

Charisma Energy Services Limited

Sustainability Report 2019



Contents

CEO's Message	3
Charisma Sustainability Story	4
Organisation Profile.....	5
Ethics and Integrity.....	7
Governance and Statement of the Board	8
Sustainability Targets and Performance.....	8
Stakeholder Engagement.....	10
Reporting Practice.....	11
Reduction of Carbon Footprint	12
Local Communities and Environment.....	13
Our People	14
SGX Five Primary Components Index.....	16

CEO's Message

Dear Stakeholders,

On behalf of the Board of Directors, we are pleased to present to you the Sustainability Report for Charisma Energy Services Limited ("Charisma" and together with its subsidiaries, collectively the "Group") in respect of the financial year ended 31 December 2019 ("FY2019").

Charisma continues to build on its commitment towards sustainable development via the production of clean energy.

The Group has a broad view on sustainability that looks beyond environmental impact – it also comprises of increasing economic growth in the communities surrounding our operations. Our approach to sustainability continues to be reflected within three key areas - Reduction of Carbon Footprint, the Local Communities and Environment we impact, and of course, Our People.

By harnessing nature to deliver renewable and sustainable energy, the harmful emissions that would have otherwise been produced by the burning of fossil fuels can be eliminated. With our current focus on expanding and developing opportunities within the renewable energy sector, we hope to be able to contribute to the reduction in the global carbon footprint and play a part in combating global warming. In our efforts to do so, Charisma has recently developed a corporate website, <https://charismaenergy.com>. Going forward, all stakeholders would be able to get electronic copies of the Company's annual report and other publications online. By doing so, the Company can reduce printing and directly reduce its environmental footprint. This is in line with our view to reduce carbon footprint for sustainability growth and continued commitment to environmental sustainability.

Whilst tapping on nature's resources to deliver sustainable energy, the Group operates responsibly to safeguard the environment. We adopt a zero-tolerance approach to any breach of regulatory requirements to the environment as we strive to make a positive impact to the communities that we engage. As a rule, we work with nature, not against it.

Charisma is a strong advocate of giving back to society. The Group engages with local communities, especially in regions of business operations which are less developed, on an ongoing basis to understand their needs including infrastructure and education. The Group contributes in projects that can improve the overall well-being of the local communities.

The Group shall endeavour towards becoming a sustainability leader in the renewable energy industry and continue to place an emphasis on good sustainability practices.

Sincerely,
MR TAN SER KO
Chief Executive Officer

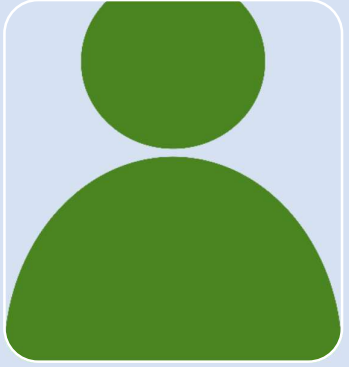
Charisma Sustainability Story

Sustainability Philosophy

Charisma's sustainability vision is to achieve sustainable development via production of clean energy for the future generation.

Our sustainability mission is to build a future with renewable energy through the development and operation of renewable energy assets in an economically, socially and environmentally responsible way.

Sustainability Targets

		
<p><u>Carbon Footprint</u></p> <p>Our primary target is to continue with the development and operations of sustainable renewable energy projects using the latest available technology. We are proud of our role in reducing dependence on fossil fuels for energy needs and are committed to the vision of a future powered by clean energy.</p>	<p><u>Local Communities and Environment</u></p> <p>Additionally, creating employment opportunities for locals, managing biodiversity, as well as Corporate Social Responsibility ("CSR") activities form a part of our positive contribution towards local communities and the environment that we operate in. The Group recognises the importance of environmental compliance and will continue to endeavour for zero-incident rates.</p>	<p><u>Our People</u></p> <p>We also believe that employees are the organisation's greatest assets. The Group is committed to nurturing and grooming all employees. Safety is paramount –it is our duty to ensure that our employees return home safely at the end of each day.</p>

