

Sindicatum Sustainable Resources Sustainability Report 2016

From the CEO



Assaad Razzouk

Group Chief Executive Officer

To our stakeholders:

I am pleased to confirm that Sindicatum Sustainable Resources Pte. Limited reaffirms its support to the United Nations Global Compact initiative and its ten principles in the areas of Human Rights, Labour, Environment and Anti-Corruption. We also pledge our on-going support to the UN-Global Compact for 2017.

In this, our third annual Communication on Progress report, we will aim to describe how we have maintained our commitment to assimilate the Global Compact principles into our operation and company culture.

We also commit to share this information with our stakeholders using our primary channels of communication which includes our website and intranet.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Assaad Razzouk', written over a light blue circular stamp.

Assaad Razzouk

Chief Executive Officer

2016 COP Report Contents

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Note of the 2016 COP Report

This report contains a full year's data from 1 January to 31 December 2016 and highlights information on performance regarding the key aspects that have been identified as material to our operations and stakeholders.

The Sindicatum 2016 Communication on Progress report builds upon the report we produced in 2015. For reference, our basic policies and procedures and company structure are outlined in the 2015 COP.

In order to help us improve, both in terms of our company performance through systems and operations and our reporting standards, feedback from our stakeholders is essential. Thus, we welcome all comments and feedback which should be directed to:

Ms. Sonia Luis: Sonia.luis@sindicatum.com

Corporate Vision

To be a publicly-listed developer, owner and operator of 2,000 MW of distributed, profitable clean energy projects worldwide from the utilization of sun, wind and captive natural products and waste.

Sindicatum at a glance

Our Company and companies like ours, or rather, our industry, are in essence the embodiment of a supporting tool to the UN Global Compact's Environment Principles:

- *Principle 7: Businesses should support a precautionary approach to environmental challenges;*
- *Principle 8: undertake initiatives to promote greater environmental responsibility; and*
- *Principle 9: encourage the development and diffusion of environmentally friendly technologies.*

And this is why:

1. What we do and our projects:

Sindicatum Renewable Energy Company Pte. Ltd (Singapore) ("SREC") develops, owns and operates clean energy projects in South and South East Asia. At the core of SREC's track record is the proven ability to identify, develop, invest, finance and operate small-scale renewable energy projects in its target markets of South and South-East Asia. A key feature of each of SREC's projects is a secure supply of fuel which ensures its projects are not constrained in their ability to generate power or exposed to fuel price risk.

2. Our mission:

Sindicatum's portfolio of green projects have a positive impact on the environment. These projects implement the highest Health, Safety & Environmental standards, introduce new technologies and provide jobs and skills transfer to local communities.



Some of Sindicatum's 2016 Highlights

Due to certain political situations and worldwide developments, 2016 was an interesting and somewhat difficult year for our industry. However, our dedication to achieving our mission, identified in the "Sindicatum at a Glance" section of this report, did not waver. A few examples of our actions and achievements, that somewhat promote the UN's Global Compact Principles, are outlined as follows:

1. [Caring for Climate Initiative](#)¹

In April 2016, Assaad W. Razzouk, our Group CEO, accepted an invitation to sit on the Steering Committee of the Caring for Climate initiative, this is a further demonstration of Sindicatum's commitment to the UN Global Compact.

2. [The #TwitterInfluence Index Top 20](#)²

In May 2016, Assaad was rated number 17, in the #TwitterInfluence Index, out of the top 100 most successful CEOs. Assaad tweets primarily on climate change and renewable energy, promoting environmental care and action.

3. **Sindicatum's First PV Project: Project Clark**, two hours north of Manila, the 22.325 MWp solar plant within the Clark Freeport Zone, Pampanga, Luzon.

Jointly owned project by Sindicatum, Armstrong Asset Management and Mabalacat Solar Philippines Inc. with the objective of generating approximately 32,000MWh/year of clean electricity, Project Clark was successfully constructed and commissioned, and started operating on March 10, 2016. It underwent all the required inspections and submitted all required documentation so as to qualify for the Philippine solar Feed-in-Tariff (FIT) regime. The plant was formally inaugurated on March 11, 2016 with guests of honour, Bases Conversion Development Authority (BCDA) President Arnel Casanova and CDC President Arthur Tugade.

The power generated is exported to the National Grid Corporation of the Philippines (NGCP) through Clark Electric Development Corporation. The electricity delivered to the grid will mainly supply the locators within the Clark Freeport Zone, and help CDC and its parent, BCDA meet their objectives of:

¹ United Nations Global Compact, Caring for Climate, <https://www.unglobalcompact.org/take-action/action/climate>

² David Dubois, INSEAD Assistant Professor of Marketing | May 23, 2016, The Most Influential CEOs on Twitter, Read more at <https://knowledge.insead.edu/leadership-organisations/the-most-influential-ceos-on-twitter-4705#X10XiUIZYY0trxOO.99>,



- Improving the reliability of power supply to one of the premier economic development zones in the country;
- Reducing greenhouse gas emissions by supplying clean, green peaking hour power;
- Supporting the development of the new Clark Green City; and
- Benefitting the surrounding communities.

Human Rights and Environment

This section of the report will highlight Sindicatum's actions to address and monitor that Human Rights are being observed and will touch upon our efforts in the area of the Environment, in particular with a focus on the following principles:

Human Rights

- *Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and*
- *Principle 2: make sure that they are not complicit in human rights abuses.*

&

Environment

- *Principle 7: Businesses should support a precautionary approach to environmental challenges; and*
- *Principle 8: undertake initiatives to promote greater environmental responsibility; and*
- *Principle 9: encourage the development and diffusion of environmentally friendly technologies.*


Relevant Sindicatum Corporate Documents:

- Environmental and Social Corporate Policy Statement - EHS&S
- Code of Conduct
- Employee Handbook
- Investment Approval Process

The Health & Safety of our employees and contractors continues to be our key focus. The responsibility for all EHS&S issues rests at the highest level of management, cascading down to engage all individuals within the company. Due to the importance we place on our environmental and social activities, responsibility ultimately lies at the highest level - with our Board – and is implemented across the company through the Executive Committee. The Group President ensures the EHS&S function is discharged appropriately within the organization and reports on a regular basis on the Company's performance to the Board at its main Board meetings. A Group EHS&S Director ensures the EHS&S coordination, training and auditing across the company.

