

SUSTAINABILITY STATEMENT

REPORT OVERVIEW

This is our 11th yearly reporting since 2007 on the disclosure of our sustainability best practices. In line with the Bursa Malaysia Sustainability Reporting Guide as well as other additional guidelines mentioned below, this report has been renamed as a Sustainability Statement to better reflect a more comprehensive and holistic reporting of the company's sustainability efforts. This report is prepared with the support of our cross-functional Sustainability Working Group (SWG) which consists of the head of various related departments involved in the management and implementation of the company's sustainability work. The SWG is guided by the Sustainability Committee which in turn reports to the Board of Directors. This year, we also reached out to our internal and external stakeholders to perform a materiality analysis and identify key material aspects which are important to the Group following the GRI Sustainability Reporting Standards Guidelines. We also took into account the 17 United Nations Sustainable Development Goals (SDGs) and have identified thirteen of the SDGs as most aligned to our business and operations.

SCOPE OF REPORT

Reporting Period: 1st January 2017 to 31st December 2017

Coverage:

This report covers Salcon Berhad, a public listed company in Kuala Lumpur Stock Exchange, Malaysia, and the companies below which spearhead its diversified business operations:

1. Salcon Engineering Berhad
2. Envitech Sdn Bhd (wastewater treatment services)
3. Eco-Coach & Tours Sdn Bhd (transportation services)
4. Azitin Venture Sdn Bhd (property development)
5. Volksbahn Technology Sdn Bhd (technology services)
6. Salcon Power (HK) Limited (solar power investment)
7. Salcon Petroleum Services Sdn Bhd (oil & gas software marketing)

REFERENCES & GUIDELINES

This report has been prepared in accordance with the following guidelines with the objective to deliver a transparent and comprehensive disclosure to our stakeholders.

Principal guidelines: Bursa Malaysia Sustainability Reporting Guide.

Additional guidelines:

1. FTSE4Good Bursa Malaysia Index Rating Guide
2. Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (please refer to the GRI Content Index at page 224)

FEEDBACK

This report can be downloaded at our corporate website at <http://salcon.listedcompany.com/ar.html>

We welcome feedback, enquiry, suggestion or comment on this report and any aspect of our sustainability performance. Please address your feedback or enquiry to the Sustainability Committee at corporate@salcon.com.my

SUSTAINABILITY STATEMENT

SUSTAINABILITY AT SALCON

As a company that delivers inherently sustainable products and core services in water and wastewater, technology services and property development, our approach to sustainability stems from our goal to manage and nurture a safe and profitable business in an open and transparent manner, respects the communities in which we operate in and sustains the environment.

The Group's core values of Teamwork, Commitment, Professionalism, Respect and positive Results underpin everything we do. By integrating economic, social and environmental social risks and considerations into our corporate strategies, we are committed to delivering sustainable outcomes on every project, everywhere we operate. We will continue to minimize our impact on the

environment and carbon footprint throughout our value chain, and we are committed to being a good corporate citizen through our investment in the communities in which we operate.

Awards & Recognitions

During Financial Year ("FY 2017") we made great strides in our sustainability journey and received recognition from sustainability organizations both locally and internationally. Awards not only acknowledge success, but also the commitment, ability, efforts and above all, excellence put in by an organisation.

Salcon is honoured to be awarded noteworthy recognitions by established and well-known organisations in the region.



FTSE Russell

Inclusion in
FTSE4Good Bursa
Malaysia Index for the
third
consecutive year



Best Sustainability Reporting Award

Best Sustainability
Reporting Award



Sewerage Services Department & Yayasan Hijau Malaysia

Excellent Achievement
under Ministry of
Energy, Green
Technology & Water
KPI 2016 (Pencapaian
Cemerlang KPI YBM
Tenaga,
Teknologi Hijau
& Air 2016)



CSR Malaysia Publication

CSR Malaysia
Awards 2017



Asia Sustainability Reporting Awards

Asia's Best CSR
Communication
within Annual Report
Awards



Tan Sri Dato' Tee Tiam Lee, Executive Deputy Chairman of Salcon Berhad (left) receiving the Excellent Achievement Award from YB Datuk Seri Panglima Dr. Maximus Johnnity Ongkili, Minister of Energy, Green Technology and Water (KeTTHA)

