



Sustainability Report 2021

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This Sustainability Report has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

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BOARD STATEMENT

We are pleased to present to you the Sustainability Report (“**Report**”) for Charisma Energy Services Limited (“**Charisma**” and together with its subsidiaries, collectively the “**Group**”) in respect of the financial year ended 31 December 2021 (“**FY2021**” or “**Reporting Period**”).

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

By harnessing nature to deliver renewable and sustainable energy, the harmful emissions that would have otherwise been produced by the burning of fossil fuels can be avoided. With our current focus on expanding and developing opportunities within the renewable energy sector, we hope to be able to contribute to the reduction in the global carbon footprint and play a part in combating global warming.

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

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

The Group shall endeavour towards becoming a sustainability leader in the renewable energy industry and continue to place an emphasis on good sustainability practices. In line with our commitment to sustainable development, the Board has considered sustainability factors as part of its strategic formulation and oversees the management and monitoring of the material environmental, social, governance (“**ESG**”) factors, economic performance and customer experience (collectively as “**Sustainability Factors**”).

A sustainability policy (“**SR Policy**”) covering our sustainability strategies, reporting structure, materiality assessment and processes in identifying and monitoring material Sustainability Factors has been put in place and serves as a point of reference in the conduct of our sustainability reporting. Under this SR Policy, we will continue to monitor, review and update our material Sustainability Factors from time to time, taking into account the feedback that we receive from our engagement with our stakeholders, organisational and external developments. Please refer to Policy, Practice and Performance Reporting section for further details.

CHARISMA SUSTAINABILITY STORY

SUSTAINABILITY PHILOSOPHY

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

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

ORGANISATION PROFILE



Company Name: Charisma Energy Services Limited

Founded: 1997

Listed: SGX Catalist Listed since 1998

Company Headquarters: Singapore

Charisma’s principal activities involve the ownership and operation of renewable energy power generating assets in Asia:



Hydropower Generation

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

Solar Power Plants

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



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

Oil & Gas (“O&G”) Business Segment

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

Please also refer to our annual report for FY2021 (the “Annual Report 2021”) for our financial performance during the financial year.

REPORTING PRACTICE

This Report has been prepared in accordance with Rules 711A and 711B of the Listing Manual Section B: Rules of Catalyst (“**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The Company has reported the information for the period from 1 January 2021 to 31 December 2021 with reference to the Global Reporting Initiative (“**GRI**”) Standards.

While we have not sought external assurance for this Report, we have relied on internal data monitoring and verification to ensure accuracy. We will work towards external assurance for our future sustainability reports.

This Report supplements the Annual Report 2021 and is available on SGXNet.

FEEDBACK

Your feedback on this Report is an important way of improving our sustainability practices. If you have any comments, suggestions or feedback on this matter, please send it to our investor relations email account at enquiries@charismaenergy.com.

STAKEHOLDER ENGAGEMENT

Charisma values the opinions of its stakeholders. The Group understands sustainable growth is dependent on understanding the concerns of our key stakeholders which include communities, employees, government and regulators (“**Regulators**”), and shareholders and investors (“**Shareholders**”). The Group also recognises that efficient collaboration with stakeholders can positively influence the Company’s success. Therefore, the Group engages in regular and fair communication with our stakeholders, and encourages greater stakeholder participations through a variety of channels and takes into account the concerns of the abovementioned stakeholders when we plan for the future.

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

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

Stakeholders	Engagement Platforms	Key Concerns	Section Reference
Communities	<ul style="list-style-type: none"> Community engagement Employment opportunities 	<ul style="list-style-type: none"> Environmental impact Social development 	<ul style="list-style-type: none"> Energy and emissions management Biodiversity Giving back to the community
Employees	<ul style="list-style-type: none"> Performance appraisal system Employee trainings 	<ul style="list-style-type: none"> Remuneration and benefits Training and development Career and development opportunities Workplace safety and health 	<ul style="list-style-type: none"> Employment Diversity, equal opportunity and non-discrimination Safe working environment
Regulators	<ul style="list-style-type: none"> Annual reports SGX quarterly financial statements announcements Sustainability reports Ongoing dialogues and reporting to regulatory bodies in the respective countries 	<ul style="list-style-type: none"> Environmental non-compliance Compliance with workplace health and safety regulations Compliance with labour regulations in respective countries 	<ul style="list-style-type: none"> Ethics, integrity and compliance
Shareholders	<ul style="list-style-type: none"> Annual reports Investor relations Management SGX quarterly financial statements announcements Sustainability reports 	<ul style="list-style-type: none"> Anti-corruption Economic performance Environmental impact 	<ul style="list-style-type: none"> Sustainable business performance Ethics, integrity and compliance