Organisation Profile



Company Name: Charisma Energy Services Limited

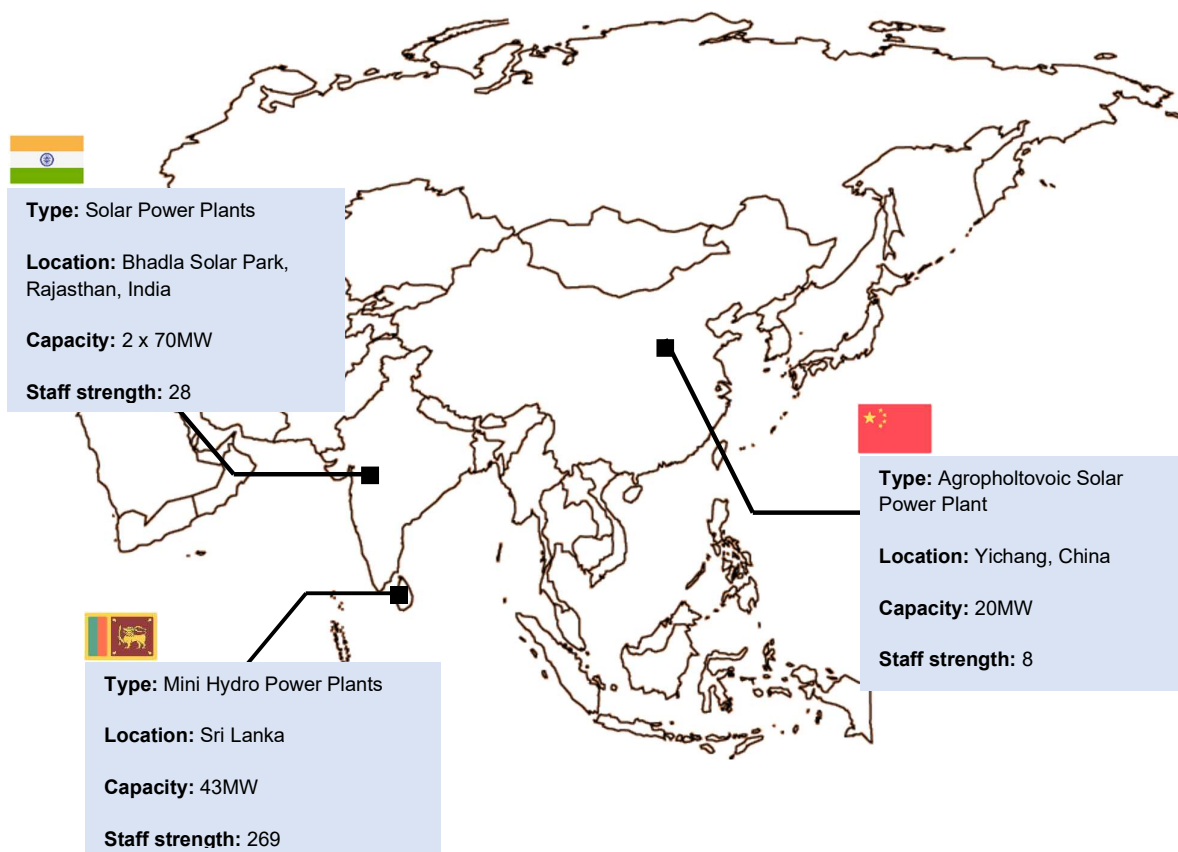
Founded: 1997

Listed: SGX Catalist Listed since 1998

Company Headquarters: Singapore

Charisma's principle activities involve the ownership and operation of renewable energy power generating assets in Asia.

Overview of Renewable Energy Power Generating Assets



Hydropower Generation

The Group is the largest player in the Sri Lankan mini hydro power plant sector, currently owning and operating **13** mini hydropower plants across **4** regions in Sri Lanka, with a total capacity of **43 MW**.



Solar Power Plants



Through our joint venture, Charisma owns and operates a **140 MW** solar photovoltaic power plant in Rajasthan, India. The solar plant which was commissioned in December 2017, is located in the Bhadla Solar Park, which is slated to be the largest of its kind Solar Park in India once all the plants in the Park are fully commissioned.