The EHS&S Director is accountable to the Group President and will provide advice and support on all aspects of policy, development and implementation of Safe Working Procedures (SWP) and any changes necessary to the documents and activities to ensure full compliance with the national and international EHS&S regulations and 3rd Party standards.

Our business model represents sustainability to our end-users and aims to meet the highest standards of sustainability, governance, and ethical investing along with maintaining a strong emphasis on health and safety. We identify, design and implement profitable



renewable energy, energy substitution and energy demand projects using new and innovative technologies while producing environmental commodities to enhance our returns.

Our projects result in Greenhouse Gas (“GHG”) emission reductions which contribute globally in the fight against climate change, as well as provide numerous other benefits to the countries and communities in which they are located such as improved air quality for the community, technology and skills transfer to the local population, local job creation, development of human resources and improved local infrastructure.

Underpinned by our commitment to responsible corporate ethics, Sindicatum has established and maintains a robust environmental management system that supports its assessment of all investments against the IFC Performance Standards and includes environmental, health & safety, stakeholder and labour principles.

The Director of EHS&S is responsible for developing specific policies, standards, work procedures and reporting requirements to ensure compliance with the IFC Performance Standards. Sindicatum ensures that all its partners comply with its health, safety and environment policies and procedures, all environmental and social requirements, basic terms and conditions of employment and core labour standards, in all cases consistent with the IFC Performance Standards. It ensures its partners and investee companies are contractually obliged through investment agreements to comply with IFC Performance Standards.

Our Investment Approval Process (which is updated approximately biennially) ensures that we carry out the required due diligence at the planning and approval stages of any project / potential project. Our Executive Committee which comprises of our: Group CEO, Group President, Group CFO, Legal Director and Managing Director, Delivery / Climate Change are presented with Approval Papers / Reports identifying how the project could potentially affect the regional area in which it will operate and what factors we have to consider and tackle to ensure we are not negatively impacting the surrounding area and actually providing opportunities. Examples of some of the factors the investment process requires are:

- Risks and Mitigants
- Background and Market Environment (competition, growth, alternative technologies, etc.), including discussion of approach to signing of power offtake agreement
- Sustainability and Climate Change – discussion of how the project reduces emissions and develops sustainability—where applicable, analysis of issues relating to environmental commodities
- Due Diligence:
 - Legal, commercial, technical, climate change and financial due diligence
 - Environmental, Social due diligence, including Impact assessment as needed in accordance with IFC standards

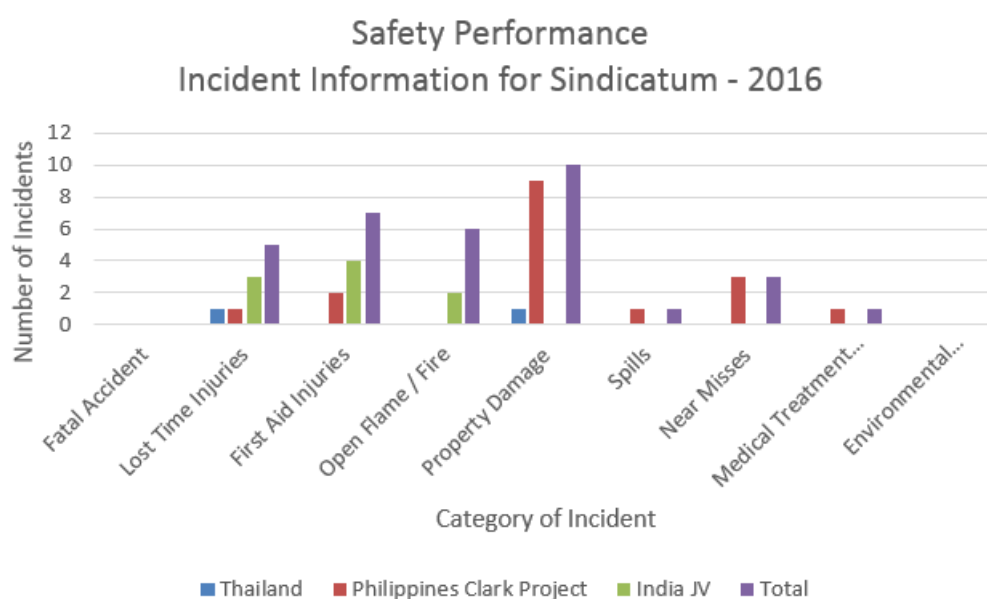
- In accordance with our Sustainability Policy, social and environmental considerations must be considered as being integral to our investment criteria
 - All projects in which SREC invests shall be required to meet IFC Performance Standards with regard to the Environment, Health and Safety and Social impacts
 - This includes anti-discrimination policies on employment
- All joint ventures must meet SREC standards with regard to corporate governance, anti-bribery and anti-money laundering
 - These requirements must be included in all project documents

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In 2016, we continued to work with our project partners to highlight the importance of safe working and following our EHS&S Management System to ensure issues, risks and impacts are identified and the necessary audits and checks are done.

Lost Time Incident Frequency Rate (LTI)

In 2015 we reported a LTI frequency rate of 0.31. For 2016 our LTI frequency rate remained relatively constant at 0.36.



All project sites incorporate an emergency response plan into their management plan to ensure that any incident is effectively managed and impacts on community and environment are mitigated. All project sites conduct an annual review of its internal emergency response program as well capabilities of the community emergency response organization and develop action plans to address any areas needing improvements.