POLICY, PRACTICE AND PERFORMANCE REPORTING

REPORTING STRUCTURE

Our sustainability strategy is developed and directed by the senior management in consultation with the Board. The Company has assigned a sustainability task force (the “**Taskforce**”) for our sustainability reporting, which includes senior management executives, is led by the Group’s Chief Executive Officer, and is tasked to develop a sustainability strategy, review material impacts, consider stakeholder priorities, set goals and targets as well as monitor sustainability performance.

SUSTAINABILITY REPORTING PROCESSES

Under our SR policy, our sustainability process begins with the identification of relevant Sustainability Factors. Relevant Sustainability Factors are then prioritised as material Sustainability Factors which are then validated. The end result of this process is a list of material Sustainability Factors disclosed in this Report. Processes involved are as shown in the chart below:



MATERIALITY ASSESSMENT

Under our SR Policy, we assessed our Sustainability Factors based on the likelihood of the occurrence of potential negative and positive impacts (“**Likelihood of Impact**”) and significance of impacts on the economy, environment, people and their human rights, which in turn can indicate its contribution to sustainable development (“**Significance of Impact**”).

MATERIAL SUSTAINABILITY FACTORS

A materiality assessment was conducted by the Taskforce to understand the concerns and expectations of our stakeholders. Through the materiality assessment, factors material to the sustainability of our business were updated. In this Report, we have also reported our progress in managing these factors and set related targets to improve our sustainability performance.

As the Group has divested all of its O&G assets, the Sustainability Factors identified in the Report only encompass our renewable energy business.

S/N	Material Sustainability Factors	Key stakeholders
ECONOMIC		
1	Sustainable business performance	• Shareholders
ENVIRONMENTAL		
2	Energy and emissions management	• Communities
3	Biodiversity	• Communities
SOCIAL		
4	Employment	• Employees
5	Diversity, equal opportunity and non-discrimination	• Employees
6	Safe working environment	• Employees
7	Giving back to the community	• Communities
GOVERNANCE		
8	Ethics, integrity and compliance	• Regulators • Shareholders

SUSTAINABLE BUSINESS PERFORMANCE

We believe in creating long-term economic value for shareholders by striking a balance between rewarding shareholders by way of delivering profits and maintaining a robust balance sheet with strong operating cash flows.

For FY2021, the Group has recorded a revenue of US\$13.6 million (FY2020: US\$12.3 million) and US\$3.1 million (FY2020: US\$2.0 million) of loss for the year.

Further details of our economic performance can be found in the financial contents and audited financial statements of our Annual Report for FY2021.

MATERIAL SUSTAINABILITY FACTORS

ENERGY AND EMISSIONS MANAGEMENT

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

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

Our China solar plants were commissioned in January 2018 and had generated 20.8 GWh in FY2021. The hydropower plants in Sri Lanka generated 141GWh in FY2021. The Group looks forward to higher renewable energy output and a corresponding reduction of carbon footprint in 2022.

In FY2021, through our hydropower and solar power generation, we avoided 117,470 tonne¹ of greenhouse gas (“GHG”) emissions.

The reliance on natural elements in the nature of our business is such that output can be subject to weather conditions. Severe or extreme weather conditions such as a prolonged drought can significantly impact the output of our hydro power assets. However, the Group is of the view that while climate change poses challenges and potential risks, it brings about opportunities as well. The need for renewable energy will continue to rise.

