the nature of the job based on merit, leadership, passion and loyalty. We plan to organize more corporate activities such as family day or yearly dinners to strengthen interdepartmental relationships and bonding thus improving morale and achieving better working relationships among all employees. A truly collaborative working environment is essential for our growth as a diversified group with a wide range of business divisions. Hence, the Group will continue to create a friendly and caring work environment that empowers each employee to excel beyond his or her potential regardless of gender or age.

GRI Content Index

The GRI Content Index references the Winmark Investment Holdings Limited Sustainability Report 2019 and the Serrano Annual Report 2019 (“AR”).

GRI STANDARDS		DETAILS/NOTES/PAGE NO.
Organizational profile		
102-1	Name of the organization	About Winmark Group (pg 4)
102-2	Activities, brands, products, services	Business Overview (pg 4-5)
102-3	Location of headquarters	AR (pg 13)
102-4	Location of operations	About Winmark Group (pg 4)
102-5	Ownership and legal form	Group Corporate Structure (pg 5-6)
102-6	Markets served	Group Corporate Structure (pg 5-6)
102-7	Scale of the organisation	AR (pg 7-8), Gender Equality and Diversity of our Human Capital (pg 13)
102-8	Information on employees and other workers	Gender Equality and Diversity of our Human Capital (pg 13)
102-9	Supply chain	Stakeholder Engagement (pg 8-9)
102-10	Significant changes to the organisation and its supply chain	Group Corporate Structure (pg 5-6), Stakeholder Engagement (pg 8-9)
102-11	Precautionary Principle or approach	Our Environmental Approach (pg10-13)
102-12	External initiatives	Message from the Executive Chairman (pg3)
102-13	Membership of associations	N.A.
Strategy		
102-14	Statement from senior decision-maker	Message from the Executive Chairman (pg3)
102-15	Key impacts, risks and opportunities	Analysis of Materiality (pg10)
Ethics and integrity		
102-16	Values, principles, standards, and norms of behaviour	Message from the Executive Chairman (pg3), Group Corporate Structure (pg 5-6), Stakeholder Engagement (pg 8-9)
Governance		
102-18	Governance structure	Corporate Governance (pg7), AR (pg14-33)
Stakeholder engagement		
102-40	List of stakeholder groups	Stakeholder Engagement (pg 8-9)
102-41	Collective bargaining agreements	N.A.
102-42	Identifying and selecting stakeholders	Stakeholder Engagement (pg 8-9)
102-43	Approach to stakeholder engagement	Stakeholder Engagement (pg 8-9)
102-44	Key topics and concerns raised	Analysis of Materiality (pg10)
Reporting practice		
102-45	Entities included in the consolidated financial statements	Group Corporate Structure (pg 5-6), AR (pg94-101)
102-46	Defining report content and topic boundaries	Message from the Executive Chairman (pg3), Analysis of Materiality (pg10)
102-47	List of material topics	Analysis of Materiality (pg10)
102-48	Restatements of information	AR (pg56-62)
102-49	Changes in reporting	AR (pg56-62)
102-50	Reporting period	1 st January 2019 – 31 st December 2019
102-51	Date of most recent report	Published 29 th April 2020
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	AR (pg55)
102-54	Claims of reporting in accordance with the GRI Standards	Message from the Executive Chairman (pg3)
102-55	GRI content index	GRI Content Index (pg14-15)
102-56	External assurance	We have not sought external assurance on this report, but we may do so in the future

GRI STANDARDS		DETAILS/NOTES/PAGE NO.
Management approach		
103-1	Explanation of the material topic and its Boundary	Analysis of Materiality (pg10), Our Environmental Approach (pg10-13)
103-2	The management approach and its components	AR (pg14-33)
Energy efficiency		
302-1	Energy consumption within the organisation	Energy Management (pg 11)
302-4	Reduction of energy consumption	Energy Management (pg 11)
Water management		
303-5	Water consumption	Product quality and Waste management (pg 11)
Construction and operational waste		
306-3	Waste generated	Product quality and Waste management (pg 11)