

BUILDING  
THE FOUNDATIONS FOR A  
**GREAT FUTURE**  
SUSTAINABILITY REPORT 2020



# Table of Contents

<b>1. Highlights</b> .....	<b>1</b>
1.1 Corporate profile .....	1
1.2 Message to stakeholders .....	1
1.3 Scope of sustainability report .....	2
1.4 Restatements .....	3
1.5 Sustainability contact .....	3
<b>2. Our approach to sustainability</b> .....	<b>4</b>
2.1 Sustainability organisational structure .....	4
2.2 Sustainability strategy .....	5
2.3 Consulting our stakeholders.....	6
2.4 Sustainability materiality.....	7
<b>3. Our performance</b> .....	<b>8</b>
3.1 How we measure our performance .....	8
3.2 Environmental sustainability.....	9
3.3 Regulatory compliance.....	12
3.4 Social contributions .....	14
<b>Appendix A: Sustainability scorecard</b> .....	<b>17</b>
<b>Appendix B: GRI content index</b> .....	<b>18</b>

# 1. Highlights

## 1.1 Corporate profile

Darco Water Technologies Limited (**Darco** or the '**Group**') and its subsidiaries is a provider of integrated engineering and knowledge-based water treatment solutions and waste water treatment.

Established in 1999, Darco is principally a systems integrator involved in the designing, building, operating and maintaining of water management processes that employ the membrane, ion exchange and thermal technologies.

Darco Water is always determined to make a positive impact to the environment by providing comprehensive solutions to our customers. As the economy developed, the Group diligently kept pace with the changing demands of different industries and strived to enhance its engineering capability in the environmental protection industry.

Today, apart from designing, manufacturing and servicing water and wastewater systems for a wide range of industries, including electronics, petrochemicals, pharmaceuticals and food and beverage, the Group has since evolved into an integrated environmental solutions provider.

With the Group's strong technology capabilities, the Group is well-poised for the next phase of accelerated growth. The Group aims to be the preferred partner of all potential customers within the environmental protection industry.



## 1.2 Message to stakeholders

On behalf of the Board of Directors of Darco Water Technologies Limited, I am pleased to present the Sustainability Report for the financial year ended 31 December 2020 (**FY2020**).

Darco is always determined to make a positive impact to the environment by providing comprehensive solutions to our customers. As the economy developed, the Group diligently kept pace with the changing demands of different industries and strived to enhance its engineering capability in the environmental protection industry.

Today, apart from designing, manufacturing and servicing water and wastewater systems for a wide range of industries, including electronics, power plants, petrochemicals, pharmaceuticals and food and beverage, the Group has since evolved into an integrated environmental solutions provider. We will continue to be committed to providing sustainable technologies and solutions to provide safeguard our water supply and environment for our future generations.

In FY2020, the coronavirus (**COVID-19**) pandemic led to an unprecedented global crisis, with many countries implementing restrictive measures to curb the spread of COVID-19. In particular, due to measures imposed in China, Malaysia and Singapore, the Group has experienced delays from suppliers, and face constraints in the workplace owing to the implementation of additional measures.

In the coming months, notwithstanding any material changes to the pandemic situation, the Group expects its business operations in China, Malaysia to remain challenging, which will have an adverse impact on the Group's financial year ending 31 December 2021. The Group will focus on the implementation of the Group's existing orderbook which was secured before the outbreak of COVID-19.

Meanwhile, the Group will continue to look for business opportunities in the EE Systems and WM Services industry by leveraging on our competitive edge and expertise to deliver top notch advanced solutions for water and waste management systems.

In addition, the Group will continue its efforts to diversify sources of revenue and procurement in order to remain resilient in the face of adversity and unexpected challenges. The Group will also monitor the everchanging pandemic situation and tweak our strategies accordingly.

In addition, we wish to confirm that the Board has considered sustainability issues as part of its strategic formulation. The Board has determined the material environmental, social and governance (**ESG**) factors and overseen the management in monitoring these material ESG factors.

As part of Darco's commitment to sustainable development, we will continue to strive to do business in a responsible way.

On behalf of the Board of Directors

**WANG YAOYU**

Executive Chairman



### 1.3 Scope of sustainability report

Unless otherwise stated, the scope of the report covers information on material sustainability aspects of Darco from 1 January 2020 to 31 December 2020, covering the following subsidiaries:

- Wuhan Kaidi Water Services Co., Ltd. (**Wuhan Kaidi**)
- Darco Water Systems Sdn. Bhd. (**DWS**)
- Darco Industrial Water Sdn. Bhd. (**DIW**)
- Grober Industrial Services Sdn. Bhd. (**GIS**)

This should sufficiently address stakeholders' concerns in relation to sustainability issues arising from the major business operations of the Group.

This report is prepared in accordance with the Global Reporting Initiative (**GRI**) Standards: Core Option as it provides a set of an extensive framework that is widely accepted as a global standard for sustainability reporting. It also considers the Sustainability Reporting Guide in Practice Note 7.6 of the Singapore Exchange Securities Trading Limited (**SGX-ST**) Listing Manual. In preparing our report, we applied the GRI's principles for defining report content and report quality by considering the Group's activities, impacts and substantive expectations and interests of its stakeholders.

The data and information provided within the report have not been verified by an independent third party. We have relied on internal data monitoring and verification to ensure accuracy.

### 1.4 Restatements

No restatements were made from the previous report.