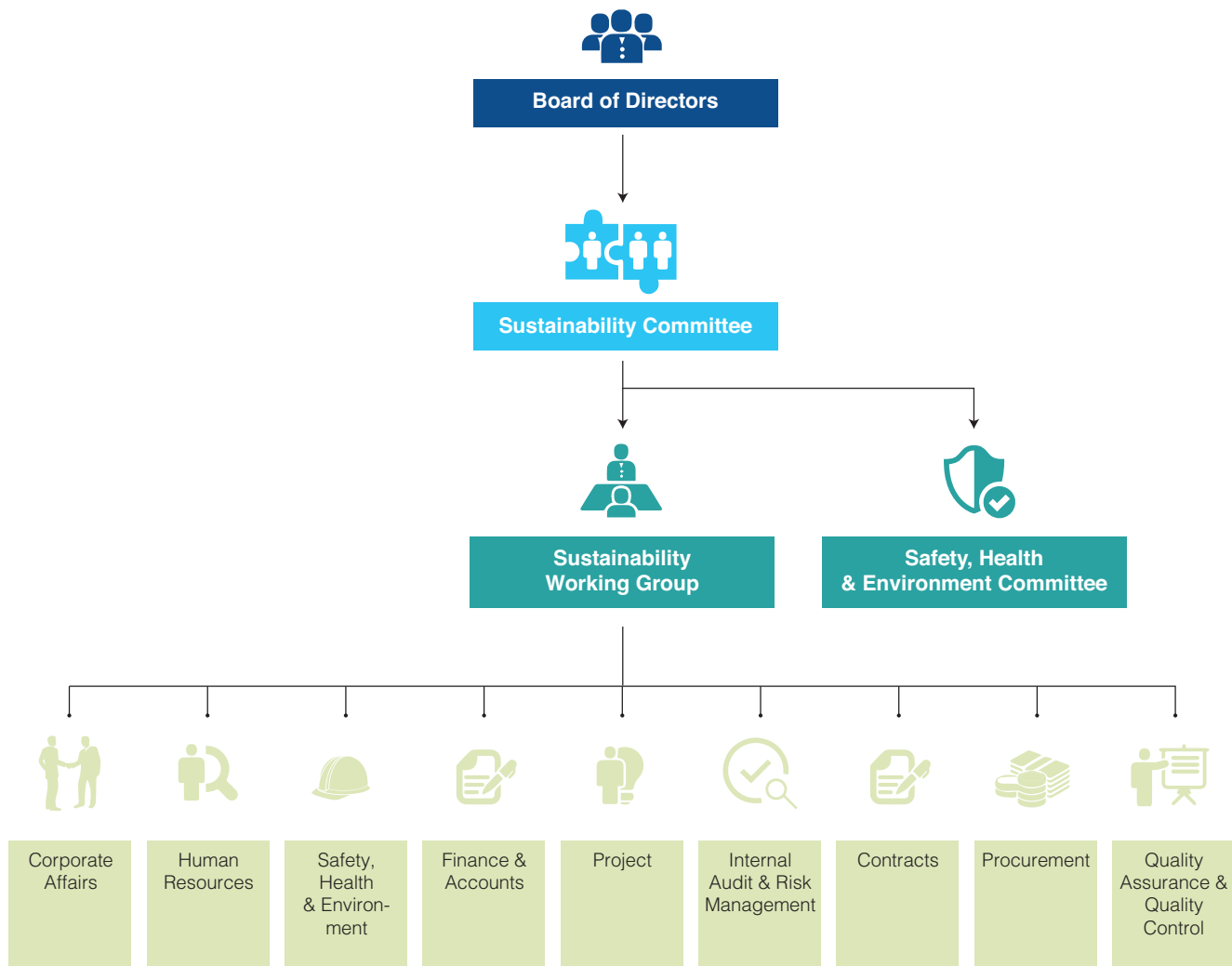
SUSTAINABILITY STATEMENT

SUSTAINABILITY GOVERNANCE

At Salcon, the Board of Directors via the Sustainability Committee oversees the Group's sustainability strategies and performance. The Sustainability Committee reports to the Board on the Group's sustainability performance. The Committee consists of 2 Board members, the Chief Operating Officer, the Chief Financial Officer and the General Manager of Corporate Affairs Division, who is the key personnel in the Group's sustainability efforts.

The Sustainability Committee meets at least once a year to review, discuss, evaluate and recommend strategies for improvement in the Group's sustainability performance and reports to the Board.

The Sustainability Committee is supported by the Sustainability Working Group, a cross-functional team who is responsible for the implementation of sustainability strategies and to provide Economic, Environmental & Social (EES) performance data for sustainability reporting.



SUSTAINABILITY STATEMENT

MATERIALITY

We have undertaken an extensive materiality assessment in FYE 2017 to help us to identify where we should invest our resources meaningfully and take more effective strategies to improve the performance of issues which are most material and close to the hearts of our stakeholders.

This materiality analysis has provided us an effective platform for us to analyze our stakeholders' priorities and concerns and serve as a useful guide for us to identify the areas important to our stakeholders and the business. Besides financial

performance, it is increasingly clear that stakeholders are placing greater emphasis on social and environmental issues.