The Director of EHS&S monitors EHS&S Key Performance Indicators (KPIs). A grievance management is in place at all our projects and settlement of grievances is a part of our EHS&S management system. In addition to the EHS&S standards, a Human Resources

³ SREC Investment Process, available on the Sindicatum Intranet.

management system framework has been established at the corporate and project levels. These are based on Sindicatum's Code of Conduct policies and IFC EHS Performance Standard 2.

Reminder of our 2016 Goals and Outcomes:

In our second COP, we set out Goals & Targets for 2016 to improve on our EHS&S. Here's how we performed:

2016 Goal / Target	Update
Ensure 50%+ employees of total strength trained on EHSS topics.	Total 305 training programs were imparted. Around 70% employees got training on ESHS topics.
Ensure issues raised in ESIA/ESDD of new projects are part of the final document seeking investment approval.	ESDD / ESIA studies were carried out before investment decision. Issues raised during the assessment were closed before final approval.
Implement Corporate ESMS system at new projects in line with IFC PS, WHO and ISO 14001 & OHSAS 18001 standard requirements.	Updated EHSS management system in line with ISO 14001 & OHSAS 18001 standard requirement.
Maintain and monitor Environmental and Social Action Plan as per target.	Majority of ESAP/ESMP actions i.e. 80% were completed, remaining points are of ongoing.
Zero Fatal Accident and no Lost Time Accident.	There was no fatality at any of our project locations. Frequency rate 0.36.
Ensure Stakeholder engagement at all projects, and address any grievances or other issues as needed.	Updated Stakeholder Engagement plan is available at respective sites including new projects.
Ensure compliance with labour laws and IFC PS, across the company.	HR Policies and procedures are introduced and in practice at new projects.
Initiate process for Corporate Social Responsibility (CSR) programs.	Corporate Social Responsibility Policy document developed.
Ensure that dedicated EHS&S Resources are in place at all project sites.	ESHS resources are appointed at all project sites.

2017 Goals & Targets

- i. Conduct ESIA / ESDD of all proposed projects per IFC Performance Standards, and include ESHS issues as part of the final document seeking investment approval.
- ii. Implement Corporate ESMS system at new projects (Biomass and Solar) in line with IFC PS, WHO and ISO 14001 & OHSAS 18001 standard requirements.
- iii. Monitor implementation of each project's ESAP through regular review audits to ensure compliance is 80%+.
- iv. Zero Fatal Accident and Lost Time Accident Frequency Rate of 0.75.
- v. Effective community consultation and engagement through Stakeholder engagement mechanism across all projects, and address any grievances or other issues as needed.
- vi. Ensure compliance with labour laws and IFC PS 2, across the company.
- vii. Initiate Corporate Social Responsibility (CSR) programs at new projects.
- viii. Ensure that standards are followed for the safe storage, handling and disposal of hazardous materials at all projects.
- ix. Support appointment of dedicated ESHS Resources for project sites.
- x. Ensure 75%+ employees of new projects are trained on EHSS topics.
- xi. Initiate ISO 14001 and OSHAS 18001 programs at all bagasse cogeneration projects in India.

Labour

In our Code of Conduct, we emphasise the importance of sustainability with regards to our most powerful asset, our employees and our associates.

“Sustainability is also crucial in relation to our most important asset, our staff. In many cases our people have joined Sindicatum for the chance to play a significant role in a dynamic team in a pioneering sector. We therefore believe that in order to maintain motivation for our staff we must be able to provide an environment where individual creativity and positive styles of teamwork can flourish. We must be able to continue to empower, inspire and educate people in order to survive. To achieve this we must promote an organisation which is globally linked, with strong networks between different offices and the constant sharing of ideas in order to maintain an organisation which is permanently learning and developing its people.”⁴

We have policies within our corporate documentation: Code of Conduct, Anti-corruption policy, Investment Approval process and Employee Handbook which support the above objective and which help uphold our commitment to the following UN Global Compact principles:

- *Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;*
- *Principle 4: the elimination of all forms of forced and compulsory labour;*
- *Principle 5: the effective abolition of child labour; and*
- *Principle 6: the elimination of discrimination in respect of employment and occupation.*

As reported in the 2015 COP, our Code of Conduct clearly sets out our dedication in trying to adhere to the above Labour principles.

“as a member of the United Nations Global Compact we have made a firm commitment to adhere to their ‘Ten Principles’, advocating human rights in the areas of labour, environment and anti-corruption. We encourage all our employees, workers and consultants to familiarize themselves with the Principles and to incorporate the ideology in to their everyday business activities / planning to increase our ethical standing in the business realm. The following sources will provide you with the core fundamentals of the Principles: • Universal Declaration of Human Rights, <http://www.un.org/Overview/rights.html> • ILO Declaration on Fundamental Principles and Rights at Work, <http://www.ilo.org/declaration/lang--en/index.htm> • United Nations Convention against Corruption, <http://www.unodc.org/unodc/en/treaties/CAC/index.html>”⁵

We believe that Principles 1 to 6 of the UN Global Compact fundamentally come down to the appreciation and identification of the following “Whereas recognition of the inherent

⁴ Sindicatum Code of Conduct, available on the Sindicatum Intranet, Page 4

⁵ Sindicatum Code of Conduct, available on the Sindicatum Intranet, Page 17

dignity and of the equal and inalienable rights of all members of the human family is the foundation of freedom, justice and peace in the world”⁶ and that the business cannot flourish unless we promote a working environment that encourages growth and people to ultimately feel free to “be themselves”. We therefore have the following policies and procedures in place:

- ‘Raising a Concern’ – the how to / Grievance
- Compliance with Laws and Regulations
- Confidentiality
- Zero-Tolerance to Corruption
- Avoidance of Conflicts of Interest
- Fair Dealings with Others
- Fair Employment Practices
- Environment, Health, Safety & Social Policy
- Whistle-blowing Policy

We also ensure all of our employees are provided with an individual Service Agreement along with copy of the Employee Handbook, which stipulates their employment rights, a few of which are outlined below:

- Probation Period
- Salary
- Termination Period and arrangements
- Hours and Place of Work
- Annual Leave Entitlement etc.