### 1.5 Sustainability contact

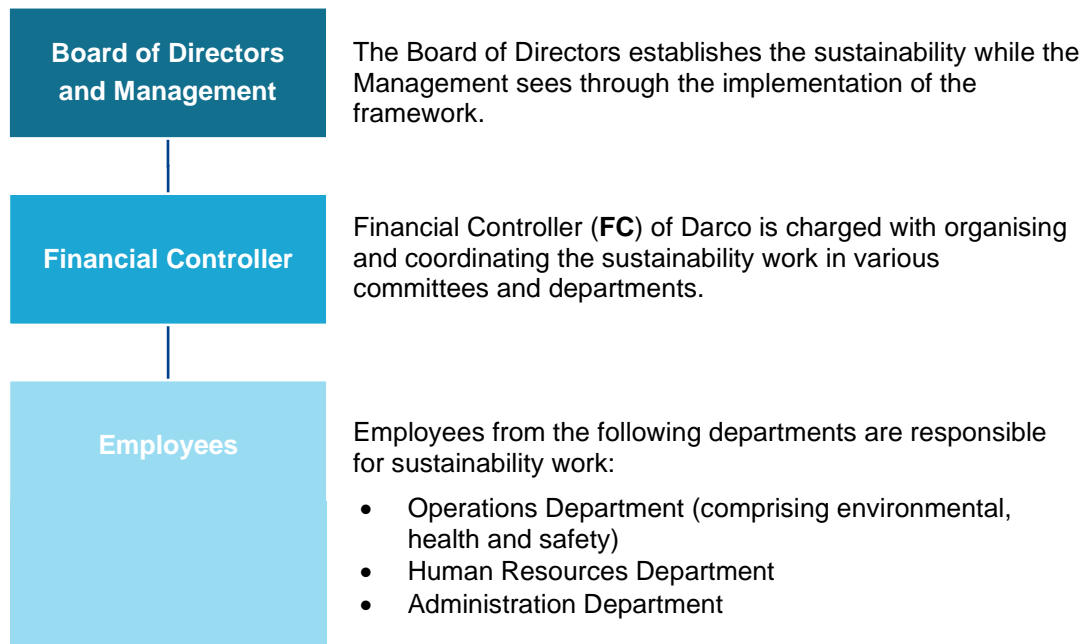
We welcome your views and feedback on our sustainability practices and reporting at [sr@darcowater.com](mailto:sr@darcowater.com).



## 2. Our approach to sustainability

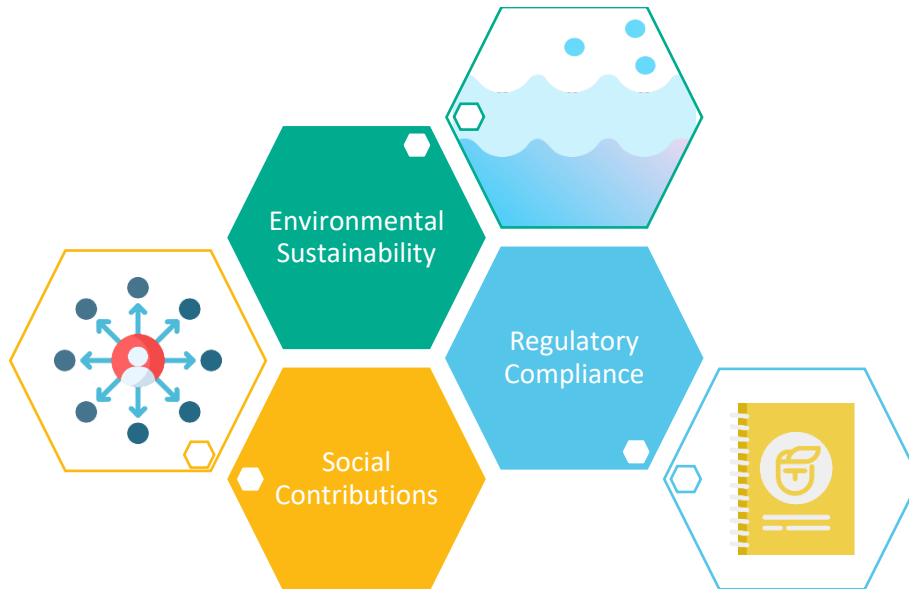
### 2.1 Sustainability organisational structure

Sustainability is a vital part of our corporate strategy for achieving long-term growth. The values we create for our people, the environment and society at large very much influence our financial performance. In order to better accommodate our sustainability goals and values, we have developed a sustainability organisational structure to move things forward.



## 2.2 Sustainability strategy

At the Group, our sustainability strategy aims to create integrated values. Together with disciplined execution of our strategy and a commitment to doing business responsibly, we commit to deliver value to all our stakeholders through the following:



The sustainable strategy is underpinned by our Employee Code of Conduct, which establishes a clear tone at the top with regards to employees' business and ethical conduct.

The strategy is also guided by external sources, including the Global Reporting Initiative Standards and Sustainability Reporting Guide in Practice Note 7.6 of the Singapore Exchange Listing Rules.

The rest of this report covers our progress and performance against each of these areas, and the impact we have on the economy, environment and society as a result.

## 2.3 Consulting our stakeholders

We recognise the need to continuously develop our responsible business approach in order to address growing stakeholder expectations around our impact on the economy, environment and society. As such, we periodically consult with our stakeholders to determine the issues that are most relevant to them and Darco.

An overview of our approach and rationale is set out below (with stakeholders listed in alphabetical order), together with the feedback we have received.

Stakeholders	How we listen	Why we do it	What you've told us
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Visit to customers' office</li> <li>• Telephone calls/ email</li> <li>• Progress meeting</li> <li>• Updates on research and development</li> </ul>	<ul style="list-style-type: none"> <li>• Consistently improve on technical and technology</li> <li>• Upgrade of project infrastructure and operation standard to exceed customers' expectations</li> </ul>	<ul style="list-style-type: none"> <li>• On-time delivery</li> <li>• Meet quality requirements</li> <li>• Progress of contract execution</li> <li>• Business continuity</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Employee feedback mailbox</li> <li>• Office Automation (OA) system</li> <li>• WeChat groups</li> <li>• Employee caring session</li> </ul>	<ul style="list-style-type: none"> <li>• Comply with manpower rules and regulations</li> <li>• Develop and maintain multiple communication channels to obtain feedback from employees</li> </ul>	<ul style="list-style-type: none"> <li>• Salary increment</li> <li>• Improve employee welfare and benefits</li> <li>• Business continuity</li> </ul>
<b>Government and regulators</b>	<ul style="list-style-type: none"> <li>• Visit to Government office</li> <li>• Understand industry regulation</li> <li>• Subscribe to Government website</li> <li>• Telephone calls</li> <li>• Training and meeting</li> <li>• Exchange meeting</li> <li>• Give suggestion via industry association</li> </ul>	<ul style="list-style-type: none"> <li>• Uphold the highest standards of corporate governance and ethical behaviour</li> <li>• Participate in government-related events</li> <li>• Timely submission and payment of taxes</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with SGX rulings and local laws and regulations</li> <li>• Fully understand all regulations applicable to the company</li> </ul>
<b>Suppliers/ business partners</b>	<ul style="list-style-type: none"> <li>• Visit to suppliers' office</li> <li>• Telephone calls/ emails</li> <li>• Audit inspection</li> <li>• Site survey</li> <li>• Supplier evaluation</li> <li>• Open tender</li> </ul>	<ul style="list-style-type: none"> <li>• Build strategic business relationship</li> <li>• Fair competition</li> <li>• Perform periodic supplier evaluation</li> </ul>	<ul style="list-style-type: none"> <li>• Timely payment</li> <li>• Adhere to agreement terms</li> <li>• Business continuity</li> </ul>