In addition, the Group also owns and operates an agrophotovoltaic (“APV”) based, **20 MW** solar photovoltaic power plant in the Hubei province in central China. The plant was successfully commissioned in late January 2018.

Whilst land-based photovoltaic power plants compete with agriculture for acreage, APV plants accommodate both activities by installing solar panels above crops. This dual use of land results in resource efficiency and creates additional jobs for farmers.



Oil & Gas Business Segment

The Group had completed the divestment on two of its O&G investments during the financial year under review. As such, we have limited the scope of this report to include only our renewable energy asset operations. Please refer to the Reporting Practice section for the detailed boundaries defined in this report.

Please refer to our annual report for FY2019 (the “Annual Report 2019”) for our financial performance during the financial year.

Ethics and Integrity

Charisma Energy Services Limited expects our employees to adhere to the highest standards of ethics and integrity and comply with applicable regulations and professional codes of conduct.

Anti-Bribery and Corruption Policy *(GRI 205-1, 205-2, 205-3)*

The Group has implemented an anti-bribery and corruption policy whereby it is set out that there is zero tolerance approach to unethical behaviour. Charisma is committed to comply with all anti-bribery and corruption laws in jurisdictions where we do business at all times. Our management takes a leadership position in fostering a strong corporate governance culture and implementing policies that promote ethical behaviour. The Group places emphasis on effective prevention and detection of fraudulent activities and misconduct. All new staff are briefed on an established code of conduct during their orientation on the first day of employment.

To ensure our staff conduct themselves in a professional manner when dealing with clients and vendors, Charisma requires staff to declare receipt of gifts from third parties. To avoid putting staff in a compromising situation, in particular those holding senior positions and those having to deal with vendors, staff are to declare any conflicts of interest, both potential or real, on a regular basis or as and when they deem timely. The Group does not condone any bribery and actions of corruption by Group employees towards any third parties and/or government entities.

The Group has provided accessible channels for employees, shareholders, clients, consultants and suppliers to raise concerns on possible improprieties in financial reporting, fraudulent acts and other irregularities. This communication channels will ensure independent investigations and timely implementation of appropriate preventive and corrective actions.

The Group has not received any whistle blowing reports on corruption, and there were no confirmed incidents of corruption for FY2019. Moving forward, the Group targets to maintain zero confirmed incidents of corruption continuously.

Governance and Statement of the Board

Our sustainability strategy is developed and directed by the senior management in consultation with the Board of Directors. The Group's Sustainability Taskforce (the "Taskforce"), which includes senior management executives, is led by the Group's Chief Executive Officer, and is tasked to develop a sustainability strategy, review material impacts, consider stakeholder priorities, set goals and targets as well as monitor sustainability performance.

The Board oversees the process of engaging stakeholders and identifying material topics by reviewing reports and information provided by the Taskforce. The Board has considered sustainability issues as part of its strategic formulation, and approved the material environmental, social and economic topics identified and overseen that the factors identified are managed and monitored.

The Taskforce has reviewed the option for external assurance of its sustainability report. The Taskforce has assessed that external assurance is not required for FY2019 as the Group wishes to progressively strengthen the sustainability reporting framework.

The Group also adopts a precautionary approach in strategic decision and day-to-day operation by implementing a comprehensive risk management framework.

Please refer to the Corporate Governance Report in the Annual Report 2019 for more information on the Group's corporate governance practices and risk management structure.

Sustainability Targets and Performance

Below is a summary of the Group's performance on the sustainability targets that were set for the current reporting period. At the same time, as part of the Group's plan to progressively strengthen our reporting framework, the Group has included further quantitative performance measures and targets for the next reporting period.

Sustainability Targets Set for The Current Reporting Period (FY2019)		
Material topics	Sustainability Target	Performance Updates
Health and Safety Incidents / Accidents	The Group intends to maintain its zero fatality incident / accident rate for FY2019 through strict adherence to Health and Safety policies implemented at all plants.	There were zero fatality incident / accident rate during the year.
Non-compliance with environmental laws and regulations	The Group intends to fully comply with all relevant environmental laws and regulations in the countries we operate in. We will continue to strive for a total monetary value of fines and penalties of less than US\$1,000,000.	The Group did not incur any fines and penalties during the year.
Whistleblowing incidents	The Group has a strict anti-bribery and anti-corruption policy in place. The Group has also made whistleblowing channels accessible to all employees in our efforts to strive for zero confirmed reports of corruption.	There were zero confirmed reports of corruption during the year.