Sindicatum adheres to the “Core Labour Standards” on child and forced labour, discrimination and freedom of association and collective bargaining, stemming from the ILO Declaration on Fundamental Principles and Rights at Work. We also require wage, working hours, labour contracts and occupational health & safety issues to conform to conventions 26 and 131 (on remuneration), 1 (on working hours) and 155 (on health & safety).

Our Social Responsibility Policy, documented below, is key to how we conduct business:

- 1) Compliance with applicable law in the countries in which we do business, with the supplemental adoption of international provisions and guidelines, where appropriate, in those countries in which the legal framework is inadequate
- 2) Respecting human rights and, in particular, those the violation of which degrades workers, which entails the opposition to child labour and compulsory labour
- 3) Develop a favourable employment relationships framework based on equal opportunities, non-discrimination, and respect for diversity, promoting a safe and healthy environment and facilitating communication with the workforce

⁶ United Nations, Universal Declaration of Human Rights, Preamble, <http://www.un.org/en/universal-declaration-human-rights/>

- 4) Develop responsible practices in the chain of value, establishing transparent, objective, and impartial processes with suppliers and providing users with all relevant information regarding the principal activities of the Company and its related companies
- 5) Promote socially responsible actions at those companies in which the Company has control or management capacity, and also advance such actions at supplier companies through the processes of selection and hiring
- 6) Encourage communication and dialogue with the various groups related to the Company's activities, in order to match corporate values and social expectations
- 7) Disseminate relevant and truthful information regarding the activities carried out and subject such information to internal and external verification procedures that ensure its reliability and encourage the continuous improvement thereof
- 8) Promote a culture of respect for the natural environment, reducing the environmental impact of the Company's activities and fostering information and training in this culture
- 9) Favour transparency and free market rules, rejecting bribery, corrupt practices, or other types of contributions aimed at obtaining corporate advantages, and respecting the rules of free competition
- 10) Adopt corporate governance practices, in line with good governance recommendations generally recognized in international markets, based upon corporate transparency and mutual trust in the relationships with shareholders and investors⁷

Conflict of Interest Questionnaires

As outlined in the 2015 COP a means of us monitoring any conflicts of interests and to ensure fair dealings as a business we ask all our employees / consultants and Board members to complete a Conflict of Interest Questionnaire every year.

*"This questionnaire should be used to disclose where you or your Family Members have certain affiliations, interests or connections, and/or have taken part in dealings that, with respect to your relationship to Sindicatum, may be perceived to be an actual or potential conflict of interest"*⁸

In the same questionnaire we also tackle anti-corruption / bribery with asking people to disclose:

⁷ Corporate Responsibility Manual, Sindicatum Intranet, Pages 4 & 5

⁸ Sindicatum Related Party Transactions and Conflict of Interest Questionnaire, Page 1

“Have you or any Family Member accepted gifts or other benefits with a value of US\$200 or more from any person or organisation which may influence the performance of your duties on behalf of Sindicatum or that is concerned or seeking to do business with the Company?”⁹

We are happy to report that we received 100% of the completed questionnaires for the period 1 January to 31 December 2016.

Recruitment

As a business we seek to recruit and develop the best talent. Simultaneously, we also look to develop the local areas in which we operate by offering job opportunities and nurturing a connection with local communities. In order to monitor our recruitment and show how we are contributing to local society sectors we have outlined the number of employees that are nationals to the regions:

Sindicatum Office	Total Number of Employees as at 31 December 2016	Number of Employee that are Nationals	% of Local Employees
China	8	8	100
India	16	15	94
Indonesia	2	2	100
Philippines	6	5	83
Singapore	12	6	50
Thailand	37	36	97
United Kingdom	3	3	100
United States	2	2	100

The above table does not include project partners or contractor numbers

Performance Review and Employee engagement

In our most recent performance review (reviewing 2016), we once again amended the Performance review pack / documentation to simplify the process and allow for more concise feedback. The general feedback was that the documentation was much easier to complete and was more tailored to the business.

All of our employees underwent a performance review for 2016 and were encouraged to provide 360 degrees feedback and to make suggestions for improvements.

⁹ Sindicatum Related Party Transactions and Conflict of Interest Questionnaire, Page 4

Internships and Scholarships

As part of our on-going effort to make a positive socio-economic contribution to the regions in which we operate, in 2016 we once again offered our scholarship programme at TERI University Delhi.

In 2016, Sindicatum reported:

- an average of 114 hours per month of courses / training as a group
- 5 internship placements
- 4 scholarships through our partnership with TERI University in India

Reminder of our 2016 Goals and Outcomes:

In the following table we have set out the objectives we made for 2016 and to what extent we have achieved them:

2016 Target	Update
1. Review the Sindicatum annual performance review process with the objective to introduce a more open and frequent feedback system between the employee and management.	We did review the Sindicatum annual performance review process and updated the documentation to focus the meeting conversations. Employees and management have been encouraged to keep the lines of communication open throughout the year.
2. Draft and introduce a Diversity policy	We are yet to introduce the Diversity policy as explained further in point 4 below.
3. Introduce a system where by any service contractor/provider with a minimum retainer of USD 7,000 per annum also completes a Related Party Transactions and Conflict of Interest Questionnaire for fair practice.	After some feedback, prior to consultation, we are considering revising the minimum retainer amount.
4. Review and update the Sindicatum Group recruitment and selection policy so to ensure: a. a proficient and consistent approach to recruitment and selection; b. introduce the Diversity policy; c. attract skilled talent when recruiting in future; and d. That the UN Global Compact Principles 4, 5 and 6 are covered.	We have reviewed and updated the Sindicatum Group recruitment and selection policy, however we have not yet rolled out the new processes, we are still in the consultation phase.