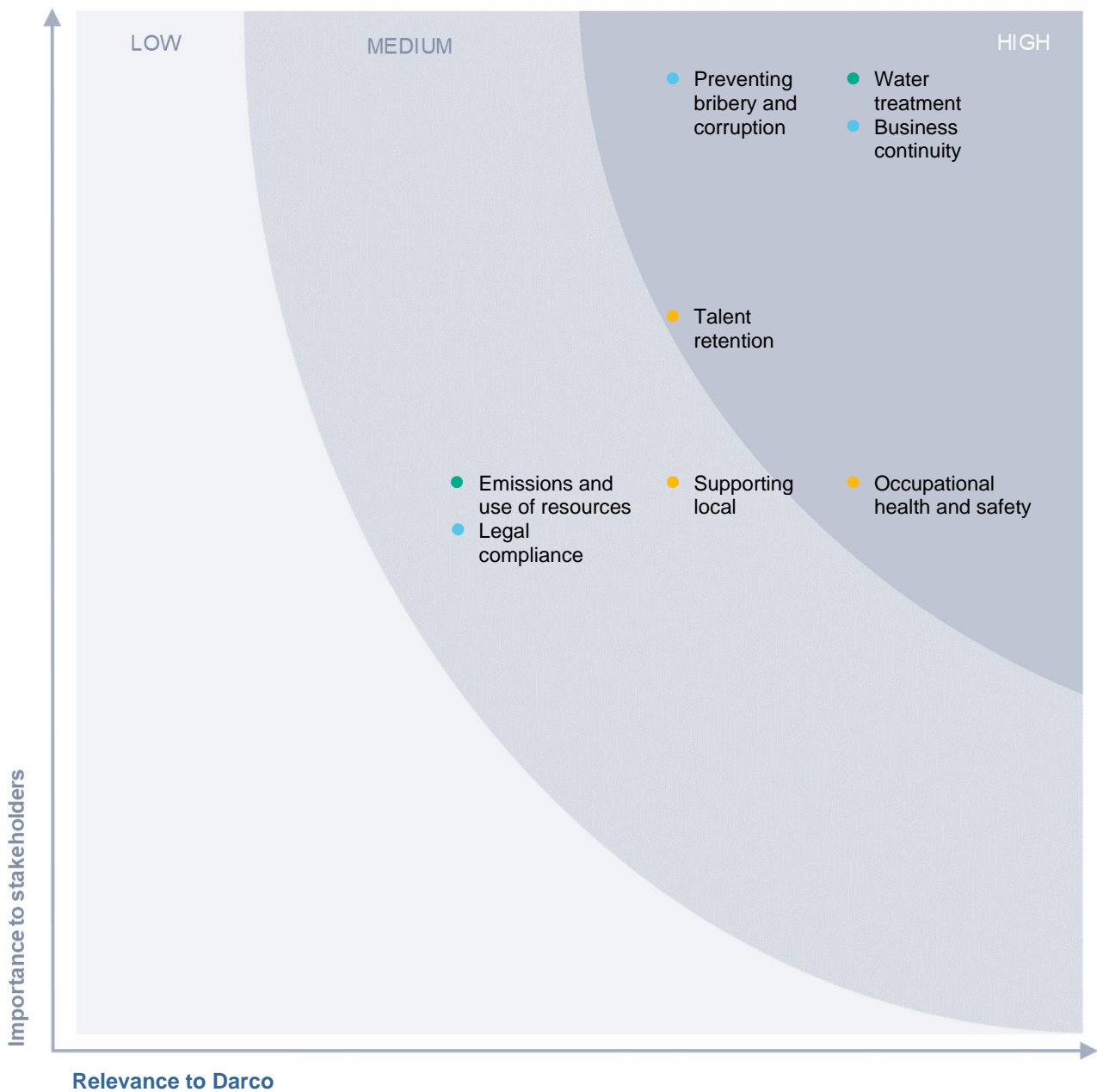


## 2.4 Sustainability materiality

Based on the stakeholder engagement, we developed our sustainability materiality matrix containing material aspects which are aligned with our principal business and operational risks, and formed our sustainability strategy which has shaped our approach to sustainability reporting, as illustrated in the diagram below.

We have also developed metrics to help us measure our progress, as indicated in our sustainability scorecard in **Appendix A**. We will review and adjust the matrix each year, as the external and business context changes.

The aspect boundaries ‘within’ the organisation are limited to Darco, Kaidi, DWS, DIW, and GIS, whereas the aspect boundaries ‘outside’ the organisation include customers, employees, government and regulators and suppliers and business partners.



## 3. Our performance

### 3.1 How we measure our performance

Our sustainability strategy is embedded into the appropriate parts of our business, with dedicated teams for each focus area, and coordination by our relevant departmental managers.

Progress will be tracked in two key ways: measuring performance against metrics, and evaluating how well the programmes have advanced through a series of 'commitments'.

#### Metrics and targets






We have established key performance indicators for each of the three focus areas outlined in our sustainability strategy. Periodically, we plan to introduce new metrics and update targets to ensure alignment with our strategy.

#### Commitments

To ensure we have a robust sustainability programme in place, we have included the key commitments for each area of our sustainability strategy. The progress we have made against each key commitment is indicated using the symbols shown in the table below.

We track and review our sustainability programme with the Board of Directors at least once a year.

#### Symbols used to indicate progress against commitments

Symbol	Meaning
	New commitment this year
	Not started
	In progress
	Complete
	Ongoing commitment: no end date

## 3.2 Environmental sustainability

### Overview

We are committed to providing world-class water management services that add tangible value to the communities we serve and to operate. We strive to maintain those facilities with a strong emphasis on the triple bottom line of economy, environment and society.

