



Charisma Energy Services Limited
Sustainability Report
2018



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..... | 9 |
| Stakeholder Engagement..... | 9 |
| Reporting Practice..... | 11 |
| Reduction of Carbon Footprint | 12 |
| Local Communities and Environment..... | 13 |
| Our People | 14 |
| SGX Five Primary Components Index..... | 15 |
| GRI Standards Content Index | 15 |

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 (the "Group" or "Charisma") in respect of the financial year ended 31 December 2018 ("FY2018").

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 is 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 contribute to the reduction in the global carbon footprint and play a part in combating global warming.

Whilst tapping on nature's resources to deliver sustainable energy, the Group ensures our assets and operations do not harm the environment we work in 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. As we expand and grow, we hope to be able to create more job opportunities for locals in the operations of our plants.

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

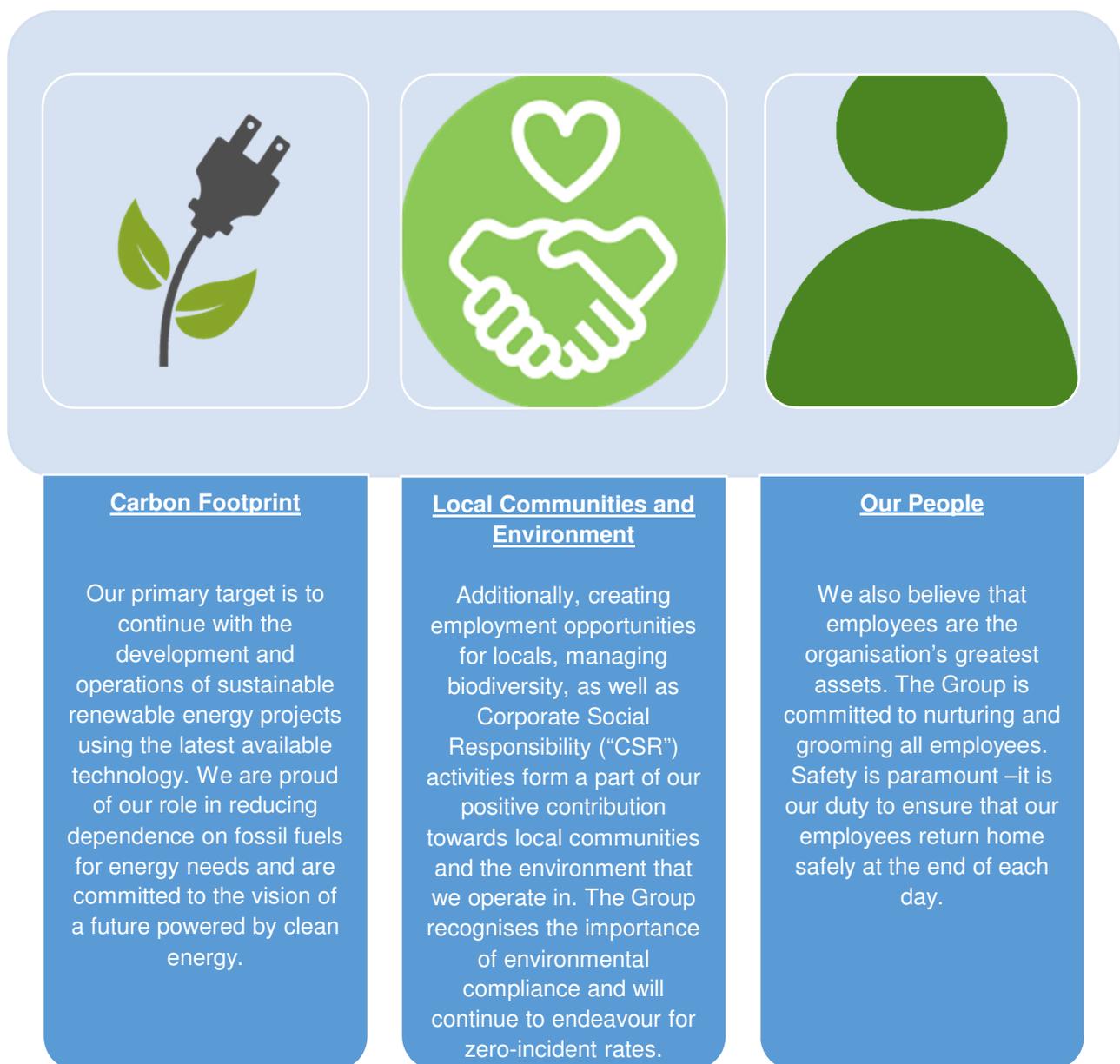
Charisma Sustainability Story

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



Organisation Profile



Company Name: Charisma Energy Services Limited

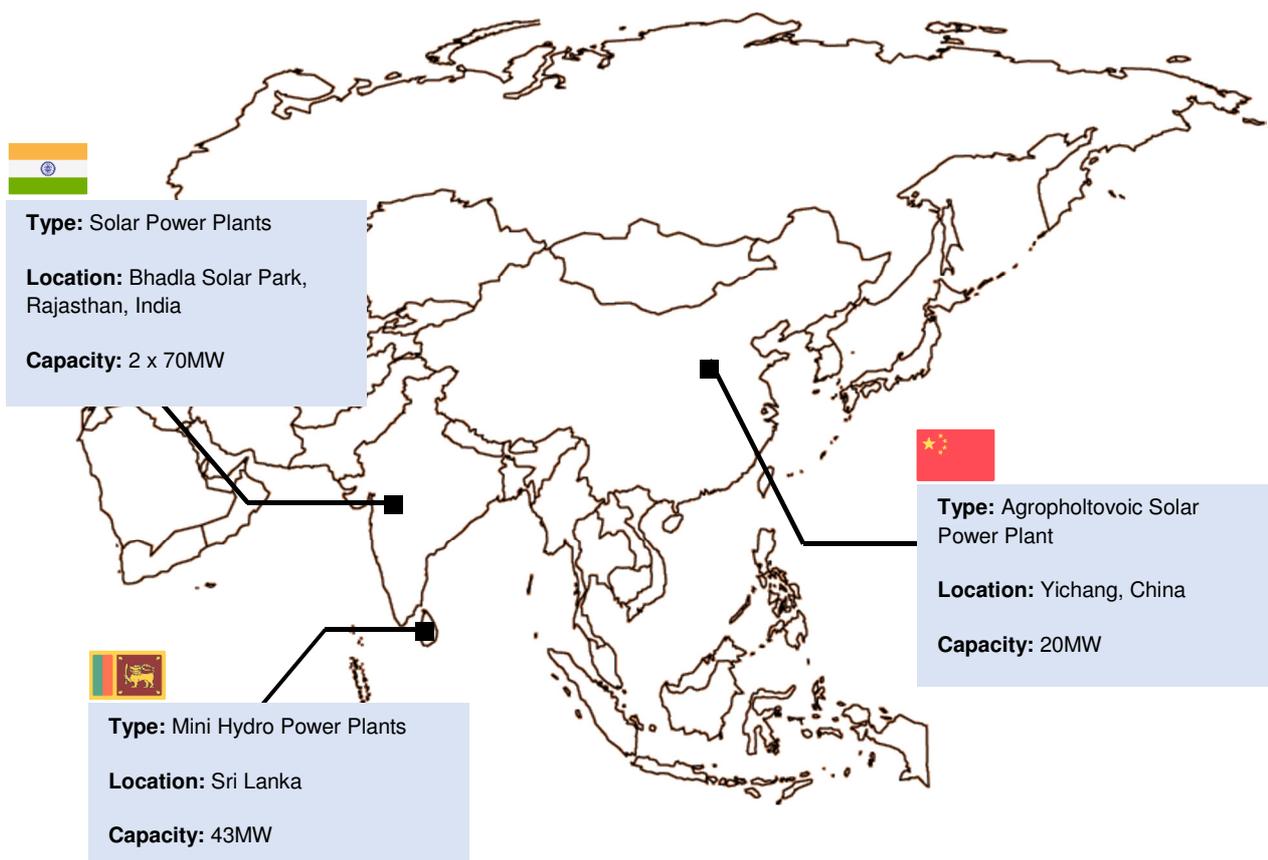
Founded: 1997

Listed: SGX Catalist Listed in 2010

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 operate 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

The Group has divested two of its O&G investments. 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 our financial performance.

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. 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 regularly basis or as and when they deem timely. The Group does not condone any bribery and actions of corruption by 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. For FY2018, there are no instances of confirmed incidents of corruption or any whistleblowing incidents.

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 our 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 FY2018 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 2018 for more information on corporate governance practices and risk management structure.

Sustainability Targets and Performance

Below is a summary of the Group's sustainability targets and performance during the reporting period. The Group intends to include further quantitative performance measures and targets in the future as we progressively strengthen our reporting framework.

Charisma's quantifiable cover Health and Safety, Corruption as well as compliance to environmental laws and regulations. During FY2018 there have been no negative incidents for the above areas reported. Our target for FY2019 is to keep the fatality incident / accident rates at zero for all the aforementioned areas. Please see below for a summary of our action plan to attain these targets.

| Material topics | Action plan |
|---|---|
| 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. |