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

BIODIVERSITY

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

We also ensure strict adherence to the relevant environmental flow regulations prior to the commencement of projects. There was no reportable non-compliance during the Reporting Period.



117,470 tonne
GHG emissions avoided through
generation of clean energy

1 No comparative data is provided for prior year as this is a newly disclosed performance indicator in FY2021.

MATERIAL SUSTAINABILITY FACTORS

EMPLOYMENT

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

We train and groom our employees to equip them with the necessary skills for career development. The Group also conducts annual appraisal system where performance targets are set and performances are evaluated annually to rate their individual performance. Through various established processes of employee engagement, such as employee's objective setting, performance review, as well as exit interviews in the case of resignations, we will be able to gather valuable feedback for the continuous improvement of the Group.

In addition, we have various schemes in place to ensure that our full-time staff receive employee benefits aligned with local legislations and market practices, such as parental leave and incentive payment for overseas office and plant employees when certain generation output targets are achieved. The Group believes in remunerating all employees fairly based on their ability and performance. We uphold the principle of employee fairness and equitable remuneration without placing gender into the equation.

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

DIVERSITY, EQUAL OPPORTUNITY AND NON-DISCRIMINATION

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

The total number of full-time employees in the Group's renewable energy business as at 31 December 2021 is 275 (as at 31 December 2020: 286), while the total number of full-time employees excluding plant employees as at 31 December 2021 is 34 (as at 31 December 2020: 35).

On gender diversity², as at 31 December 2021, the percentage of female to full-time employees excluding plant employees is 24% (as at 31 December 2020: 29%).

On age diversity², matured workers are valued for their experience, knowledge and skill. As at 31 December 2021, 9% of our employees excluding plant employees are over 50 years (as at 31 December 2020: 9%).

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

² Due to the nature of our business, our workforce is predominantly staffed by male and employees below 50 years old in our plant operations.

MATERIAL SUSTAINABILITY FACTORS

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

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

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

During the Reporting Period, we have no (FY2020: zero) reported incident of unlawful discrimination against employees.

SAFE WORKING ENVIRONMENT

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

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

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

We encountered zero fatalities, zero high-consequence work-related injuries, zero recordable work-related injuries and zero recordable work-related ill health cases in FY2021 (FY2020: zero fatalities, zero high-consequence work-related injuries, zero recordable work-related injuries and zero recordable work-related ill health cases).

In FY2021, to protect the health of our employees amidst the Coronavirus disease 2019 pandemic (“COVID-19” or Pandemic”), we ensure that our activities are in line with government guidelines. Measures implemented include segregating our employees into teams to minimise interaction and enforcing social distancing measures.

MATERIAL SUSTAINABILITY FACTORS

GIVING BACK TO THE COMMUNITY

We see local communities and the environment as enablers for our vision and mission to build a future for the world with renewable and sustainable energy. Accordingly, we believe that community engagement is an integral part of our business sustainability. We are committed to being a responsible corporate citizen and we endeavour to give back to the community.

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

Some of the corporate social responsibility (“**CSR**”) activities the Group have conducted include donating to children’s homes, hospitals and schools as well as providing aid for land slide victims. In FY2021, we contributed to one of the COVID-19 funds in Sri Lanka. Alongside community, we also focus on the environment through tree plantation projects aimed at preserving the environment. We continuously contribute towards fulfilling our CSR while also building strong relationships amongst communities based on mutual trust and passion towards a greener future.

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

ETHICS, INTEGRITY AND COMPLIANCE

We expect our employees to adhere to the highest standards of ethics and integrity and comply with applicable regulations and professional codes of conduct.

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

To ensure that our employees conduct themselves in a professional manner, we require our employees to declare receipt of gifts from third parties. To avoid putting employees in a compromising situation, they are required to declare any conflicts of interest, both potential or real, on a regular basis or as and when they deem timely. The Group does not condone any bribery and actions of corruption by Group employees towards any third parties and/or government bodies.