METHODOLOGY

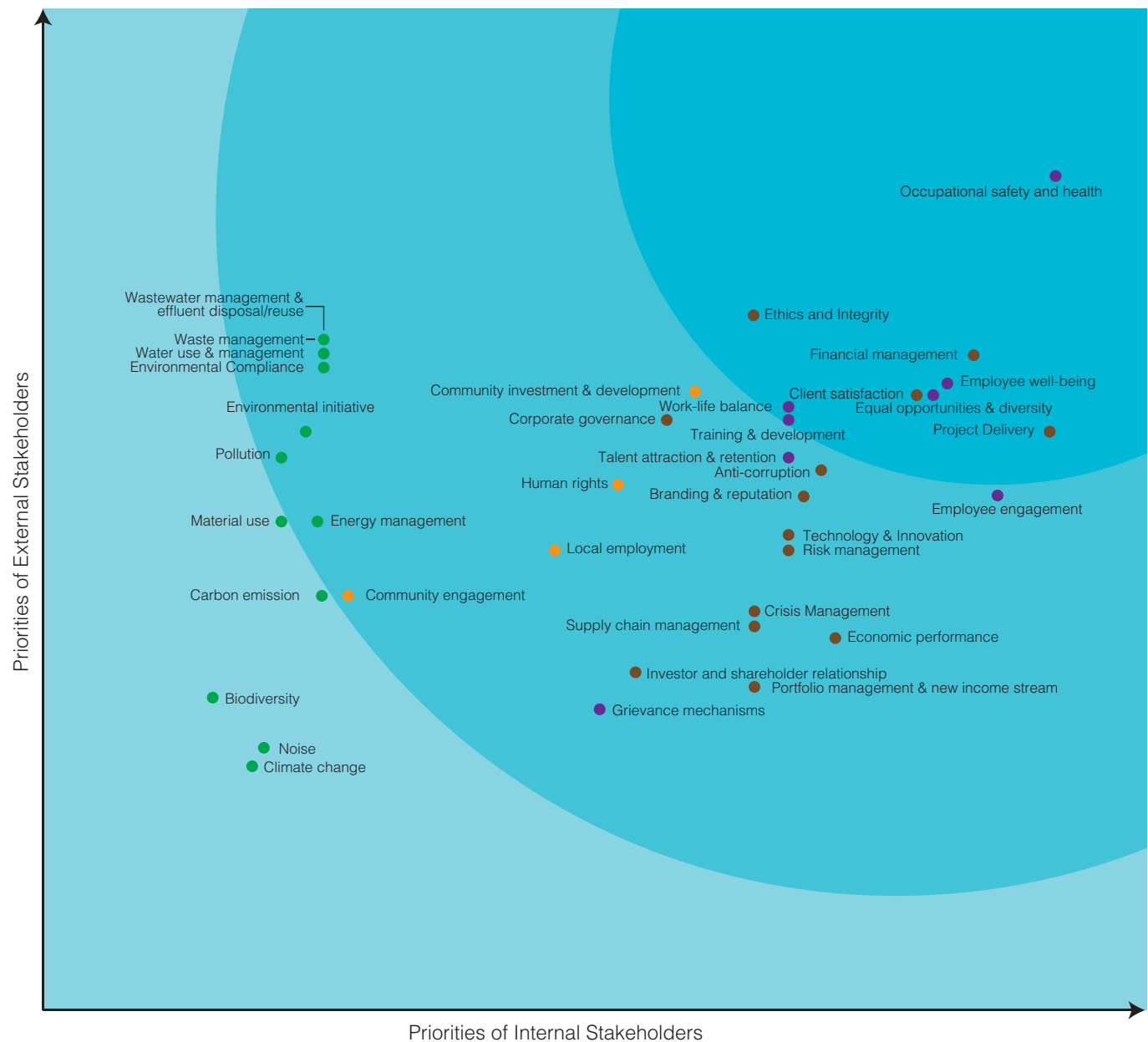
The assessment was conducted in accordance with the Bursa Malaysia Sustainability Reporting Guide, FTSE4Good Rating Index and GRI Sustainability Reporting Guidelines.



SUSTAINABILITY STATEMENT

MATERIALITY MATRIX

The findings of the materiality assessment on the 38 EES issues has been mapped into the materiality matrix below based on our stakeholders' feedback.



SUSTAINABILITY STATEMENT

MATERIALITY ANALYSIS

We have further categorized the above 38 issues into 3 categories which are: economic, environmental, and social which is sub-divided into employee and community. From the matrix, we have identified 9 of the issues as key material issues for both internal and external stakeholders. This has enabled us to prioritise the key material issues in our sustainability commitment.

KEY MATERIAL ISSUES - VERY MATERIAL

No.	Material issues	Description	Page reference for more details
1.	Occupational safety & health	Creating a safe and healthy workplace, at both offices and project sites, with zero or minimal occupational illness/ injury	68
2.	Ethics & integrity	Embedding integrity and ethical business practices in all aspects of our business	46
3.	Financial management	Good management on the Group's financials and investment as well as maintaining healthy economic growth	48
4.	Work-life balance	Social & recreational activities/ initiatives for employees	66
5.	Clients satisfaction	Meeting clients' requirement in terms of costing, timing, technical expertise etc	50
6.	Employee well-being	Employees benefits and compliance with all wage laws for all categories of employees	66
7.	Equal opportunities & diversity	Fair treatment to all employees, employee diversity in respectful workplace	61
8.	Training & development	Training opportunities and career development to employees for self-improvement and development	67
9.	Project delivery	Successful completion and delivery of projects on time and within budget.	50

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is the foundation of Salcon's EES strategies and commitment. It is our priority to nurture positive relationships with varied stakeholders and listen to their concerns and interest, so that we understand their priorities and enable us to make better decisions in our efforts to create sustainable values for all the stakeholders.

Throughout the years, we engage with various group of stakeholders who has significant impact on our businesses via different engagement channels. We appreciate the mutual respect and trust with our stakeholders.

Going forward, we plan to enhance our materiality assessment system by improving and strengthening stakeholder engagement in materiality assessment whilst at the same time obtaining feedback from different major stakeholders.

SUSTAINABILITY STATEMENT

Stakeholder Group	Concern	Engagement Approach	Frequency Annually	Values created
Employees	<ul style="list-style-type: none"> Safe & healthy workplace Career development Work-life balance Talent retention Employee engagement 	<ul style="list-style-type: none"> Safety & Health Campaign Training opportunities Salcon Recreational Club Employee performance review & rewards Employee entitlements & benefits Festive celebrations Company Facebook page Internal newsletter Voluntary opportunities 	<ul style="list-style-type: none"> As needed As needed As needed As needed As needed As needed As needed As needed 	<ul style="list-style-type: none"> Safe and healthy working environment with better productivity Enhanced skills for improved work efficiency Sports and family-based activities to foster good work-life balance Recognizing our employees' contributions Fostering positive relationships amongst colleagues Up-to-date information on the company's direction/ news Opportunities for employees to give back to the society together
Shareholders/ Investors	<ul style="list-style-type: none"> Transparent information disclosure Financial performance 	<ul style="list-style-type: none"> Analysts/ bankers/ fund managers meeting Annual General Meeting 	<ul style="list-style-type: none"> As needed Annually 	<ul style="list-style-type: none"> Analyst presentations with positive feedback on information shared Return on investment Platform to share the company's economic performance, business direction and strategies with our shareholders Rewarding our shareholders through dividend payment.
Clients/ Customers	<ul style="list-style-type: none"> Deliverable Timely solution 	<ul style="list-style-type: none"> Client satisfaction survey Regular project meetings Customers services (at billing services center in Sandakan office) 	<ul style="list-style-type: none"> As needed As needed Daily (working day) 	<ul style="list-style-type: none"> Project delivery within timeline and budget Fast and prompt attention to customer needs at billing services center
Regulators/ Government Authorities	<ul style="list-style-type: none"> Compliance with policies Support government initiatives 	<ul style="list-style-type: none"> Full compliance with Bursa Malaysia, Security Commissions and Quality Management (ISO 9001) policies and guidelines Environmental compliance at project sites 	<ul style="list-style-type: none"> As needed As needed 	<ul style="list-style-type: none"> Create reputable branding as well as keeping track with the current market regulations Biodiversity conservation at project sites and create minimal carbon footprint Effective resources management Better awareness on environmental issues and compliance knowledge among employees