Sustainability Targets Set for The Next Reporting Period (FY2020)	
Material topics	Action plan
Health and Safety Incidents / Accidents	The Group intends to maintain its zero fatality incident / accident rate for FY2020 through strict adherence to Health and Safety policies implemented at all plants.
Operations of Sustainable Renewable Energy	The Group carries out regular maintenance for plant and machinery to improve productivity, prolong their useful life spans and maintain high output of clean renewable energy. In FY2019, the generation loss in renewable energy in the Group's mini hydro operation due to downtime as a result of machine breakdown is 2.4% of the total operating time. The Group intends to lower generation loss as a result of machine breakdown to below 2% in FY2020.
Non-compliance with environmental laws and regulations	The Group intends to fully comply with all relevant environmental laws and regulations in the countries we operate in. We will continue to strive for a total monetary value of fines and penalties of less than US\$1,000,000.
Whistleblowing incidents	The Group has a strict anti-bribery and anti-corruption policy in place. The Group has also made whistleblowing channels accessible to all employees in our efforts to strive for zero confirmed reports of corruption.

Stakeholder Engagement

Charisma values the opinions of its stakeholders. The Group understands sustainable growth is dependent on understanding the concerns of our key stakeholders which include customers, suppliers, vendors, employees, shareholders and regulators. The Group also recognises that efficient collaboration with stakeholders can positively influence the Company's success. Therefore, the Group engages in regular and fair communication with our stakeholders, and encourages greater stakeholder participations. The Company has recently developed a website at <https://charismaenergy.com> where the stakeholders can access both business and financial information of the Company. At the same time, they can provide feedback on any of the Group's matters at the website.

The Group engages with all our stakeholders through a variety of channels and takes into account the concerns of the abovementioned stakeholders when we plan for the future. Material topics and focus areas are identified based on the feedback we receive from our stakeholders.

It is through such engagement of our key stakeholders that Charisma strive to offer local employment opportunities during development, construction and operations, if feasible for its projects, to increase economic growth for members of the communities adjacent to the assets.

The following table summarises our key stakeholders, engagement platforms and their key concerns.

Stakeholders	Engagement Platforms	Key Concerns	Section Reference
Employees	<ul style="list-style-type: none"> • Performance Appraisal System • Employee Trainings 	<ul style="list-style-type: none"> • Remuneration and benefits • Training and development • Career and Development Opportunities 	<ul style="list-style-type: none"> • Our People
Community	<ul style="list-style-type: none"> • Community engagement • Employment opportunities 	<ul style="list-style-type: none"> • Environmental Impact • Social Development 	<ul style="list-style-type: none"> • Reduction of Carbon Footprint • Local Communities and Environment
Government and Regulators	<ul style="list-style-type: none"> • Annual Reports • SGX Quarterly announcements • Sustainability Reports • Ongoing dialogues and reporting to regulatory bodies in the respective countries 	<ul style="list-style-type: none"> • Environmental non-compliance • Compliance with Workplace Health and Safety regulations • Compliance with labour regulations in respective countries 	<ul style="list-style-type: none"> • Local Communities and Environment
Shareholders and Investors	<ul style="list-style-type: none"> • Annual Reports • Investor Relations Management • SGX Quarterly announcements • Sustainability Reports 	<ul style="list-style-type: none"> • Anti-corruption • Economic Performance • Environmental Impact • Health and Safety 	<ul style="list-style-type: none"> • Annual Report • Local Communities and Environment • Our People • Reduction of Carbon Footprint • Anti-Bribery and Corruption Policy

Reporting Practice

Our sustainability report is produced in accordance with the GRI standards “Core” option covering our Group’s performance from 1 January 2019 to 31 December 2019.

