



DARCO

SOLUTIONS TO WATER & WASTE

**INTEGRATED
SOLUTIONS FOR THE
ENVIRONMENT**

SUSTAINABILITY REPORT 2019



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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 2019 (**FY2019**).

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, 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.

However, the emergence of COVID-19 at the end of FY2019 has created instabilities amongst the international economy and generated considerable negative impact, especially when one of our subsidiaries, Wuhan Kaidi Water Services Co., Ltd. (**Wuhan Kaidi**), is situated at the epicentre of the pandemic in Wuhan, China. Due to the COVID-19 outbreak in the China, the Group has complied with the directives from the Chinese government and local authorities in Wuhan. In addition, the Group has instituted precautionary measures to protect the health and safety of its employees operating in China, Malaysia and Singapore. 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.

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 2019 to 31 December 2019, 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

Carbon footprint data for FY2018 has been restated due to availability of more accurate fuel consumption data from one of our subsidiaries.

1.5 Sustainability contact

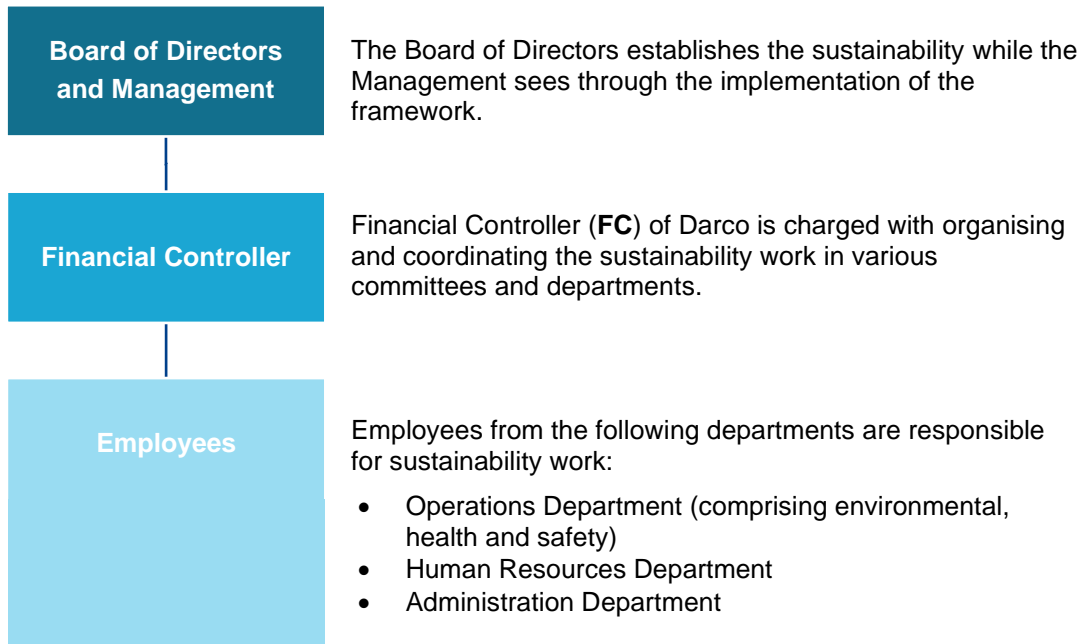
We welcome your views and feedback on our sustainability practices and reporting at sr@darcowater.com.