SUSTAINABILITY STATEMENT

Stakeholder Group	Concern	Engagement Approach	Frequency Annually	Values created
Business Partners/ Associate partners	<ul style="list-style-type: none"> Long term partnership 	<ul style="list-style-type: none"> Strategic business planning meetings 	As needed	<ul style="list-style-type: none"> Improve business and economic performance Forge long term bond
Local Community	<ul style="list-style-type: none"> Community development Job opportunities 	<ul style="list-style-type: none"> Charitable giving Internship opportunities Environmental education - Conducted 5 Salcon Smart Water Programme and 1 Train The Trainers Programme Local employment 	As needed As needed Bi-monthly As needed	<ul style="list-style-type: none"> Build positive relationships with the community and attend to their needs Real corporate world exposure for students Outdoor education learning opportunities for students Creation of job opportunities for local communities at project sites
Suppliers/ Sub-contractors	<ul style="list-style-type: none"> Transparency Long term partnership Fair procurement policy 	<ul style="list-style-type: none"> Suppliers & sub-contractors evaluation Tender & bidding/ quotation requests Procurement policies & system 	Annually As needed As needed	<ul style="list-style-type: none"> Performance monitoring and Improve efficiency throughout supply chain Share the same ethical procurement values
Media	<ul style="list-style-type: none"> Up-to-date and transparent information disclosure 	<ul style="list-style-type: none"> Media releases One on One interviews 	As needed As needed	<ul style="list-style-type: none"> Reach out to public on company's strategic direction, future aspirations to promote company branding and reputation.
Non-Governmental Organisations	<ul style="list-style-type: none"> Community development Environmental conservation 	<ul style="list-style-type: none"> Partnership and support in community, and environmental sustainability Support NGOs 	As needed	<ul style="list-style-type: none"> Mutual understanding on sustainable environmental and social growth as well as biodiversity conservation River & water conservation and education for community
Industry Associations	<ul style="list-style-type: none"> Long term relationship & membership 	<ul style="list-style-type: none"> Industry exhibitions and conferences Membership with Malaysia Water Association (MWA), Global Water Intelligence (GWI) and International Water Association (IWA) 	As needed As needed	<ul style="list-style-type: none"> Keeping track with industry updates Foster good relationships with industry peers

SUSTAINABILITY STATEMENT

UNITED NATIONS GLOBAL COMPACT

Our sustainability journey marked another milestone when Salcon became a signatory of the United Nations Global Compact (UNGC) in 2017, with the commitment to uphold the Compact's 10 principles in 4 areas principally, human rights, labour standards, environment and anti-corruption.



SUSTAINABLE DEVELOPMENT GOALS

In September 2015, the United Nations adopted 17 sustainable development goals. These goals build on the preceding Millennium Development Goals and seek to tackle the world's economic, social and environmental issues by 2030. Achieving the sustainable development goals (SDGs) will require action by governments, non-governmental organisations and the private sector. Companies can contribute to the achievement of the SDGs by reducing the negative impact of their operations and seeking to contribute positively to the environments and communities in which they work.

SUSTAINABLE DEVELOPMENT GOALS



SALCON AND THE SDGs

In this report, the goals highlighted below are most closely related to the topics that were identified as most relevant to Salcon and where our sustainability efforts and operations are closely aligned to the SDGs.

ECONOMIC

Page 45

6 CLEAN WATER AND SANITATION



7 AFFORDABLE AND CLEAN ENERGY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



11 SUSTAINABLE CITIES AND COMMUNITIES



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



ENVIRONMENTAL

Page 52

13 CLIMATE ACTION



SOCIAL

Page 60 & 72

3 GOOD HEALTH AND WELL-BEING



8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



17 PARTNERSHIPS FOR THE GOALS



ECONOMIC

Delivering healthy economic performance is our foremost sustainability commitment. It is vital to ensure a sound organization and performance with strong and solid economic performance as the cornerstone, which include highest standards of corporate governance and transparency, sustainable business solutions and supply chain.

OUR ALIGNMENT TO SDG GOALS



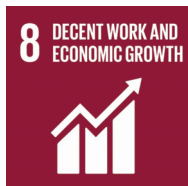
Water & Wastewater Treatment

We treat water and wastewater to provide communities with clean, safe and quality water.



Solar Power

We install solar photovoltaic systems in the United Kingdom to provide clean and affordable energy to households.



Healthy Economic Growth

We create employment and support local businesses. We contribute to economic growth by paying taxes to the government.



Water & Wastewater Treatment

Our core services, water & wastewater treatment provides one of the most basic yet essential infrastructure for healthy and sustainable living.

Technology Services

We provide smart city solutions through our joint venture, Volksbahn Technologies Sdn. Bhd. by enabling efficient and fast networks through our fiber optic backbone in the Klang Valley.