2017 Goals & Targets

1. Introduce a Diversity policy to coincide with the implementation of the new Sindicatum Group recruitment and selection policy.
2. Introduce a system where by any service contractor/provider with a minimum retainer of USD 10,000 per annum also completes a Related Party Transactions and Conflict of Interest Questionnaire for fair practice.
3. Implement the new Sindicatum Group recruitment and selection policy.

Environment

The following part of the report will further develop on what we have already addressed on the following principles:

- *Principle 7: Businesses should support a precautionary approach to environmental challenges;*
- *Principle 8: undertake initiatives to promote greater environmental responsibility; and*
- *Principle 9: encourage the development and diffusion of environmentally friendly.*

Environmental Performance

The environmental facet of sustainability encompasses Sindicatum's impact on

living and non-living natural systems. Given that we are an investor, developer, owner and operator of clean energy projects and a producer of sustainable products from wind, sun and waste, this dimension is classified as a key material aspect. Having a global footprint of decentralized clean energy projects, our projects have a direct impact on the environment and the living conditions of local communities. Sustainability is our business, and we believe it is crucial to work within environmental and social boundaries in order to shift from the reigning economic model to a common path of decarbonised highly resilient economy underpinned by a stabilized climate. Sindicatum's strategy and policy on environmental protection are centred on the implementation of Principles 7, 8 & 9 of the United Nations Global Compact:

Sindicatum supports a precautionary approach to environmental challenges – Principle 7

Sindicatum undertakes initiatives to promote greater environmental responsibility – Principle 8

Sindicatum encourages the development and diffusion of environmentally benign technologies Assessment, Policy and Goals – Principle 9

Apart from setting the strategic sustainability direction for all departments and employees, we have integrated an Environmental & Social Corporate policy into our business operations and incorporated measures to mitigate environmental impact. This policy was developed to define policy commitments, organizational roles and responsibilities, work procedures and implementation arrangements at the corporate level for managing environmental & social risks associated with our operations in clean energy projects and as a producer of sustainable resources from the utilization of natural products and waste.

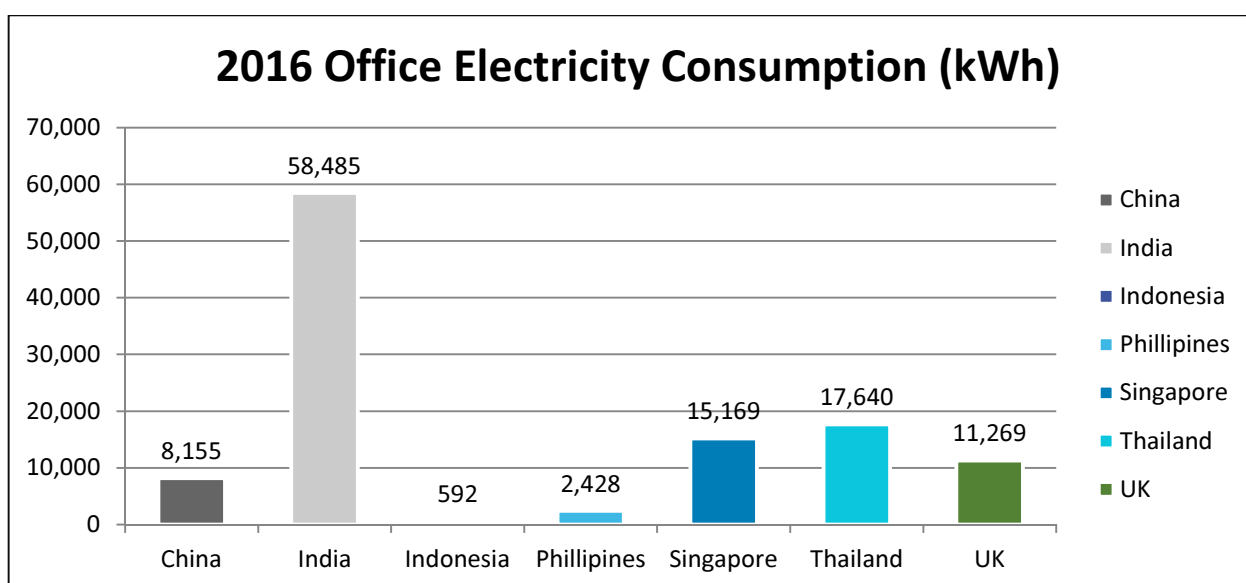
Additionally, the policies, procedures and protocols implemented are benchmarked against the International Financial Corporation (IFC) Performance Standards on Environmental and Social Sustainability and associated IFC/World Bank EHS guidelines.

Energy Consumption and Management

Sindicatum's projects and operations produce clean power that is consumed by off-takers (businesses and industries) and the local community (through the grid).

While these projects mitigate climate change overall, our operations also consume energy and as part of this indicator, we will report the energy consumption only by entities owned or controlled by our organization. As part of this energy consumption inventory, we have included our power use in all of our offices and operational project sites¹⁰. For the remaining projects that are under development and where Sindicatum has developed projects in the capacity of a consultant, we have considered our environmental impact in the form of travel¹¹ based emissions.

For office based power usage, electricity is the significant form of energy consumption regardless of country of operation and was measured through metering devices and validated via electricity utility bills. The total office based energy usage for 2016 amounted to 113,201 kWh (c. 1,316 kWh/employee) which represents a 22% improvement from 2015.



For the next calendar year (2017), we will target to keep constant or limit increase in electricity consumption to 10% in comparison to 2016 usage.