2. Our approach to sustainability

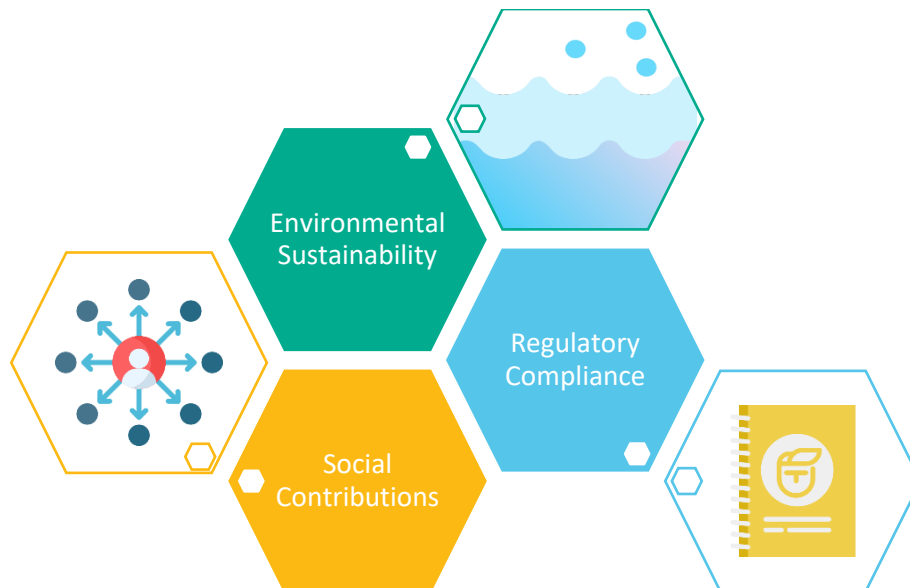
2.1 Sustainability organisational structure

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

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 FY2019, 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.

FY2019 Performance

0

Environmental incidents

\$0

Fines on contravention of environmental regulations

1,142tCO₂e

Carbon footprint

71m³

Water consumption

264kg

Paper recycled and reused

Project highlights



Water Treatment

Riding on the industrial growth and favourable government policies in Vietnam, the Group has commenced construction of the Ba Lai Water Supply Project. The project comprises a water treatment plant and water supply plant is set to generate affordable, clean water at 15,000m³/day, to be piped directly to around 100,000 people in the Ba Tri District in Ben Tre Province, in the Mekong Delta, Vietnam.

When fully operational, the Ba Lai Water Supply Plant will provide access to reliable and affordable water supply, unlocking social, environmental and economic benefits including:

- **Access to clean water:** Around 100,000 people will benefit from access to a reliable clean water supply.
- **Affordability:** Water from the project will be three times more affordable than treated bottled water, currently the main source of clean water in the rural and semi-urban communities.
- **Health and sanitation:** Having the Ba Lai Water Supply plant in place will help reduce the risk of contracting disease. According to the Ministry of National Resources and Environment, 80% of the diseases in Vietnam are caused by polluted water.
- **Time savings for more economically productive activities:** A more readily available clean water supply will reduce time spent on domestic work by women and children, who typically bear the burden of securing water for household needs.

Emissions and use of resources



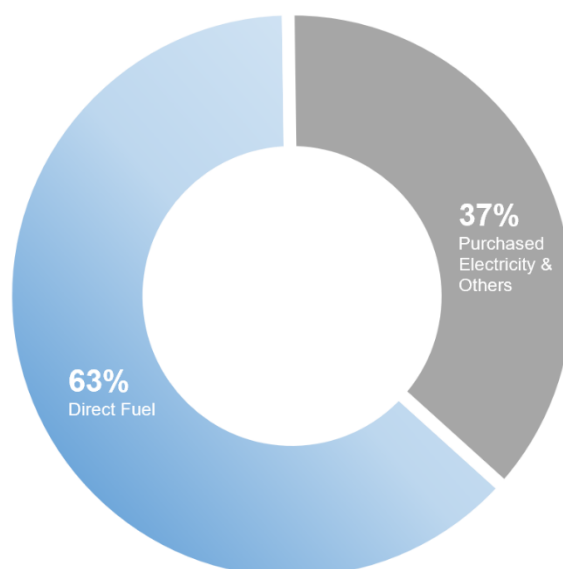
Managing our carbon footprint

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 FY2019, we recorded a total carbon footprint of 1,142 tonnes carbon dioxide emission (tCO₂e). The emission mainly arises from fuel consumption which accounted for more than 63% of the total carbon emission of Darco.