Improvement to Living Quality

Our diversified businesses (water and wastewater, property development, transportation & technology services) create sustainable cities and quality living environment.



Transparency and Integrity

Our core values of teamwork, commitment, professionalism and respect underpin how we work. We are committed to adhere to the highest standards of corporate governance and transparency with zero tolerance on corruption.

SUSTAINABILITY STATEMENT

CORPORATE GOVERNANCE

We are committed to demonstrate transparency, accountability and embrace responsible business behavior across our operation to gain stakeholders trust and confidence and forge strong relationship with them. We are a member of the Malaysia Institute of Corporate Governance (MICG) which supports corporate governance advocacy in Malaysia. During this reporting period, we did not register any non-compliance with laws and regulations in the social and economic areas.



Ministry of Energy, Green Technology & Water team paid a visit to the Langat 2 Water Treatment Plant which is currently under construction

We are committed to demonstrate transparency, accountability and embrace responsible business behavior across our operation to gain stakeholders trust and confidence and forge strong relationships with them.

ETHICS & INTEGRITY

As one of the key material issues identified during our Materiality Assessment, our ethical business practice is underpinned by relevant policies, guidelines and systems, which serve as the guidance for all level of employees in the Group, including the Board Members.

The principles set out in our Code of Ethics and Conduct (COEC) and Statement of Policy and Business Ethics (SPBE) outline these responsibilities to our shareholders, customers, employees, business partners and society. They include commitments to business integrity and compliance with applicable laws and regulations to minimize the potential business risk or illegal conduct.

SUSTAINABILITY STATEMENT

Salcon's Integrated Risk Management Policy, which is in compliance with ISO 31000, will enhance controls/safeguards against ever-increasing and fast-morphing risks in today's challenging global business environment.

CODE OF ETHICS & CONDUCT

All employees are guided by the Code of Ethics & Conducts (COEC), which is overseen by the Board and reviewed from time to time to ensure its compliance and effectiveness. The COEC was reviewed during FYE 2017 where relevant sections were updated and improved in order to be aligned with global best practices on transparency and business conduct. The amendments were then disseminated and communicated to all employees.

Every new recruit is briefed and introduced on the COEC during the staff induction process to convey the Group's stance on bribery, corruption, bullying, discrimination etc.

Employees are encouraged to promptly report any activities which may constitute a violation of any law relating to fraud or deceptive practices. We have a whistle-blowing mechanism and grievance mechanism for employees and other stakeholders to raise their concern about misconduct in any matters related to the Group.

FAIR COMPETITION

We strictly abide by legal regulations on fair competition and do not support anti-competitive, anti-trust and monopolistic practices as such practices affect our clients' choices and pricing. In FYE 2017, the company was not involved in any legal cases related to anti-competitive or monopoly practices.

ANTI-CORRUPTION

Corruption and bribery is a risk to the Group's image. As such, the Board does not tolerate any fraud, corruption or bribery practice in the Group, either directly or indirectly. Complete honesty and fairness is required in conducting all the business operations. Appropriate actions will be taken against employees who are involved in bribery and corruption.

All employees, sub-contractors, suppliers and those working in joint ventures that we operate, are expected to understand and work in line with the Statement of Policies and Business Ethics. We encourage suppliers and our partners in joint ventures that we operate, to apply equivalent principle.

- No reported incidents of corruption in FYE 2017
- No fines/ penalties in FYE 2017 in relation with corruption/ bribery
- No staff disciplined or dismissed due to non-compliance with anti-corruption guidelines

RISK MANAGEMENT

In order to achieve our business objectives with minimal uncertainties and loss, Salcon takes proactive steps to identify, evaluate, mitigate and report on risks in all of our business operations, inclusive for new projects. The risk factors we identified include operational risks, environmental risks, corruption and bribery. Salcon's enterprise-wide risk management practice is led by the Risk Management Committee. The Committee meets at least once a year to discuss any risk issues in the Group, review the adequacy and effectiveness of the risk management process and report to the Board accordingly.

Salcon's Integrated Risk Management Policy, which is in compliance with ISO 31000, will enhance controls/safeguards against ever-increasing and fast-morphing risks in today's challenging global business environment.

For more details on the composition of the RMC, please refer to Corporate Information section of our Annual Report/ Website.

For more information on Salcon's risk management activities, please refer to Corporate Governance Statement and Statement of Risk Management and Internal Control in our Annual Report.

SUSTAINABILITY STATEMENT

ECONOMIC PERFORMANCE

During FYE 2017, the Group recorded RM216.2 million gross economic value, a 91.8% increase compared to the preceding year. This is mainly due to profit recognition of our completed rés280 project. The Group's financial position remains healthy with total cash and cash equivalents of RM133.8 million. Our gearing ratio stands at 0.15 with total borrowing of RM66.6 million. We are confident that the Group will deliver improved performance in the coming year with more contracts coming in.