¹⁰ Taken into consideration in "Net power generation"

¹¹ Land and Air

Reduction in Energy Consumption

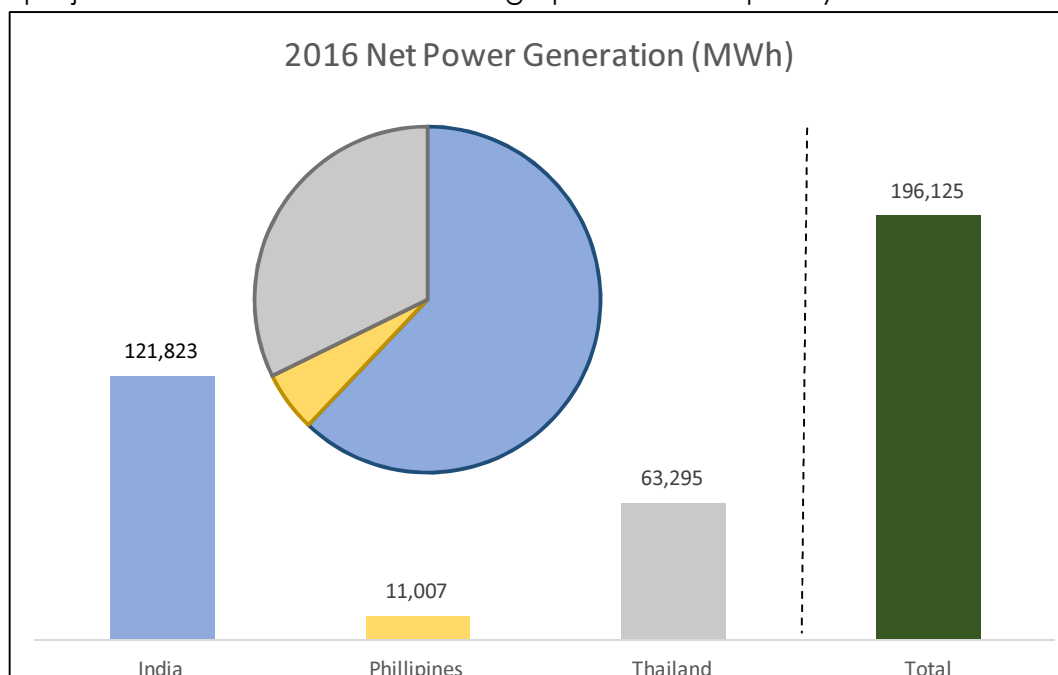
Sindicatum's raison d'être as a global green brand means that we constantly strive to reduce resource wastage and due to their very nature, our sustainability projects will continue to significantly reduce the use of non-renewable resources for many years to come.

Within each of our green projects we are constantly searching for ways to be even more efficient and effective to the environment. For example, in our Indian bagasse-based cogeneration power projects, we will constantly innovate and improve our equipment (such as boilers and steam turbine driven generators) in order to achieve higher efficiency and to enable plants to operate for longer periods on renewable energy resources.

Within our own offices, we have achieved a significant reduction. Microsoft Cloud services are replacing on-site servers, minimizing power consumption and participating in Microsoft Office 365. Last year, our China and Thailand businesses undertook additional measures to limit the use of air-conditioning within the office premises thereby resulting in a marked reduction of office based emissions.

Net Power Generation from Sindicatum's Projects

The very nature of our business is centred on the generation of clean energy and emission reductions. In 2016, net^{12,13} generation of clean electricity totalled 196,125 MWh representing a power generation intensity of c. 2,280 MWh/employee¹⁴. For 2017, we will strive to improve on this by 5% via high operational performance at our existing project sites and new projects that will add to our existing operational capacity



Carbon footprint – Emissions Aspect

For this aspect, Sindicatum has reported standards based on the WRI¹⁵ and WBCSD¹⁶ “Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard”¹⁷. This framework encompasses of classifying the GHG emissions into three scopes. A substantive portion of the GHG attributed to Sindicatum’s operations falls under Scope 2 and Scope 3 Emissions in the form of purchased electricity and travel respectively.

For this year’s edition of the sustainability report, we incorporated emissions due to land transport in addition to air-travel to enhance our disclosure and also review operational aspects that have a significant impact. Emissions of ozone depleting substances and Nitrogen and Sulphurous oxides are indicators with negligible impact.

¹² Net power generation is the total power generated and is calculated as follows: Gross generation – (auxiliary consumption + power imported from grid + power generation from diesel (if any))