### Water treatment

Water is the source of life. It is necessary to ensure that wastewater is properly treated and clean drinking water is available to the people. We focus on the needs of the people and strive to solve the water supply problem by extending our business scope and investing in technologies to treat wastewater and provide people with safe drinking water.

The main business areas of the Group are as follows:

- Industrial water treatment, including desalinated water treatment, reclaimed water reuse, pure water preparation, condensed water treatment, seawater desalination.
- Industrial wastewater treatment, including treatment of industrial wastewater to achieve standard or zero discharge,
- Municipal water supply and drainage, including municipal tap water, municipal sewage, landfill leachate treatment.

We have completed more than 600 water treatment projects in the power, municipal, steel metallurgy, petrochemical, coal chemical, paper, food, pharmaceutical and other industries.

We also have more than 20 proprietary and patented technologies with independent intellectual property rights, and recently introduced condensate cone separation technology from the United Kingdom and evaporation crystallisation technology from the United States.

In addition, we have established strategic partnerships with many colleges and universities and well-known enterprises in the water industry, and has established a leading market position and outstanding competitive advantages in the field of water treatment.

In FY2020, the Group is fully compliant with environmental laws and regulations in the countries that we operate in.

As part of our strategy, we seek to continue to be fully compliant with environmental laws and regulations in the countries that we operate in, with zero environmental incidents and zero fines on contravention of environmental regulations.

### FY2020 Performance

# 0

Environmental incidents

# \$0

Fines on contravention of environmental regulations

# 786tCO<sub>2</sub>e

Carbon footprint

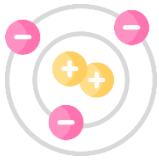
# 63m<sup>3</sup>

Water consumption

# 720kg

Paper recycled and reused

## Project highlights



### *Deionized Water Treatment*

The Group’s subsidiary, DIW, entered into a deionized water system project worth RM9.3 million for an electronics manufacturer in Johor, Malaysia. Upon completion, the water system will be able to provide a cumulative total of 230 m<sup>3</sup>/h of deionized water for the washing of electronic boards in the client’s manufacturing process.



### *Water Treatment*

The Group’s subsidiary, Kaidi, entered into a water treatment contract worth RMB26.5 million for a 1.2 million tonnes/year propane dehydrogenation/ high-performance polypropylene project in Dongguan, China.

Upon completion, it is expected that this will help fill the gap in high-performance polypropylene production capacity in the Guangdong-Hong Kong-Macao Greater Bay Area, providing high-end manufacturers in the region with quality polymer raw materials and clean energy, and effectively contributing to the development of the Guangdong-Hong Kong-Macao Greater Bay Area, Shenzhen Pilot Demonstration Zone and Guangzhou-Shenzhen-Hong Kong-Macao Science and Technology Innovation Corridor.

## Emissions and use of resources



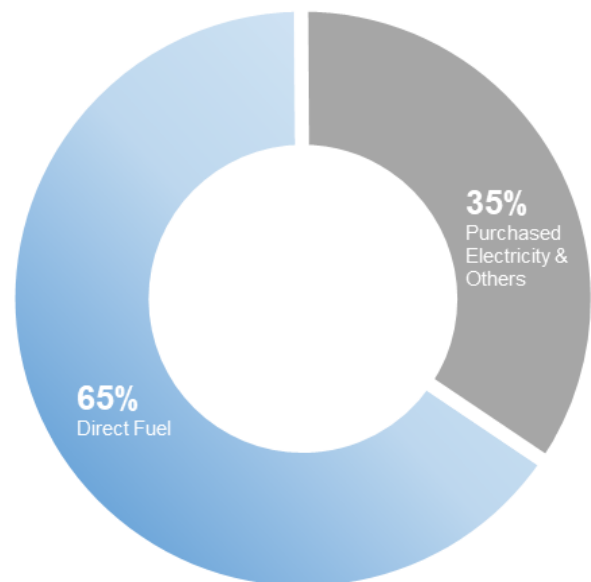
### *Managing our carbon footprint*

We are committed to positive action on climate change and dedicated to reducing the carbon emission in our daily operations. To determine the carbon footprint, we collect energy usage data from each our businesses and then calculate our total annual greenhouse gas emissions.

In FY2020, we recorded a total carbon footprint of 786 tonnes carbon dioxide emission (tCO<sub>2</sub>e). The emission mainly arises from fuel consumption which accounted for more than 65% of the total carbon emission of Darco.

Carbon footprint decreased 31% from the previous year due to decrease in transport fuel consumption and purchased electricity across the Group as a result of restrictions due to COVID-19.

The Group established procedures to reduce energy consumption, to assess energy efficiency, to increase the use of clean energy, for e.g. to ensure power is turned off when electrical appliances are not in use.



We follow the Greenhouse Gas Protocol established by the World Resources Institute and the World Business Council for Sustainable Development, the standard manual for measuring corporate greenhouse gas emissions. Using the “control method”, we include 100% of the emissions associated with businesses which we directly control. Our carbon footprint includes:

- All fuels used directly by our companies (Scope 1 emissions)
- All purchased electricity used in our companies (Scope 2 emissions)
- Impact of business air travel (optional Scope 3 emissions)

We will continue to track and monitor the Group's performance on managing carbon footprint and report our improvement every year.



#### *Water consumption*

The Group's water consumption is mainly from domestic water use. In FY2020, the total water consumption of the Group was 63 m<sup>3</sup>, representing a 12% decrease from the previous year. To further improve the utilisation efficiency of water resources, the Group adopted the following practices:

- Place posters on 'Saving Water' to encourage water conservation
- Strengthen inspection and maintenance on water taps and fixing dripping taps immediately to avoid wastage
- Use water saving equipment



#### *Paper recycling*

Recyclable waste in the Group's offices mainly comprise of paper. In FY2020, the total weight of paper recycled by the Group is 720 kg, representing a 173% increase from the previous year. We strive to reduce paper waste at source by adopting the following practices:

- Think before print
- Set duplex printing as the default mode for most network printers
- Use email to reduce fax paper consumption
- Separate single-sided paper and double-sided paper for better recycling
- Use the back of old single-sided documents for printing or as draft paper

## Commitments: Environmental sustainability

### Full compliance with environmental laws and regulations

#### Achievements

- Achieved zero environmental incidents and zero fines on contravention of environmental regulations in the countries we operate in.