Description	2015 (RM '000)	2016 (RM '000)	2017 (RM '000)
Revenue	123,079	98,974	206,492
Other income and interest income	37,114	13,823	9,744
Gross value generated	160,193	112,797	216,236
Our suppliers: Operation costs	(135,234)	(57,954)	(221,470)
Our employees: Salaries and benefits	(21,935)	(35,438)	(38,742)
Our lenders: Payment to lenders (financial cost)	(5,576)	(4,820)	(4,034)
The Government: Payment to Government	(9,369)	(4,896)	2,707
The Rakyat: Community Investment	(192)	(161)	(360)
Net-value added	(12,113)	9,528	(45,663)
Our shareholders: Payment to shareholders	(20,325)	(13,294)	(21,898)
Our Future: Economic Value Retained	(32,438)	(3,766)	(67,561)

Revenue by Country:

Description	2015 (RM '000)	2016 (RM '000)	2017 (RM '000)
Malaysia	81,387	89,471	198,406
Vietnam	13,927	207	-
Sri Lanka	11,877	8,483	-
Thailand	1,485	205	-
Others	14,403	608	8,086
Total	123,079	98,974	206,492

SUSTAINABLE BUSINESS SOLUTIONS

Over the past 40 years, Salcon has developed an excellent portfolio of supplying clean and quality water as well as developing sustainable water resources within the Asian region. It has brought us to be the leader in the region as a one-stop total solutions provider for water and wastewater services. In recent years, we have diversified into several industries to ensure sustainable returns to our shareholders and create more sustainable values to our stakeholders.

SUSTAINABLE SUPPLY CHAIN

An effective and sustainable supply chain helps to conserve resources, enhance processes and increase productivity and values. Our suppliers consist of manufacturers, distributors and vendors and we engage them locally, where possible for economic and social reasons. We expect our suppliers and sub-contractors to conduct business ethically and we are committed to maintaining the highest standard of integrity throughout our supply chain.

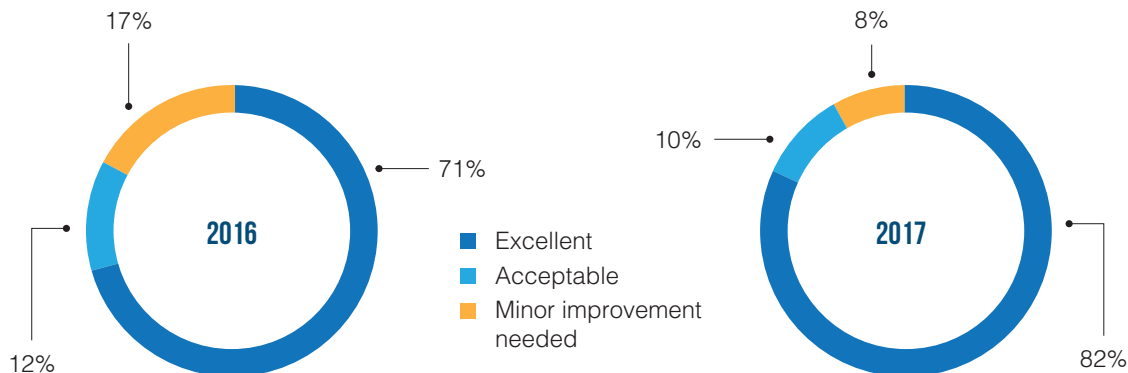
SUSTAINABILITY STATEMENT

We apply a stringent procurement process to select suppliers and sub-contractors to work with. Suppliers and sub-contractors must abide by the Group's ISO policies ISO 9001 Project Quality manual, ISO14001 Environmental Manual, OHSAS 18001 Manual and other applicable codes of ethics and conduct. Our firm stand on integrity and ethical business conduct is clearly communicated via several channels, such as Letter of Awards and Statement of Policies & Business Ethics to ensure that transparency, accountability and efficiency is well-instilled throughout the supply chain.

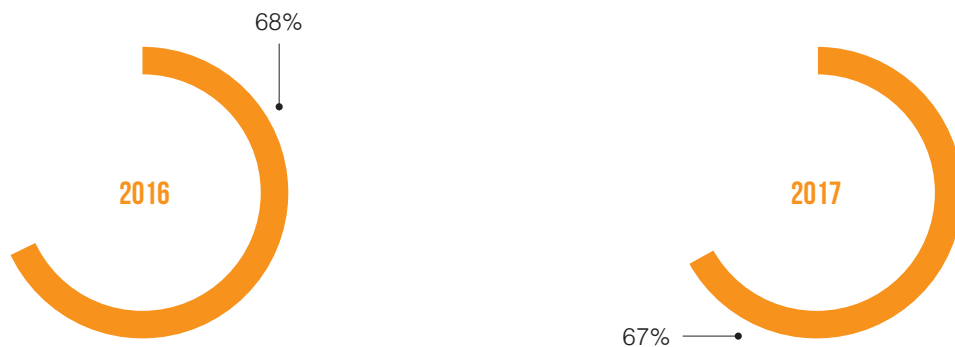
Besides this, we are also guided by our Green Policy to commit towards an Environmental Purchasing Program that covers the procurement of environmentally sound products by considering the environmental impact of products and services throughout the procurement process as well as make efficient use of products by re-using and recycling the products throughout their life-cycle.

In order to maintain and ensure the performance of our suppliers and sub-contractors, we conduct yearly assessments on them via a performance evaluation. They are reviewed and rated according to criteria such as deliverables, pricing workmanship, cooperation and emergency response.

SUPPLIER PERFORMANCE EVALUATIONS (%)



SUB-CONTRACTOR EVALUATION SCORE (%)



SUSTAINABILITY STATEMENT

COMMITMENT TO OUR CLIENTS

We strive to meet our clients' requirements and deliver the best quality services to ensure utmost clients' satisfaction. We review our performance annually through a clients' satisfaction survey to gather feedback and insights as well as identify our area of improvement.

Five of our project clients assessed our performance delivered in FYE 2017. They are Langat 2 Water Treatment Plant project, Langat Centralized Sewage Treatment Plant project, Kuala Terengganu Utara Water Treatment Plant project, NRW Kuala Terengganu and NRW Marang project. We were given an average rating of 71.4% satisfaction by our clients, a 4.4% increase compared with the preceding year.