The GRI standards represent the global best practices for reporting on economic, environmental and social topics. The report also incorporates primary components of report content as set out by the SGX’s “Comply or Explain” requirements on sustainability reporting. The Group has assessed that external assurance is not required as the Group is laying the foundations for a sustainability reporting framework this year.

This report supplements the Company’s Annual Report 2019 and is available on SGXNet. Detailed section reference with GRI Standards is found at GRI Standards Content Index section of this report.

The Group's material topics are identified based on their impacts on our internal and external stakeholders, as outlined in the Stakeholders Engagement section.

As the Group has divested most of its O&G assets, the boundaries defined in the report only encompass our renewable energy business.

Material Topics	Boundaries (country or entity)
ECONOMIC	
Economic Performance	The Group
Market Presence	
Indirect Economic Impacts	
Anti-corruption	
ENVIRONMENTAL	
Energy	The Group
Emissions	
Biodiversity	
Environmental Compliance	
SOCIAL	
Employment	The Group
Diversity and Equal Opportunity	
Non-discrimination	
Local Communities	
Socioeconomic Compliance	

Reduction of Carbon Footprint

At the heart of the fight against climate change is the absolute and undeniable necessity for renewable and sustainable energy. Charisma prides itself in being at the forefront of that movement through bringing clean energy to the world for our future generations.

Energy and Emissions Management *(GRI 302-4, 305-1, 305-2)*

The nature of our business model largely contributes towards the reduction of the carbon footprint, as electricity generation from renewable energy sources replaces electricity generation from burning fossil fuels. By harnessing sustainable energy, we not only reduce harmful greenhouse gas emissions but also cut down the use of limited resources.

The Group's India and China solar plants were commissioned in December 2017 and January 2018 respectively, and had generated 277.1 GWh and 21.9 GWh in FY2019 respectively. The Group looks forward to a further contribution towards a greater renewable energy output and the resulting reduction of carbon footprint in 2020.

Climate Change: Opportunities and Risks (GRI 201-2)

The reliance on natural elements in the nature of our business is such that output can be subject to weather conditions. In 2016, Sri Lanka experienced one of the worst droughts in its history. This impacted our hydro power assets in the country and profitability suffered as a result.

However, the Group is of the view that while climate change poses challenges and potential risks, it brings about opportunities as well. The need for renewable energy will continue to rise.

As such we plan to continue to invest in projects that will help combat climate change and safeguard our planet for future generations.

Local Communities and Environment

Charisma works with nature, not against it. We also see local communities and the environment as enablers for our vision and mission to build a future for the world with renewable and sustainable energy.

Giving back to the community (GRI 203-2, 413-1, 413-2)

Charisma believes that community engagement is an integral part of our business sustainability. We are committed to being a responsible corporate citizen and we endeavor to give back to the community.

The jobs we create stimulate the local economy and support our commitment towards being a responsible corporate citizen. The Group also adopts a “hire local” policy in the countries we operate in.

Some of the CSR activities the Group have conducted include donating to children’s homes, hospitals and schools as well as providing aid for land slide victims. Our commitment towards the welfare of the community has aided us to capture the trust of many, since we deliver what we promise. Alongside community, we also focus on the environment through tree plantation projects aimed at preserving the environment. We continuously contribute towards fulfilling our CSR while also building strong relationships amongst communities based on mutual trust and passion towards a greener future.

The Group is also committed to making economic contributions to the countries in which it operates in through paying its fair share of corporate taxes to the governing bodies of the countries. We adhere strictly to the business framework set up in each country to ensure compliance to the business ethics of operations.

Flora and Fauna (GRI 304-1, 304-2, 304-3)

Our solar plants in India are located in the Rajasthan desert and do not require excessive water use, deforestation or vast areas of land to be cleared prior to installation.

Our hydro power assets are small and do not divert large bodies of water or harm marine wildlife. No chemicals are added to water during the process. Our dams (weirs) for mini hydro power plants are low and use run-of-the-river water without storage. The diversion of water is confined only from weir to power-house and thereafter water is returned to the original stream.

We also ensure strict adherence to all environmental flow regulations prior to the commencement of projects.