#### FY2020 progress

- We are fully compliant with the environmental laws and regulations in the countries that we operate in, with zero environmental incidents and zero fines on contravention of environmental regulations.

### 3.3 Regulatory compliance

#### Overview

To maintain a fair, ethical and efficient business and working environment, Darco strictly adheres to the local laws and regulations relating to anti-corruption and bribery, irrespective of the area or country where the Group conducts its business.

#### Legal compliance

In FY2020, the Group, through its Company Secretary, has updated the Board on relevant new laws and regulations affecting the Company. From time to time, and through Board meetings and other meetings, both formal and informal, our Chief Executive Officer (**CEO**) has been advising our Directors of the changing commercial and business risks faced by our Company.

The Directors are also updated regularly with changes to the SGX-ST Listing Rules, risk management, corporate governance, insider trading and the key changes in the relevant regulatory requirements and financial reporting standards and the relevant laws and regulations to facilitate effective discharge of their fiduciary duties as Board or Board Committees members. New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority (**ACRA**) which are relevant to the Directors are circulated to the Board by the Company Secretary.

The Directors are encouraged to attend seminars and receive training to improve themselves in the discharge of Directors' duties and responsibilities. Changes to regulations and accounting standards are monitored closely by the Management. To keep pace with such regulatory changes, the Company provides opportunities for ongoing education and training on Board processes and best practices as well as updates on changes in legislation and financial reporting standards, regulations and guidelines from the SGX-ST Listing Rules that affect the Company and/or the Directors in discharging their duties. Such training costs are borne by the Company.

In FY2020, the Group was not in violation of any of the relevant laws and regulations in the countries that we operate in, in relation to bribery, extortion, fraud and money laundering that have a significant impact on the Group.

As part of our strategy, we seek to continue to be fully compliant with relevant laws and regulations in the countries that we operate in, in relation to bribery, extortion, fraud and money laundering that have a significant impact on the Group.

#### Preventing bribery and corruption

The Group prohibits all forms of bribery and corruption. The Group requires all employees to strictly abide by professional ethics and eliminate any corruption and bribery. All employees are expected to discharge their duties with integrity, to act fairly and professionally, and to abstain from engaging in bribery activities or any activities, which might exploit their positions against the Group's interests.

Whistle-blowers can report verbally or in writing to the senior management of the Group for any suspected misconduct with full details and supporting evidence. The management will conduct investigations against any suspicious or illegal behaviour to protect the Group's interests. The Group advocates a confidentiality mechanism to protect the whistleblowers against unfair dismissal or victimisation. Where criminality is suspected, a report is made to the relevant regulators or law enforcement authorities when the management considers necessary.

In addition, the staff handbook lays out the Group's expectation and guiding provisions on code of conduct. The Group encourages employees, customers, suppliers, or other parties to report incidents relating to any conflicts of interest, extortion, bribery, fraud and money laundering.

#### FY2020 Performance

# 0

Regulatory and compliance incidents

# \$S\$

Fines on contravention of laws and regulations

## Business continuity

In FY2020, the COVID-19 pandemic led to an unprecedented global crisis, with many countries implementing restrictive measures to curb the spread of COVID-19. In particular, due to measures imposed in China, Malaysia and Singapore, the Group has experienced delays from suppliers, and face constraints in the workplace owing to the implementation of additional measures.

In the coming months, notwithstanding any material changes to the pandemic situation, the Group expects its business operations in China, Malaysia to remain challenging, which will have an adverse impact on the Group's financial year ending 31 December 2021. The Group will focus on the implementation of the Group's existing orderbook which was secured before the outbreak of COVID-19.

Meanwhile, the Group will continue to look for business opportunities in the EE Systems and WM Services industry by leveraging on our competitive edge and expertise to deliver top notch advanced solutions for water and waste management systems.

In addition, the Group will continue its efforts to diversify sources of revenue and procurement in order to remain resilient in the face of adversity and unexpected challenges. The Group will also monitor the everchanging pandemic situation and tweak our strategies accordingly.

We will monitor the local situation and will put in place the above practices and any additional controls as required by the local governments (e.g. quarantine measures, stop work orders) where applicable.

As the current COVID-19 situation continues to develop, we shall keep a close eye on our operations, and announce any material changes to our business performance to shareholders timely, as and when appropriate.

## Commitments: Regulatory compliance

**Full compliance with relevant laws and regulations in the countries that we operate in**

### Achievements

- Achieved full compliance with relevant laws and regulations in the countries that we operate in.

### FY2020 progress

- The Group was not in violation of any of the relevant laws and regulations in the countries that we operate in, in relation to bribery, extortion, fraud and money laundering that have a significant impact on the Group.



## 3.4 Social contributions

### Overview

People are the cornerstone of our businesses. One of our most important and fundamental responsibilities lies in respecting and protecting the rights of all employees. Creating an environment where every employee can maintain both physical and mental health is essential to ensuring that they can maximise their potential.

### Occupational health and safety

We are committed to maintaining a healthy and safe workplace for employees, and to preventing workplace injuries and illnesses. As noted above, we conducted periodic trainings to improve quality, environment, occupational health and safety awareness of the company's staff, and to further standardise the Group's operation.

In FY2020, the Group has no instances of serious incidents. As part of our strategy, we have committed to maintain our record of zero serious incidents on an ongoing basis.

### Talent retention

Personal and professional development is an ongoing journey. The Group considers an effective learning and development program to be a critical part of keeping our employees motivated and encouraging them to build a strong sense of loyalty and pride towards our business.

### FY2020 Performance

**0**

Serious incidents

**5**

Training hours per staff

**33%**

Employee turnover

**17%**

Female representation in workforce

**47%**

Purchases from local suppliers



### *Training and development*

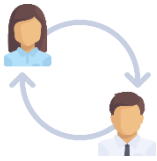
The Group conducts regular training for our employees to improve quality, environment, occupational health and safety awareness of our staff, and to further standardise the company's operation. The training comprised of the following:

- Quality management requirements
- Environmental management requirements and environmental awareness training
- Occupational health and safety management requirements and safety awareness training
- Environmental factors identification and evaluation
- Hazard identification and risk assessment

Through our training and education programme, we are developing people, improving their employability and growing their careers in the engineering industry.