Under our NRW section, our Customer Service Centre in Sandakan, Sabah Malaysia aims to provide excellent customer experience. There are 4 customer officers at the centre to attend to customers enquiries or water issues, providing solutions on billing and collection matters. An average time of 1.52 minutes is taken to handle each call.

All of our clients' data are protected under the Personal Data Protection Act 2010. We respect our clients' privacy and do not disclose or use the clients' information for any purposes other than those agreed upon. There were no incidents or complaints pertaining to breaches of clients' privacy in FYE 2017.

Project Delivery

We are committed to deliver all projects entrusted to us by our clients on time and within budget. By keeping pace with our client demands and preventing project overruns, we have managed to gain our clients' confidence and build a portfolio of successful projects which are well executed and meet our clients' satisfaction.

**We review our performance annually
through a clients' satisfaction survey
to gather feedback and insights
as well as identify our area of
improvement**



We are committed to meet our clients' requirements and deliver the best quality services

SUSTAINABILITY STATEMENT

BRANDING & REPUTATION

By deepening our engagement with our stakeholders at the marketplace, we aim to maximize effective communications and create a positive image to the public. Our approach to branding and reputation is through meaningful engagement with our stakeholders via various platform, such as participation in industrial exhibitions and conference, get-together activity, membership participation as well as online channels.

1) Industrial Exhibitions and Conferences

In FYE 2017, we participated in the MyanWater Exhibition in Yangon, Myanmar, one of the biggest water exhibition in the country as one of our approach to brand exposure. We met industry players as well as relevant authorities to seek for potential opportunities. It is also a platform for us to keep updated with the latest industry news and updates.

2) Get-together Activity

We conducted informal networking sessions with our clients and business partners, ie. through the Salcon Durian Party in FYE 2017 to maintain positive and meaningful relationships. The networking activity serves as an important channel to show our appreciation to our clients and business partners. We take this opportunity to listen to their feedback or comment.



Get-together Activity to show our appreciation to clients and business partners

3) Membership Participation

We participated in various related industry associations as a member to support and keep track of the latest industry trends and maintain our presence through participation in their activities. We are a member of:

1. Global Water Intelligence
2. Malaysia Water Association (MWA)
 - a. Participation in the Water Industry Guide & Table Calendar
3. International Water Association (IWA)
4. Malaysia Investor Relations Association (MIRA)
 - a. Attended seminars/ workshop organized by MIRA
5. Malaysia South-South Association (MASSA)
6. United Nations Global Compact (UNGC) (signatory)
 - a. Participation in the Global Compact Malaysia Networking Session
7. Malaysia Institute of Corporate Governance (MICG)
8. Malaysia Employment Federation (MEF)

4) Online Channels

Our corporate website (www.salcon.com.my) and Facebook page (www.facebook.com/SalconBerhad) are the two main online tools of our branding management in this fast-moving environment. We share relevant information and corporate updates with our stakeholders on a timely basis in these online channels and attend to any feedback or enquiry promptly.



Active participation in significant regional water exhibitions

ENVIRONMENTAL

We are committed to reduce and minimize any potential adverse environmental impacts at all stages of our value chain by adhering to applicable environmental policies, rules and regulations. We monitor our environmental performance and are involved in conservation initiatives to reduce pollution and greenhouse gas emissions.

In recognizing the effect of climate change as an impactful risk to the business and environment, we are committed to minimize our carbon footprint through resource optimization, prudent use of materials and proper management in waste disposal.

OUR ALIGNMENT TO SDG GOALS



The Company's commitment towards sustainability and environmental management is encapsulated in the Salcon Green Policy which aims to reduce our carbon footprint and pollution in the key areas of energy & water consumption, waste management, procurement, biodiversity and education.

Our Approach

Our approach in environmental conservation is to minimize negative environmental impacts throughout our business operations by cultivating an environmentally conscious behavior across all levels of employees in daily operation. The Safety, Health and Environment (S.H.E.) Department, S.H.E. committee at both headquarters (HQ) and project sites level is responsible for monitoring the environmental performance and ensuring that all the practices are well implemented.

The Board oversees the Group's environmental performance and progress and the environmental topic is part of the agenda discussed during Board Meetings. The Chief Operating Officer (COO) of the Group is responsible for the Group's environmental progress and report to the Board. He is assisted by the S.H.E. Department and committees to ensure the Group's environmental approach is well-instilled throughout the operation. There were no fines and penalties on issues related to the environment during the period of reporting due to any non-compliance with environmental laws and regulations.

Policies, guidelines & system



We are guided by our Environmental Policy, ISO 14001 (Environmental Management System) and Green Policy throughout our business operations.

The ISO 14001 certification is reviewed yearly by the Bureau Veritas Certification. All of our project sites which are monitored by the S.H.E. Department are certified under ISO 14001.

SUSTAINABILITY STATEMENT

Environmental conservation effort



All offices and project sites under the Group are responsible to take long term action to conserve the environment, reduce carbon footprint and GHG emissions in the area of:

- Energy
- Emission
- Biodiversity
- Water
- Dust
- Recycling

At Group level, we collaborate with organizations which advocate environmental conservation through environmental-themed based project implementation.

Environmental data/performance monitoring



We are guided by our Environmental Policy, ISO 14001 (Environmental Management System) and Green Policy throughout our business operations.

The ISO 14001 certification is reviewed yearly by the Bureau Veritas Certification. All of our project sites which are monitored by the S.H.E. Department are certified under ISO 14001.




CLIMATE CHANGE & POLLUTION

Although climate change and pollution was not identified as one of the key material issues under our materiality assessment by our stakeholders, it remains one of the biggest risks and issues facing the world right now. As such, the Board takes a serious view of these issues as a responsible corporate citizen. The Group COO oversees environmental issues and concerns and reports to the Board accordingly.