Social-Compliance (GRI 307-1, 406-1, 408-1, 409-1, 412-1, 419-1)

During FY2019, the Group had no incidents of non-compliance with environmental and socioeconomic laws and regulations.

These include labour laws in India, China and Sri Lanka that require us to comply with minimum wage, employee benefits as well as overtime compensation regulations, as well as other environmental, utilities, human rights and land laws.

Our People

The Group puts employees at the heart of the organisation, and understands the value and importance of its human capital.

Ensuring health and safety at our workplace is important to maintaining the value of our human assets. We strive to provide a safe working environment for our employees and to pursue the highest standards in workplace safety and health management and seek to cultivate a strong and enduring safety culture in the workplace with zero workplace accidents.

To protect the health and safety of our employees, the Group have implemented stringent policies and operational procedures to govern all our renewable activities. Strict compliance with these policies are enforced by the Group to protect our employees. We conduct regular maintenance of our solar and hydro plants to ensure safety of the users, primarily our operational staff. The Group also encourage all employees to treat workplace health and safety as a personal and collective responsibility.

The Group also conducted regular site visits by our staffs to gather feedback on areas of improvement from the operational members. Such feedback provide an avenue for us to understand our employees.

Our Workforce (GRI 401-1, 401-2, 401-3, 405-1)

Our staff are our most valuable assets and we appreciate that their overall well-being needs to be well looked after in order for them to sustain their performance and realise their full potential.

We train and groom our staff to equip them with the necessary skills for career development. We remunerate staff based on local market practices whilst adhering to local wage legislation, including minimum wages if applicable. The Group also conducted annual appraisal system where performance targets are set and performances are evaluated annually to rate their individual performance. Through various established processes of employees' engagement, such as employee's objective setting, performance review, as well as exit interviews in the case of resignations, we will be able to gather valuable feedback for the continuous improvement of the Group.

In addition, we have various schemes in place to ensure that our full time staff receive strong and competitive employee benefits aligned with local legislations and market practices. The Group believes in remunerating all employees fairly based on their ability and performance. Basic remuneration for women is equal and comparable to men of similar position and performance. We uphold the principle of employee fairness and equitable remuneration without placing gender into the equation.

We understand that workplace could be at times stressful due to the competitiveness of our business. To support our employees in their effort of pursuing excellence, we organise activities to balance their work with fun and to develop an environment and culture of mutual support.

Diversity and Equal Opportunity (GRI 405-1, 405-2)

The Group is committed to ensure that all staff are treated with dignity and respect. Staff are treated equally regardless of age, race or gender and are given opportunities to be stretched to their fullest potential. All employees are remunerated fairly and treated with respect. The Group has a diverse workforce comprising of people from a wide array of cultures, viewpoints and backgrounds. Our effective employment policies are based solely on merit and capability, regardless of age, gender, or nationality.

Our hiring policies ensure equal employment opportunities for all. New hires are considered based on individual competencies as well as organisational and job fit. In our commitment, we adopt fair and merit-based practices for recruitment, selection and promotion. The Group has zero tolerance on discrimination, sexual harassment and bullying, and it aims to attract and retain the best possible employees while at the same time to provide all our employees with a safe and respectful work environment. The Group also conducted regular site visits by our staffs to gather feedback on areas of improvement from the operational members. Such feedback provide an avenue for us to understand our employees.

We endeavour to provide employment opportunities for the local communities we operate in. For our regional operations outside of Singapore, 98% of employees are locals. We do not condone the engagement of child labour or forced labour in our work. Child labour and forced labour is strictly prohibited. We ensure that our operations comply with human rights policies and procedures, and we strictly abide to acceptable societal norms on how we carry out our work.

Non-Discrimination (GRI 406-1)

Our employment practices are non-discriminatory in nature and are based solely on job-related factors. Our employees are remunerated, employed and promoted based on performance, and the potential and willingness to take on higher responsibility or job scope, without reference to any distinction or preference made on the basis of race, national origin, religion, sex or marital status.