¹³ Apportioned by Sindicatum’s share of ownership in the projects

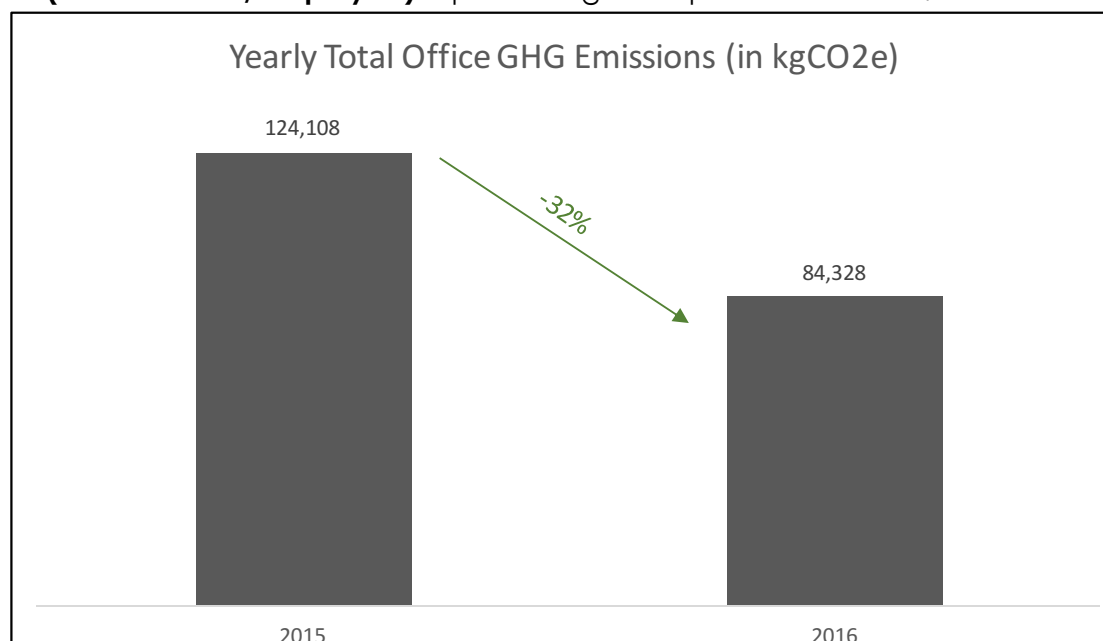
¹⁴ 86 employees

¹⁵ World Resources Institute

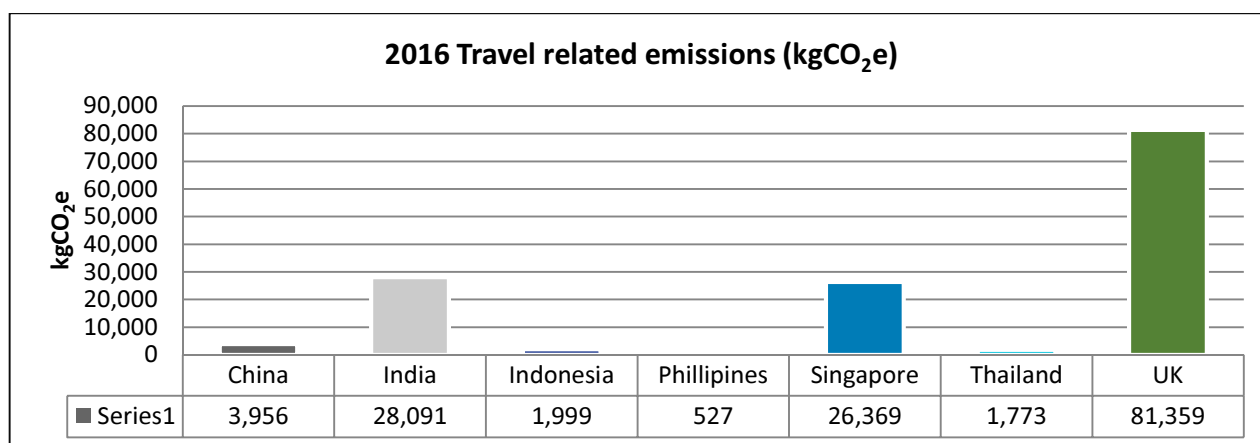
¹⁶ World Business Council for Sustainable Development

¹⁷ GHG Protocol

In 2016, the environmental footprint as a result of Sindicatum's offices was **84,328 kgCO₂e ≈ 84 tCO₂e (c. 0.98 tCO₂e/employee)** representing an improvement of 32% from 2015.

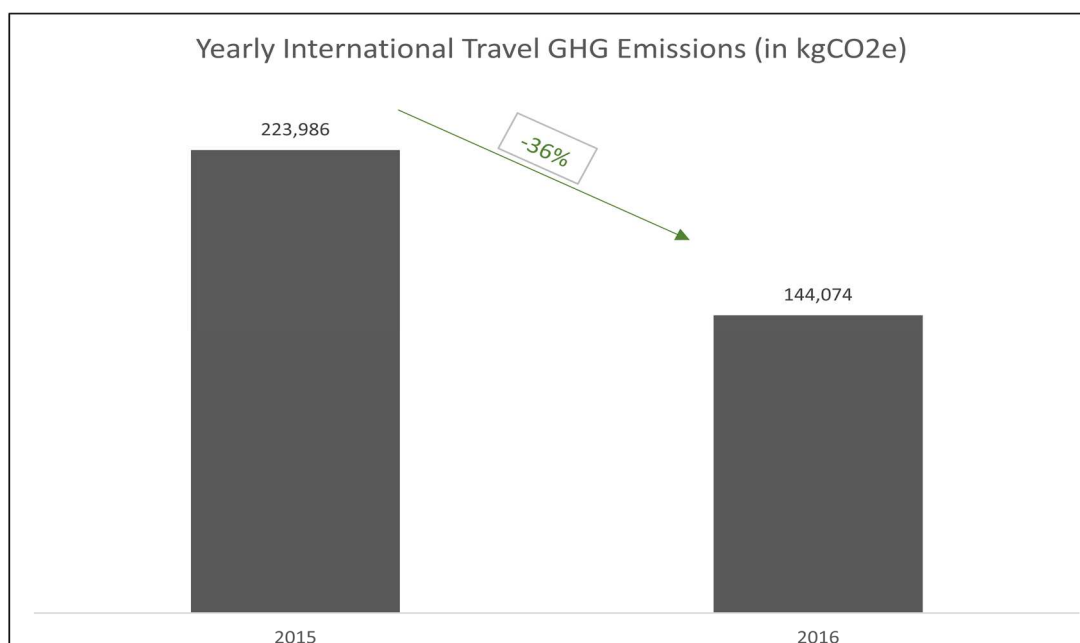


GHG emissions from outside the organization that can be attributed to activities of the organization such as land and air-travel also account for some GHG emissions. We have chosen to measure and report emissions due to air-travel of all our staff using the International Civil Aviation Organization Carbon Emissions Calculator¹⁸. Our corporate offices in UK and Singapore comprised of a substantive portion of air-travel in 2016 and this is largely due to frequent business travel as a result of Sindicatum's overseas expansion strategy.



The total GHG emission from land and air travel for 2016 is **144,074 kgCO₂e ≈ 144 tCO₂e** which marks a 36% fall from 2015.

¹⁸ <http://www.icao.int/environmental-protection/CarbonOffset/Pages/default.aspx>



Reduction in GHG Emissions

In our offices, we educate our staff about the importance of conserving electricity, resources and the importance of good consumption habits. We have advocated the use of teleconferencing and other web-based communication technology to a large extent to minimise overseas travel.