In FY2020, the Group invested an average of 5 hours of training on each employee. As part of our strategy, we have committed to achieve a minimum of 8 hours of training per employee on an ongoing basis.





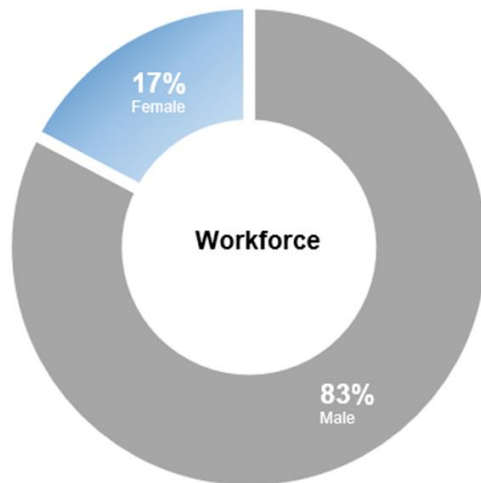
*Equal opportunity*

We endeavour to be an equal opportunity employer to provide a fair workplace for employees, following the principles of equality and non-discrimination. Recruitment, remuneration, promotion, and benefits are required to be handled based on objective assessment, equal opportunity and non-discrimination regardless of gender, race, marital status, pregnancy, disability, age or family status.

The Group attracts talent through fair, and flexible recruitment strategy that includes recruitment application, job description, job applications, interview, selection, approval, and job offer. Promotion is based on performance and suitability.

The Group offers competitive remuneration to attract and retain talented staff members. Remuneration packages (which includes the necessary social benefits) are reviewed periodically to ensure consistency with employment market. Dismissal also complies with employment laws and regulations relating to non-discrimination.

In FY2020, female employees comprise 17% of our entire workforce, with female representation in management at 20%. We will continue to track and monitor female representation in our workforce and report these statistics every year.



*Encouraging work-life balance*

To enhance employee teamwork and cohesion, improve employee health and improve employee work-life balance, the Group has been organising periodic employee gatherings during major festivals, departmental sports competitions and annual orientation for new staff prior to the outbreak of COVID-19. We are hopeful that these activities will be resumed in the near future when the situation improves.

## Supporting local

Procurement is decentralised and each subsidiary is responsible for selection of its own vendors. While some procurement decisions are controlled by the customer, others are usually based on price, availability and reliability of vendors.

Where possible, we seek to create long-term economic benefits for our communities through supplier development, supporting a reliable local supply network to drive economic growth. The Group also benefits from trade with local suppliers due to shorter delivery time, better technical support and transport savings from local instead of overseas deliveries.

All of our suppliers and contractors must adhere to our requirements regarding safety, health, security and the environment, as well as the principles of our Standards of Business Conduct. We are also focused on developing local businesses through regular meetings with them to ensure they are aware of the opportunities created by our projects and understand our requirements.

In FY2020, 47% of all purchases from the Group were from local suppliers. As part of our strategy, we have committed to source at least 40% of our purchases locally.

## Commitments: Social contributions

**Full compliance with relevant laws and regulations in the countries that we operate in**

### Achievements

- Achieved full compliance with relevant laws and regulations in the countries that we operate in.

### FY2020 progress

- The Group was not in violation of any of the relevant laws and regulations in the countries that we operate in, in relation to bribery, extortion, fraud and money laundering that have a significant impact on the Group.

**Achieve minimum of 8 hours of training per employee**

### Training hours per employee (Hours)



### FY2020 progress

- The Group invested an average of 5 hours of training on each employee.
- As part of our strategy, we have committed to achieve a minimum of 8 hours of training per employee on an ongoing basis.

**Source at least 40% of our purchases locally**

### Purchases sourced locally (%)



### FY2020 progress

- The Group sourced 47% of our purchases locally.
- As part of our strategy, we have committed to source at least 40% of our purchases locally.

## Appendix A: Sustainability scorecard

### Financial results

Performance indicators	Units	FY2018	FY2019	FY2020
Revenue (from subsidiaries in scope)	S\$m	74.9	59.7	66.9

### Production safety

Performance indicators	Units	FY2018	FY2019	FY2020
Production stoppage due to safety incidences	Number	0	0	0
Serious incidents	Number	0	0	0
Workplace injuries	Number	0	0	4

### Environmental sustainability

Performance indicators	Units	FY2018	FY2019	FY2020
Environmental incidents	Number	0	0	0
Fines on contravention of environmental regulations	S\$'000	0	0	0
Carbon footprint	tCO <sub>2</sub> e	967	1,142	786
Water consumption	m <sup>3</sup>	51	71	63
Paper recycled	kg	199	264	720

### Regulatory compliance

Performance indicators	Units	FY2018	FY2019	FY2020
Regulatory and compliance incidents	Number	0	0	0
Non-compliance with laws and/or regulations which resulted in significant fines and non-monetary sanctions	Number	0	0	0

### Social contributions

Performance indicators	Units	FY2018	FY2019	FY2020
Training hours per employee	Hours	6	4	5
Employee turnover	Percentage	25	25	33
Female representation in workforce	Percentage	20	18	17
Female representation in management	Percentage	19	20	20
Purchases from local suppliers	Percentage	42	37	47

## Appendix B: GRI content index

### GRI Standards Content Index

The GRI Content Index references the Darco Water Technologies Limited Sustainability Report 2020 (SR), the Annual Report 2020 (AR) and the Darco Corporate Website (Web).