| 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 also 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 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 to the GRI standards “**Core**” option covering our Group’s performance from 1 January 2018 to 31 December 2018.

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 the external assurance is not required as the Group is laying the foundations for a sustainability reporting framework this year.

This report supplements the Group’s 2018 Annual Report and is available on SGX. 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 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 301.9 MWh and 22.1 MWh in 2018 respectively. The Group looks forward to a further contribution towards a greater renewable energy output and the resulting reduction of carbon footprint in 2019.

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 benefit 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.

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 FY2018, 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.

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

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.

We uphold employee welfare and 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.

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.

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.

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.

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 | Annual Report 2018 |
| 102-2 | Activities, brands, products, and services | Annual Report 2018 |
| 102-3 | Location of headquarters | Annual Report 2018 |
| 102-4 | Location of operations | Annual Report 2018 |
| 102-5 | Ownership and legal form | Annual Report 2018 |
| 102-6 | Markets served | Annual Report 2018 |
| 102-7 | Scale of the organisation | Annual Report 2018 |
| 102-8 | Information on employees and other workers | Annual Report 2018 |
| 102-9 | Supply chain | Annual Report 2018 |
| 102-10 | Significant changes to the organisation and its supply chain | Annual Report 2018 |
| 102-11 | Precautionary principle or approach | Annual Report 2018 |
| 102-12 | External initiatives | Annual Report 2018 |
| 102-13 | Membership of associations | Annual Report 2018 |
| 102-14 | Relevance of sustainability to the organisation and strategy for addressing sustainability | Chairman'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 |
| 102-40 | List of stakeholder groups | Stakeholder Engagement |
| 102-42 | Identifying and selecting stakeholders | Stakeholder Engagement |
| 102-43 | Approach to stakeholder engagement | Stakeholder Engagement |

| GRI Standards | Disclosure Content | Section Reference |
|---------------|---|------------------------------------|
| 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 2018 |
| 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 |
| 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 |

| GRI Standards | Disclosure Content | Section Reference |
|---------------|---|-----------------------------------|
| 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 |