Carbon footprint increased 18% from the previous year due to increase in transport fuel consumption and purchased electricity across the Group.

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 FY2019, the total water consumption of the Group was 71 m³, representing a 38% increase 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 FY2019, the total weight of paper recycled by the Group is 264 kg, representing a 33% 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.

FY2019 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.

Effect of management changes

Ever since the resignation of Darco's former Chief Executive Officer (**CEO**), Mr. Thye Kim Meng (**Mr. Thye**), in May 2019, the new Board of Directors (the '**Board**') who came onboard have been reviewing past transactions to ensure that they had been properly conducted. In addition, the Board also conducted a Shareholders' Forum in December 2019 to update on the Group's strategic direction and future business plans.

In April 2020, the Group updated shareholders on the following transactions ('**Transactions**' and each, a '**Transaction**') that were entered into by the Group under the direction of Mr. Thye:

- (a) Con Dao Solar Project;
- (b) Can Guioc Water Project;
- (c) Transactions relating to Darco Engineering (Taiwan) (**DET**) including loans that were granted to DET and the disposal of DET.

An extensive internal review of the Transactions, that included a review of the terms of the Transactions (such as the payment terms and right of termination), the conduct of the Transactions in general (including the due diligence that had been undertaken in respect of each Transaction) as well as any conflict or potential conflict of interests, was recently carried out by the Management. The preliminary findings were shared with the Company's legal counsel appointed to assist with the review. Under advisement and with the guidance of the legal counsel, the Company has sought further information from Mr. Thye who was then the CEO of the Company and, based on the records, the main driver of the Transactions when they were entered into and undertaken. As there remain gaps in the information available concerning the Transactions (including the basis and rationale for certain actions or omissions noted) following a couple of limited responses from Mr. Thye, the Management, under the direction of the Board and with the help of the Company's legal counsel, will continue to seek previous Management's assistance and cooperation. Further to the internal review, current management has since revised the Group Charter and internal control systems to strengthen the Group's overall internal controls, which include but not limited to the control on project investment.

In respect of the Con Dao Solar Project and the Can Guioc Water Project, the Management has been in discussions (and will continue to do so) with the counterparties to the Transactions with a view towards determining the feasibility of continuing with the projects as well as recovering the payments that had previously been made in advance should a decision be made to exit from any of such projects.

Subject to the advice and guidance of its legal counsel, the Company does not rule out making claims and taking formal legal action against any person whose action or omission has resulted in damage or loss suffered by the Group in connection with the Transactions.

The Company will make additional announcements when there are further developments in relation to the above matters. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company and, when in doubt, are advised to consult with their own legal advisors, financial advisors, stockbrokers, bank managers and/or other professional advisors.

FY2019 Performance

0

Regulatory and compliance incidents

\$S\$

Fines on contravention of laws and regulations

Legal compliance

In FY2019, 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 FY2019, 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.

Business continuity

The emergence of COVID-19 at the end of FY2019 has created instabilities amongst the international economy and generated considerable negative impact, especially when one of our subsidiaries, Wuhan Kaidi, is situated at the epicentre of the pandemic in Wuhan, China.

Due to the COVID-19 outbreak in the China, the Group has complied with the directives from the Chinese government and local authorities in Wuhan. In addition, the Group has instituted precautionary measures to protect the health and safety of its employees operating in China, Malaysia and Singapore. We have also initiated business continuity planning to protect our staff and mitigate the impact on the Group's business operations.

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.

FY2019 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 FY2019, 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.

FY2019 Performance

0

Serious incidents

4

Training hours per staff

25%

Employee turnover

18%

Female representation in workforce

37%

Purchases from local suppliers



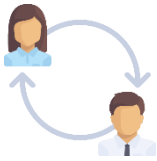
Training and development

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 FY2019, the Group invested an average of 4 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.