Disclosure number	Disclosure title	Page reference and remarks	
<b>GRI 102: General disclosures</b>			
<b>Organisational profile</b>	102-1	Name of organisation	<ul style="list-style-type: none"> <li>AR: Corporate Profile (Page 2)</li> </ul>
	102-2	Activities, brands, products, and services	<ul style="list-style-type: none"> <li>AR: Corporate Profile (Page 2)</li> </ul>
	102-3	Location of headquarters	<ul style="list-style-type: none"> <li>AR: Group Structure (Page 13)</li> </ul>
	102-4	Location of operations	<ul style="list-style-type: none"> <li>AR: Operations Review (Pages 10-12)</li> <li>AR: Group Structure (Page 13)</li> <li>AR: Our Regional Presence (Page 15)</li> <li>Web: <a href="https://darcowater.com/company-info/contact-us">https://darcowater.com/company-info/contact-us</a></li> </ul>
	102-5	Ownership and legal form	<ul style="list-style-type: none"> <li>AR: General Information – Note 1 to the Financial Statements (Page 77)</li> </ul>
	102-6	Markets served	<ul style="list-style-type: none"> <li>AR: Group Structure (Page 13)</li> <li>AR: Segment Information – Note 27 to the Financial Statements (Pages 140-147)</li> </ul>
	102-7	Scale of organisation	<ul style="list-style-type: none"> <li>AR: Corporate Profile (Page 2)</li> <li>AR: Group Structure (Page 13)</li> </ul>
	102-8	Information on employees and other workers	<ul style="list-style-type: none"> <li>SR: Social Contributions (Pages 14-16)</li> </ul>
	102-9	Supply chain	<ul style="list-style-type: none"> <li>SR: Social Contributions (Pages 14-16)</li> </ul>
	102-10	Significant changes to the organisation and its supply chain	<ul style="list-style-type: none"> <li>Web: <a href="https://darcowater.com/About%20Darco/company-info/our-business">https://darcowater.com/About%20Darco/company-info/our-business</a></li> </ul>
	102-11	Precautionary Principle or approach	<ul style="list-style-type: none"> <li>AR: Corporate Governance Report (Pages 17-58)</li> </ul>
	102-12	External initiatives	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>
	102-13	Membership of associations	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>
<b>Strategy</b>	102-14	Statement from senior decision-maker	<ul style="list-style-type: none"> <li>AR: Chairman's Statement (Pages 3-5)</li> <li>Web: <a href="https://darcowater.com/Investor%20Information/company-info/chairman-statement">https://darcowater.com/Investor%20Information/company-info/chairman-statement</a></li> </ul>
	102-15	Key impacts, risks, and opportunities	<ul style="list-style-type: none"> <li>AR: Corporate Profile (Page 2)</li> <li>AR: Independent Auditor's Report (Pages 63-68)</li> </ul>
<b>Ethics and integrity</b>	102-16	Values, principles, standards, and norms of behavior	<ul style="list-style-type: none"> <li>SR: Sustainability Strategy (Page 5)</li> <li>Web: <a href="https://darcowater.com/About%20Darco/company-info/our-mission">https://darcowater.com/About%20Darco/company-info/our-mission</a></li> </ul>
	102-17	Mechanisms for advice and concerns about ethics	<ul style="list-style-type: none"> <li>AR: Corporate Governance Report (Pages 17-58)</li> </ul>
<b>Governance</b>	102-18	Governance structure	<ul style="list-style-type: none"> <li>AR: Corporate Governance Report (Pages 17-58)</li> </ul>
	102-19	Delegating authority	<ul style="list-style-type: none"> <li>AR: Corporate Governance Report (Pages 17-58)</li> </ul>

Disclosure number	Disclosure title	Page reference and remarks	
102-20	Executive-level responsibility for economic, environmental, and social topics	<ul style="list-style-type: none"> <li>SR: Sustainability Organisational Structure (Page 4)</li> </ul>	
102-21	Consulting stakeholders on economic, environmental, and social topics	<ul style="list-style-type: none"> <li>SR: Consulting Our Stakeholders (Page 6)</li> </ul>	
102-22	Composition of the highest governance body and its committees	<ul style="list-style-type: none"> <li>AR: Corporate Governance Report (Pages 17-58)</li> </ul>	
102-23	Chair of the highest governance body	<ul style="list-style-type: none"> <li>AR: Corporate Governance Report (Pages 17-58)</li> </ul>	
102-24	Nominating and selecting the highest governance body	<ul style="list-style-type: none"> <li>AR: Corporate Governance Report (Pages 17-58)</li> </ul>	
102-25	Conflicts of interest	<ul style="list-style-type: none"> <li>AR: Corporate Governance Report (Pages 17-58)</li> <li>AR: Directors' Statement (Pages 59-62)</li> <li>SR: Sustainability Strategy (Page 5)</li> </ul>	
102-26	Role of highest governance body in setting purpose, values, and strategy	<ul style="list-style-type: none"> <li>AR: Corporate Governance Report (Pages 17-58)</li> </ul>	
102-27	Collective knowledge of highest governance body	<ul style="list-style-type: none"> <li>AR: Corporate Governance Report (Pages 17-58)</li> </ul>	
102-28	Evaluating the highest governance body's performance	<ul style="list-style-type: none"> <li>AR: Corporate Governance Report (Pages 17-58)</li> </ul>	
102-29	Identifying and managing economic, environmental, and social impacts	<ul style="list-style-type: none"> <li>SR: Sustainability Materiality (Page 7)</li> </ul>	
102-30	Effectiveness of risk management processes	<ul style="list-style-type: none"> <li>AR: Corporate Governance Report (Pages 17-58)</li> </ul>	
102-31	Review of economic, environmental, and social topics	<ul style="list-style-type: none"> <li>SR: Sustainability Report (Pages 1-21)</li> </ul>	
102-32	Highest governance body's role in sustainability reporting	<ul style="list-style-type: none"> <li>SR: Sustainability Organisational Structure (Page 4)</li> </ul>	
102-33	Communicating critical concerns	<ul style="list-style-type: none"> <li>SR: Sustainability Materiality (Page 7)</li> </ul>	
102-34	Nature and total number of critical concerns	<ul style="list-style-type: none"> <li>SR: Sustainability Materiality (Page 7)</li> </ul>	
102-35	Remuneration policies	<ul style="list-style-type: none"> <li>AR: Corporate Governance Report (Pages 17-58)</li> </ul>	
102-36	Process for determining remuneration	<ul style="list-style-type: none"> <li>AR: Corporate Governance Report (Pages 17-58)</li> </ul>	
102-37	Stakeholders' involvement in remuneration	<ul style="list-style-type: none"> <li>AR: Corporate Governance Report (Pages 17-58)</li> </ul>	
102-38	Annual total compensation ratio	<ul style="list-style-type: none"> <li>AR: Corporate Governance Report (Pages 17-58)</li> </ul>	
102-39	Percentage increase in annual total compensation ratio	<ul style="list-style-type: none"> <li>AR: Corporate Governance Report (Pages 17-58)</li> </ul>	
<b>Stakeholder engagement</b>	102-40	List of stakeholder groups	<ul style="list-style-type: none"> <li>SR: Consulting Our Stakeholders (Page 6)</li> </ul>
	102-41	Collective bargaining agreements	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>