We adhere to provisions of national laws and regulations concerning discrimination wherever we operate. Our Company policies and procedures make qualifications, skills and experience the basis for the recruitment, placement, training and advancement of staff at all levels. If any discrimination is identified, guidelines are in place for the appropriate handling of any grievance cases to address complaints, handle appeals and provide recourse for employees.

SGX Five Primary Components Index

S/N	Primary Component	Section Reference
1	Material Topics	<ul style="list-style-type: none"> Reduction of Carbon Footprint Local Communities and Environment Our People
2	Policies, Practices and Performance	<ul style="list-style-type: none"> CEO's Message Charisma's Sustainability Story Anti-Bribery and Corruption Policy Reduction of Carbon Footprint Local Communities and Environment Our People
3	Board Statement	<ul style="list-style-type: none"> Governance and Statement of the Board
4	Targets	<ul style="list-style-type: none"> Sustainability Targets and Performance
5	Framework	<ul style="list-style-type: none"> Reporting Practice

GRI Standards Content Index

GRI Standards	Disclosure Content	Section Reference
102-1	Name of the organisation	Organisation Profile
102-2	Activities, brands, products, and services	Organisation Profile
102-3	Location of headquarters	Organisation Profile
102-4	Location of operations	Organisation Profile
102-5	Ownership and legal form	Organisation Profile
102-6	Markets served	Organisation Profile
102-7	Scale of the organisation	Organisation Profile
102-8	Information on employees and other workers	Organisation Profile
102-9	Supply chain	Organisation Profile
102-10	Significant changes to the organisation and its supply chain	Organisation Profile
102-11	Precautionary principle or approach	Governance and Statement of the Board
102-12	External initiatives	Organisation Profile
102-13	Membership of associations	Organisation Profile
102-14	Relevance of sustainability to the organisation and strategy for addressing sustainability	CEO's Message
102-16	Values, principles, standards, and norms of behaviour	Ethics and Integrity
102-17	Mechanisms for advice and concerns about ethics	Ethics and Integrity
102-18	Governance structure	Governance and Statement of the Board
102-40	List of stakeholder groups	Stakeholder Engagement
102-42	Identifying and selecting stakeholders	Stakeholder Engagement
102-43	Approach to stakeholder engagement	Stakeholder Engagement
102-44	Key topics and concerns raised	Stakeholder Engagement
102-46	Defining report content and topic boundaries	Reporting Practice
201-1	Direct economic value generated and distributed	Annual Report 2019
201-2	Financial implications & other risks & opportunities due to climate change	Reduction of Carbon Footprint
203-1	Infrastructure investments and services supported	Local Communities and Environment
203-2	Significant indirect economic impacts	Local Communities and Environment
205-1	Operations assessed for risks related to corruption	Anti-Bribery and Corruption Policy
205-2	Communication and training about anti-corruption policies and procedures	Anti-Bribery and Corruption Policy
205-3	Confirmed incidents of corruption and actions taken	Anti-Bribery and Corruption Policy
302-4	Reduction of Energy Consumption	Reduction of Carbon Footprint

GRI Standards	Disclosure Content	Section Reference
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Local Communities and Environment
304-2	Significant impacts of activities, products, and services on biodiversity	Local Communities and Environment
304-3	Habitats protected or restored	Local Communities and Environment
305-1	Direct greenhouse gas emissions	Local Communities and Environment
305-2	Energy indirect greenhouse gas emissions	Local Communities and Environment
307-1	Non-Compliance with Environmental regulations and laws	Local Communities and Environment
401-1	New employee hires and employee turnover	Our People
405-1	Diversity of governance bodies and employees	Our People
405-2	Ratio of basic salary and remuneration of women to men	Our People
406-1	Incidents of discrimination and corrective actions taken	Our People
408-1	Operations and suppliers at significant risk for incidents of child labour	Our People
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Our People
412-1	Operations that have subject to human rights reviews or impact assessments	Our People
413-1	Operations with local community engagement, impact assessments & development programs	Local Communities and Environment
413-2	Operation with significant actual & potential negative impacts on local communities	Local Communities and Environment
419-1	Non-compliance with laws and regulations in the social and economic areas	Local Communities and Environment