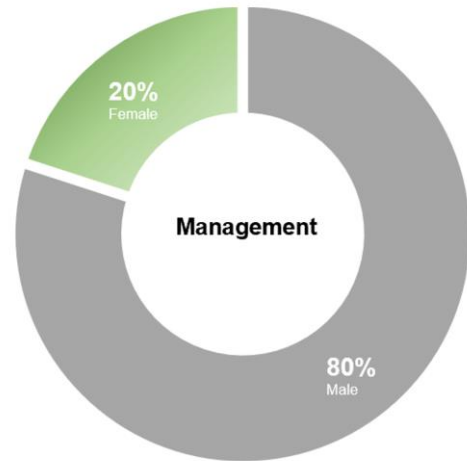
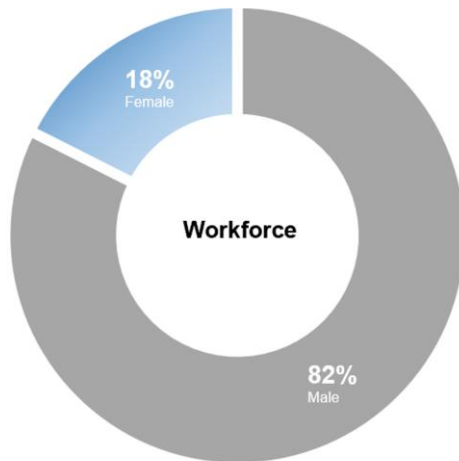
Equal opportunity

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 FY2019, female employees comprise 18% 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

We organised a variety of employee activities to help them relax their mind and body, develop teamwork, explore their talent, so as to develop a positive attitude in both work and life.

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.

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 FY2019, 37% 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.

FY2019 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)



FY2019 progress

- The Group invested an average of 4 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 (%)



FY2019 progress

- The Group sourced 37% of our purchases locally, which is a substantial increase from the previous year due to the inclusion of our Malaysian subsidiaries.

Appendix A: Sustainability scorecard

Financial results

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

Production safety

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

Environmental sustainability

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

Regulatory compliance

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

Social contributions

Performance indicators	Units	FY2018	FY2019
Serious incidents	Number	0	0
Training hours per employee	Hours	6	4
Employee turnover	Percentage	25	25
Female representation in workforce	Percentage	20	18
Female representation in management	Percentage	19	20
Purchases from local suppliers	Percentage	42	37

¹ Restated.

Appendix B: GRI content index

GRI Standards Content Index

The GRI Content Index references the Darco Water Technologies Limited Sustainability Report 2019 (SR), the Annual Report 2019 (AR) and the Darco Corporate Website (Web).