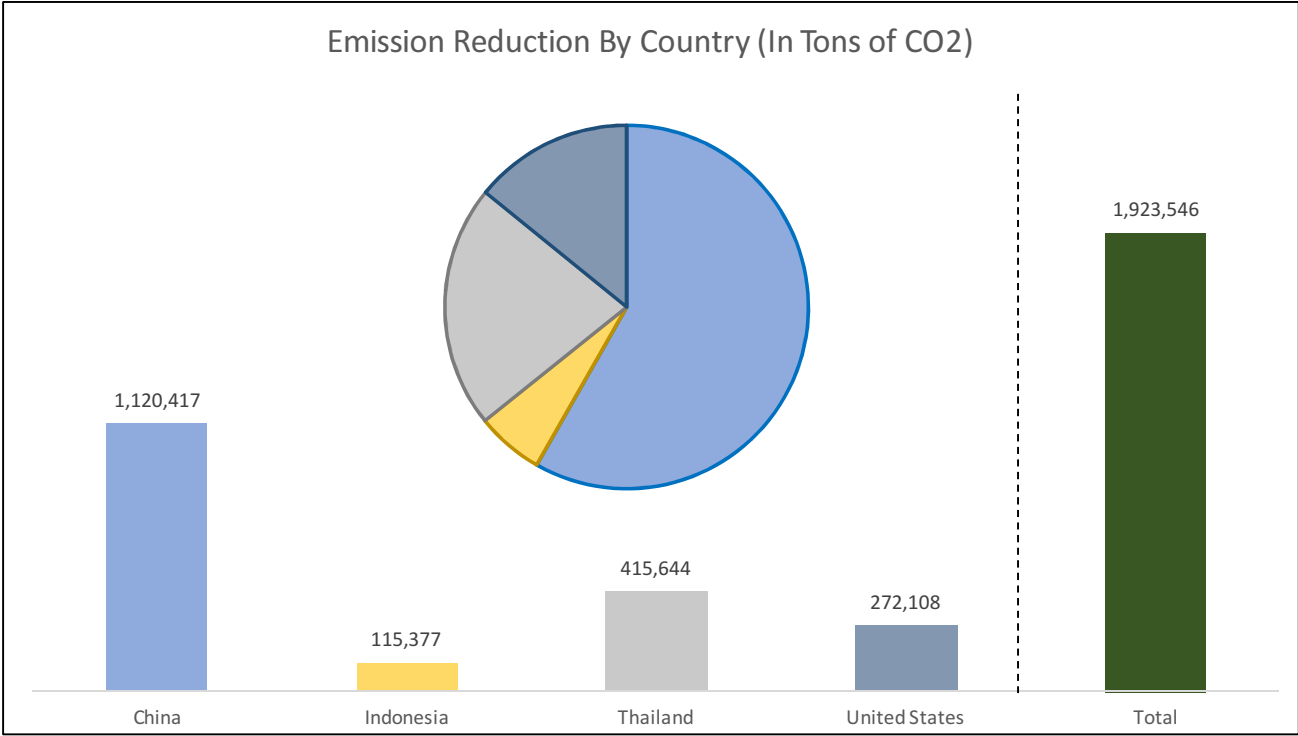
Emission Reductions from our Green Projects¹⁹

Last year alone, Sindicatum's projects²⁰ generated more than **1.9 million tonnes** of emission reductions. Emission reductions generated are net of any project emissions and have been verified and issued by internationally recognized standards such as the Clean Development Mechanism ("CDM") and the California Environmental Protection Agency – Air Resources Board ("ARB").

Our emission reduction projects are subject to 3rd party independent audits to verify that the emission reductions generated are accurate, real and additional. Details of the projects, verification and monitoring reports are published on respective databases.

¹⁹ Emission reductions are calculated net of project emissions

²⁰ Refers to Sindicatum owned projects and consulting projects and apportioned by Sindicatum's stake in the project



Offsetting Sindicatum's carbon footprint

Sindicatum's total carbon footprint for 2016 was 228 tCO₂e – from office based electricity consumption and emissions arising from travel. Emissions from Sindicatum's renewable energy and emission reduction projects have been included in the tabulation of "Net Power Generation" and "Emission Reductions" respectively as described in pages 22 and 24 of this report.

For this year's Communication On Progress, we have decided to offset our office and travel based emissions so as to further underpin our commitment to our Sustainability Ethos.

We have retired an equal number of carbon credits from two projects with high Environmental, Health, Safety and Social standards and numerous sustainable development benefits to the local community. Both these projects have been registered under the Clean Development Mechanism and have been verified by 3rd party independent auditors. These projects are:

- 1. CDM Project 3483: Bangkok Kamphaeng Saen West: Landfill Gas to Electricity Project (189 CERs)
- 2. GS417 Hebei Shangyi Manjing East Wind Farm Project (39 Gold Standard CERs)

Sindicatum's carbon footprint for 2016 is therefore 0 and our operations are NET POSITIVE!



Anti-Corruption

- *Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.*

Zero-tolerance to corruption policy

Sets out the Company's "zero-tolerance" stance for all forms of corruption, bribery and extortion. It provides employees with information and guidance on how to identify, address, resolve, avoid, prevent and report corruption, bribery and extortion which may occur as part of their work. Sindicatum maintains a zero-tolerance policy to corruption and any third-party that we cooperate with are required to sign anti-corruption undertakings.

It is Sindicatum's policy to conduct its business in such a way as to be consistent with all relevant anti-bribery laws in all the jurisdictions in which the group transacts business. It is vital for all in Sindicatum to ensure zero-tolerance to corruption, even if the country that the business is being conducted does not have its own anti-bribery laws.

Our stand on anti-corruption is further elaborated in our Code of Conduct that also serves to communicate our anti-corruption policies and procedures to our employees across all of our operations. In 2016, Sindicatum continued implementation of its anti-corruption policies and procedures across the Group, including training, monitoring and investigation of potential bribery incidents.