The Group has provided accessible channels for our key stakeholders to raise concerns on possible improprieties in financial reporting, fraudulent acts and other irregularities. This communication channels will ensure independent investigations and timely implementation of appropriate preventive and corrective actions. The Company has put in place a whistle-blowing policy, details of which have been made available to all employees. This policy provides well-defined and accessible channels in the Group through which employees may raise concerns about improper conduct within the Group.

During the Reporting Period, there was no confirmed incident of corruption for FY2021. Moving forward, the Group targets to maintain zero confirmed incidents of corruption.

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

During FY2021, the Group had no incident of non-compliance with the relevant environmental and socioeconomic laws and regulations (FY2020: zero).

Please refer to the Corporate Governance Report in the Annual Report 2021 for more information on the Group’s corporate governance practices and risk management structure.

SUSTAINABILITY TARGETS AND PERFORMANCE

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

SUSTAINABILITY TARGETS SET FOR THE REPORTING PERIOD (FY2021)

Material

Sustainability Factors	Sustainability Target	Performance Updates
Health and Safety Incidents / Accidents	The Group intends to maintain its zero-fatality incident / accident rate for FY2021 through strict adherence to health and safety policies implemented at all plants.	We encountered zero fatalities, zero high-consequence work-related injuries, zero recordable work-related injuries and zero recordable work-related ill health cases in FY2021.
Operations of Renewable Energy Assets	The Group carries out regular maintenance for plant and machinery to improve productivity, prolong their useful life spans and maintain high output of clean renewable energy. The Group intends to set generation loss as a result of machine breakdown to below 5.0% in FY2021, after considering the age of the plants in operations.	The generation loss as a result of machine breakdown of the Group was 2.4% in FY2021, which was within the sustainability target set by the Group for the year.
Non-compliance with environmental laws and regulations	The Group intends to fully comply with all relevant environmental laws and regulations in the countries we operate in. We will continue to strive for a total monetary value of fines and penalties of less than US\$1,000,000.	The Group did not incur any fines and penalties during the Reporting Period.
Whistleblowing incidents	The Group has a strict anti-bribery and anti-corruption policy in place. The Group has also made whistleblowing channels accessible to all employees in our efforts to strive for zero confirmed reports of corruption.	There were zero confirmed whistle blowing reports of corruption during the Reporting Period.

SUSTAINABILITY TARGETS AND PERFORMANCE

SUSTAINABILITY TARGETS SET FOR THE NEXT REPORTING PERIOD (FY2022)

Material			
S/N	Sustainability Factors	Target for FY2022	Reference to FY2021 Targets
1	Sustainable business performance	<ul style="list-style-type: none"> We strive to maintain or improve financial performance subject to market conditions 	<ul style="list-style-type: none"> New target for FY2022
2	Energy and emissions management	<ul style="list-style-type: none"> Meet the requirements of Task Force on Climate-related Financial Disclosure based on a defined implementation road map 	<ul style="list-style-type: none"> Operations of Renewable Energy Assets
3	Biodiversity	<ul style="list-style-type: none"> Maintain zero non-compliance with relevant environmental flow regulations prior to commencement of projects 	<ul style="list-style-type: none"> New target for FY2022
4	Employment	<ul style="list-style-type: none"> Provide competitive employee benefits 	<ul style="list-style-type: none"> New target for FY2022
5	Diversity, equal opportunity and non-discrimination	<ul style="list-style-type: none"> Maintain zero reported incident of unlawful discrimination against employees 	<ul style="list-style-type: none"> New target for FY2022
6	Safe working environment	<ul style="list-style-type: none"> Maintain zero incident of workplace fatalities, high-consequence work-related injuries, recordable work-related injuries and ill health cases 	<ul style="list-style-type: none"> Health and Safety Incidents/Accidents
7	Giving back to the community	<ul style="list-style-type: none"> Continue with existing community campaigns to help the communities 	<ul style="list-style-type: none"> New target for FY2022
8	Ethics, integrity and compliance	<ul style="list-style-type: none"> Maintain zero confirmed incident of corruption Maintain zero incident of non-compliance with socioeconomic laws and regulations 	<ul style="list-style-type: none"> Non-compliance with environmental laws and regulations Whistleblowing incidents



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