Disclosure number	Disclosure title	Page reference and remarks	
GRI 102: General disclosures			
Organisational profile	102-1	Name of organisation	<ul style="list-style-type: none"> AR: Corporate Profile (Page 2)
	102-2	Activities, brands, products, and services	<ul style="list-style-type: none"> AR: Corporate Profile (Page 2)
	102-3	Location of headquarters	<ul style="list-style-type: none"> AR: Group Structure (Page 13)
	102-4	Location of operations	<ul style="list-style-type: none"> AR: Operations Review (Pages 12-14) AR: Group Structure (Page 13) AR: Our Regional Presence (Page 15) Web: https://darcowater.com/company-info/contact-us
	102-5	Ownership and legal form	<ul style="list-style-type: none"> AR: General Information – Note 1 to the Financial Statements (Page 77)
	102-6	Markets served	<ul style="list-style-type: none"> AR: Group Structure (Page 13) AR: Segment Information – Note 27 to the Financial Statements (Pages 139-145)
	102-7	Scale of organisation	<ul style="list-style-type: none"> AR: Corporate Profile (Page 2) AR: Group Structure (Page 13)
	102-8	Information on employees and other workers	<ul style="list-style-type: none"> SR: Social Contributions (Pages 15-17)
	102-9	Supply chain	<ul style="list-style-type: none"> SR: Social Contributions (Pages 15-17)
	102-10	Significant changes to the organisation and its supply chain	<ul style="list-style-type: none"> Web: https://darcowater.com/About%20Darco/company-info/our-business
	102-11	Precautionary Principle or approach	<ul style="list-style-type: none"> AR: Corporate Governance Report (Pages 17-60)
	102-12	External initiatives	<ul style="list-style-type: none"> Not applicable
	102-13	Membership of associations	<ul style="list-style-type: none"> Not applicable
Strategy	102-14	Statement from senior decision-maker	<ul style="list-style-type: none"> AR: Chairman's Statement (Pages 3-6) Web: https://darcowater.com/Investor%20Information/company-info/chairman-statement
	102-15	Key impacts, risks, and opportunities	<ul style="list-style-type: none"> AR: Corporate Profile (Page 2) AR: Independent Auditor's Report (Pages 65-69)
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	<ul style="list-style-type: none"> SR: Sustainability Strategy (Page 5) Web: https://darcowater.com/About%20Darco/company-info/our-mission
	102-17	Mechanisms for advice and concerns about ethics	<ul style="list-style-type: none"> AR: Corporate Governance Report (Pages 17-60)
Governance	102-18	Governance structure	<ul style="list-style-type: none"> AR: Corporate Governance Report (Pages 17-60)
	102-19	Delegating authority	<ul style="list-style-type: none"> AR: Corporate Governance Report (Pages 17-60)

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"> SR: Sustainability Organisational Structure (Page 4) 	
102-21	Consulting stakeholders on economic, environmental, and social topics	<ul style="list-style-type: none"> SR: Consulting Our Stakeholders (Page 6) 	
102-22	Composition of the highest governance body and its committees	<ul style="list-style-type: none"> AR: Corporate Governance Report (Pages 17-60) 	
102-23	Chair of the highest governance body	<ul style="list-style-type: none"> AR: Corporate Governance Report (Pages 17-60) 	
102-24	Nominating and selecting the highest governance body	<ul style="list-style-type: none"> AR: Corporate Governance Report (Pages 17-60) 	
102-25	Conflicts of interest	<ul style="list-style-type: none"> AR: Corporate Governance Report (Pages 17-60) AR: Directors' Statement (Pages 61-64) SR: Sustainability Strategy (Page 5) 	
102-26	Role of highest governance body in setting purpose, values, and strategy	<ul style="list-style-type: none"> AR: Corporate Governance Report (Pages 17-60) 	
102-27	Collective knowledge of highest governance body	<ul style="list-style-type: none"> AR: Corporate Governance Report (Pages 17-60) 	
102-28	Evaluating the highest governance body's performance	<ul style="list-style-type: none"> AR: Corporate Governance Report (Pages 17-60) 	
102-29	Identifying and managing economic, environmental, and social impacts	<ul style="list-style-type: none"> SR: Sustainability Materiality (Page 7) 	
102-30	Effectiveness of risk management processes	<ul style="list-style-type: none"> AR: Corporate Governance Report (Pages 17-60) 	
102-31	Review of economic, environmental, and social topics	<ul style="list-style-type: none"> SR: Sustainability Report (Pages 1-22) 	
102-32	Highest governance body's role in sustainability reporting	<ul style="list-style-type: none"> SR: Sustainability Organisational Structure (Page 4) 	
102-33	Communicating critical concerns	<ul style="list-style-type: none"> SR: Sustainability Materiality (Page 7) 	
102-34	Nature and total number of critical concerns	<ul style="list-style-type: none"> SR: Sustainability Materiality (Page 7) 	
102-35	Remuneration policies	<ul style="list-style-type: none"> AR: Corporate Governance Report (Pages 17-60) 	
102-36	Process for determining remuneration	<ul style="list-style-type: none"> AR: Corporate Governance Report (Pages 17-60) 	
102-37	Stakeholders' involvement in remuneration	<ul style="list-style-type: none"> AR: Corporate Governance Report (Pages 17-60) 	
102-38	Annual total compensation ratio	<ul style="list-style-type: none"> AR: Corporate Governance Report (Pages 17-60) 	
102-39	Percentage increase in annual total compensation ratio	<ul style="list-style-type: none"> AR: Corporate Governance Report (Pages 17-60) 	
Stakeholder engagement	102-40	List of stakeholder groups	<ul style="list-style-type: none"> SR: Consulting Our Stakeholders (Page 6)
	102-41	Collective bargaining agreements	<ul style="list-style-type: none"> Not applicable