Disclosure number	Disclosure title	Page reference and remarks	
102-42	Identifying and selecting stakeholders	• SR: Consulting Our Stakeholders (Page 6)	
102-43	Approach to stakeholder engagement	• SR: Sustainability Strategy (Page 5)	
102-44	Key topics and concerns raised	• SR: Consulting Our Stakeholders (Page 6)	
<b>Reporting practice</b>	102-45	Entities included in the consolidated financial statements	• AR: Investment in Subsidiaries – Note 6 to the Financial Statements (Pages 109-128)
	102-46	Defining report content and topic Boundaries	• SR: Sustainability Materiality (Page 7)
	102-47	List of material topics	• SR: Sustainability Materiality (Page 7)
	102-48	Restatements of information	• SR: Restatements (Page 3)
	102-49	Changes in reporting	• Not applicable
	102-50	Reporting period	• SR: Scope of Sustainability Report (Page 3)
	102-51	Date of most recent report	• SR: Scope of Sustainability Report (Page 3)
	102-52	Reporting cycle	• Annual
	102-53	Contact point for questions regarding the report	• SR: Sustainability Contact (Page 3)
	102-54	Claims of reporting in accordance with the GRI Standards	• SR: Scope of Sustainability Report (Page 3)
	102-55	GRI content index	• SR: GRI Content Index (Pages 18-21)
	102-56	External assurance	• No external assurance
<b>GRI 200: Economic disclosures (applicable sections only)</b>			
<b>Economic performance</b>	201-1	Direct economic value generated and distributed	• SR: Sustainability Scorecard (Page 17)
<b>Procurement practices</b>	204-1	Proportion of spending on local suppliers	• SR: Social Contributions (Pages 14-16)
<b>Anti-corruption</b>	205-3	Confirmed incidents of corruption and actions taken	• SR: Regulatory Compliance (Pages 12-13)
<b>Anti-competitive behavior</b>	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	• SR: Regulatory Compliance (Pages 12-13)
<b>GRI 300: Environment disclosures (applicable sections only)</b>			
<b>Energy</b>	302-1	Energy consumption within the organisation	• SR: Environmental Sustainability (Page 9-11)
	302-3	Energy intensity	• SR: Environmental Sustainability (Page 9-11) • SR: Sustainability Scorecard (Page 17)
	302-4	Reduction of energy consumption	• SR: Environmental Sustainability (Page 9-11)
<b>Water</b>	303-1	Water withdrawal by source	• SR: Environmental Sustainability (Page 9-11) • SR: Sustainability Scorecard (Page 17)
<b>Emissions</b>	305-1	Direct (Scope 1) GHG emissions	• SR: Environmental Sustainability (Page 9-11)
	305-2	Energy indirect (Scope 2) GHG emissions	• SR: Environmental Sustainability (Page 9-11)
	305-3	Other indirect (Scope 3) GHG emissions	• SR: Environmental Sustainability (Page 9-11)

Disclosure number	Disclosure title	Page reference and remarks	
305-4	GHG emissions intensity	<ul style="list-style-type: none"> <li>SR: Environmental Sustainability (Page 9-11)</li> <li>SR: Sustainability Scorecard (Page 17)</li> </ul>	
305-5	Reduction of GHG emissions	<ul style="list-style-type: none"> <li>SR: Environmental Sustainability (Page 9-11)</li> </ul>	
<b>Effluents and waste</b>	306-1	Water discharge by quality and destination	<ul style="list-style-type: none"> <li>SR: Environmental Sustainability (Page 9-11)</li> </ul>
	306-2	Waste by type and disposal method	<ul style="list-style-type: none"> <li>SR: Environmental Sustainability (Page 9-11)</li> </ul>
<b>Laws and regulations</b>	307-1	Non-compliance with environmental laws and regulations	<ul style="list-style-type: none"> <li>SR: Environmental Sustainability (Page 9-11)</li> </ul>
<b>GRI 400: Social disclosures (applicable sections only)</b>			
<b>Employment</b>	401-1	New employee hires and employee turnover	<ul style="list-style-type: none"> <li>SR: Social Contributions (Pages 14-16)</li> <li>SR: Sustainability Scorecard (Page 17)</li> </ul>
<b>Occupational health and safety</b>	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	<ul style="list-style-type: none"> <li>SR: Social Contributions (Pages 14-16)</li> <li>SR: Sustainability Scorecard (Page 17)</li> </ul>
<b>Training and education</b>	404-1	Average hours of training per year per employee	<ul style="list-style-type: none"> <li>SR: Social Contributions (Pages 14-16)</li> <li>SR: Sustainability Scorecard (Page 17)</li> </ul>
	404-2	Programs for upgrading employee skills and transition assistance programs	<ul style="list-style-type: none"> <li>SR: Social Contributions (Pages 14-16)</li> </ul>
<b>Diversity and equal opportunity</b>	405-1	Diversity of governance bodies and employees	<ul style="list-style-type: none"> <li>SR: Social Contributions (Pages 14-16)</li> <li>SR: Sustainability Scorecard (Page 17)</li> </ul>
<b>Non-discrimination</b>	406-1	Incidents of discrimination and corrective actions taken	<ul style="list-style-type: none"> <li>SR: Social Contributions (Pages 14-16)</li> </ul>
<b>Child labor</b>	408-1	Operations and suppliers at significant risk for incidents of child labor	<ul style="list-style-type: none"> <li>Child labour is strictly prohibited.</li> </ul>
<b>Forced or compulsory labor</b>	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	<ul style="list-style-type: none"> <li>Forced and compulsory labour is strictly prohibited.</li> </ul>
<b>Local communities</b>	413-1	Operations with local community engagement, impact assessments, and development programs	<ul style="list-style-type: none"> <li>SR: Social Contributions (Pages 14-16)</li> </ul>
<b>Socioeconomic compliance</b>	419-1	Non-compliance with laws and regulations in the social and economic area	<ul style="list-style-type: none"> <li>There is no non-compliance with socioeconomic laws and regulations.</li> </ul>