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)
Reporting practice	102-45 Entities included in the consolidated financial statements	• AR: Investment in Subsidiaries – Note 6 to the Financial Statements (Pages 109-116)
	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 19-22)
	102-56 External assurance	• No external assurance
GRI 200: Economic disclosures (applicable sections only)		
Economic performance	201-1 Direct economic value generated and distributed	• SR: Sustainability Scorecard (Page 18)
Procurement practices	204-1 Proportion of spending on local suppliers	• SR: Social Contributions (Pages 15-17)
Anti-corruption	205-3 Confirmed incidents of corruption and actions taken	• SR: Regulatory Compliance (Pages 12-14)
Anti-competitive behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	• SR: Regulatory Compliance (Pages 12-14)
GRI 300: Environment disclosures (applicable sections only)		
Energy	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 18)
	302-4 Reduction of energy consumption	• SR: Environmental Sustainability (Page 9-11)
Water	303-1 Water withdrawal by source	• SR: Environmental Sustainability (Page 9-11) • SR: Sustainability Scorecard (Page 18)
Emissions	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"> SR: Environmental Sustainability (Page 9-11) SR: Sustainability Scorecard (Page 18) 	
305-5	Reduction of GHG emissions	<ul style="list-style-type: none"> SR: Environmental Sustainability (Page 9-11) 	
Effluents and waste	306-1	Water discharge by quality and destination	<ul style="list-style-type: none"> SR: Environmental Sustainability (Page 9-11)
	306-2	Waste by type and disposal method	<ul style="list-style-type: none"> SR: Environmental Sustainability (Page 9-11)
Laws and regulations	307-1	Non-compliance with environmental laws and regulations	<ul style="list-style-type: none"> SR: Environmental Sustainability (Page 9-11)
GRI 400: Social disclosures (applicable sections only)			
Employment	401-1	New employee hires and employee turnover	<ul style="list-style-type: none"> SR: Social Contributions (Pages 15-17) SR: Sustainability Scorecard (Page 18)
Occupational health and safety	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"> SR: Social Contributions (Pages 15-17) SR: Sustainability Scorecard (Page 18)
Training and education	404-1	Average hours of training per year per employee	<ul style="list-style-type: none"> SR: Social Contributions (Pages 15-17) SR: Sustainability Scorecard (Page 18)
	404-2	Programs for upgrading employee skills and transition assistance programs	<ul style="list-style-type: none"> SR: Social Contributions (Pages 15-17)
Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	<ul style="list-style-type: none"> SR: Social Contributions (Pages 15-17) SR: Sustainability Scorecard (Page 18)
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	<ul style="list-style-type: none"> SR: Social Contributions (Pages 15-17)
Child labor	408-1	Operations and suppliers at significant risk for incidents of child labor	<ul style="list-style-type: none"> Child labour is strictly prohibited.
Forced or compulsory labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	<ul style="list-style-type: none"> Forced and compulsory labour is strictly prohibited.
Local communities	413-1	Operations with local community engagement, impact assessments, and development programs	<ul style="list-style-type: none"> SR: Social Contributions (Pages 15-17)
Socioeconomic compliance	419-1	Non-compliance with laws and regulations in the social and economic area	<ul style="list-style-type: none"> There is no non-compliance with socioeconomic laws and regulations.