In FYE 2016, we launched the Salcon Green Policy as part of our commitment to reduce climate change and pollution.

We are committed to reduce our carbon footprint and GHG emissions through:




- Efficient energy consumption and management
- Providing quality water to the community in our business areas and water conservation
- Effective waste management to prevent pollution
- Procurement of environmentally sound products
- Reducing actions which will adversely impact the ecosystem and biodiversity
- Education to employees and intermediaries

Country	Initiatives to reduce our carbon footprint	Environmental impact
 MALAYSIA	<ul style="list-style-type: none"> • Zero burning at project site • Video conferencing to replace traveling • Yearly oil spillage drill to avoid soil contamination 	<ul style="list-style-type: none"> • Biodiversity conservation • Carbon footprint reduction • Land preservation
 VIETNAM	<ul style="list-style-type: none"> • External drainage cleaning 	<ul style="list-style-type: none"> • Drainage management
 UNITED KINGDOM	<ul style="list-style-type: none"> • Solar panel installation investment 	<ul style="list-style-type: none"> • Green energy






SUSTAINABILITY STATEMENT

ENVIRONMENTAL PERFORMANCE

The Group has set a 10-year long term environmental target to minimize our footprint in energy, water and waste management. In order to ensure that we are on track to achieve our environmental targets, we monitor and measure our environmental progress on a yearly basis. Meanwhile, we continuously conserve the environment in other key management areas such as emission and dust management as well as biodiversity conservation.

Environmental focus area	Actions	Company/ Operation country
 Energy management	<ul style="list-style-type: none"> • Temperature control for air conditioning • Turn off lights in rooms not used • Replacing damaged lights to LED lights which is more environmentally friendly • Educating employees on energy saving through posters & emails • Clear perspex roofing to reduce electricity usage at Eco-Coach & Tours in Penang • Energy conservation policy at Binh An Water Corporation (BAWC) and energy audit was conducted to monitor the consumption 	Group level Group level HQ Project sites, Malaysia Penang Vietnam
 Water management	<ul style="list-style-type: none"> • Non-Revenue Water (NRW) reduction projects in several towns in Malaysia, such as Kuala Terengganu, Marang and Sandakan • Our NRW reduction achievement: <ol style="list-style-type: none"> 1. Kuala Terengganu project: 10 million litres per day (MLD) reduction 2. Sandakan: successfully reduced the NRW rate from 61% to 47% • Partnership with Non-Government Organization - Water Watch Penang for a holistic educational approach on water conservation • Recycle water for site washing at project sites as well as car and depot washing • Regular checking and immediate action taken for any leakage 	Malaysia HQ Malaysia Vietnam
 Waste Management	<ul style="list-style-type: none"> • Scheduled/ hazardous waste to be stored in designated container for onward disposal by Department of Environment (DOE) licensed contractor to licensed location • Introduction of e-Waste bin at office for employees to dispose household or office e-waste properly 	Malaysia HQ

SUSTAINABILITY STATEMENT

Environmental focus area	Actions	Company/ Operation country
 Emission Management	<ul style="list-style-type: none"> Usage of diesel instead of oil for our transportation services 	Penang
 Dust Management	<ul style="list-style-type: none"> Regular watering of access roads at project sites to reduce dust pollution around the neighbourhood 	Malaysia
 Biodiversity Conservation	<ul style="list-style-type: none"> Conducted Environmental Aspect Identification (EAI), Risk & Opportunities for Environment and Hazard Identification, Risk Assessment and Risk Control (HIRARC) before commencing a project Strictly zero burning and zero hunting at project site We are a signatory with World Wild Life (WWF) to support No-Shark Fin for all our corporate functions 	Malaysia Malaysia Malaysia
 Recycling	<ul style="list-style-type: none"> Recycle practice at all offices Recycling campaign/ competition Recycling awareness & competition at SK Dusun Nanding to educate students on importance of recycling 	Group level HQ HQ
 Landscaping	<ul style="list-style-type: none"> Mural painting on 10 walls for SK Dusun Nanding to beautify the school while delivering eco-living message 	HQ

(no significant spill recorded in FYE 2017)



Introduction of e-waste bin at our HQ to promote proper disposal of e-waste



Mural painting at SK Dusun Nanding contributed by Salcon

SUSTAINABILITY STATEMENT

COLLABORATION FOR ENVIRONMENTAL SUSTAINABILITY

The Group focuses on educating the younger generation in our environmental conservation initiatives as we believe that environmental conservation behavior can be more effectively instilled and shaped through proper understanding and education. In FYE 2017, we partnered with organisations which advocate environmental protection for 2 different projects, focusing on water conservation and waste recycling respectively.

In waste recycling, we partnered with Community Recycle for Charity (CRC), a non-profit organisation to conduct a recycling competition and upcycle workshop to 270 students in SK Dusun Nanding, Hulu Langat in conjunction with Salcon Environmental Week in November 2017.

Recycling result by SK Dusun Nanding:



We are also in long-term partnership with Water Watch Penang, a Non-Government Organization (NGO) which advocates environmental education to conduct hands-on river water monitoring programme for primary and secondary school students. For more information, please refer to our Social - Community section of this report.

Education is our approach in advocating environmental conservation



SUSTAINABILITY STATEMENT

ENVIRONMENTAL DATA:

From the indicated environmental data, we are able to monitor our energy consumption and waste generated, hence measure our progress compared with the target set.

Following a review of the targets set for energy and water consumption in FYE 2016, the scope in terms of geographical coverage for our energy and water consumption target has been revised to apply only to administrative offices and to exclude project sites. This is due to the fact that the duration of a typical project ranges from between 1 to 3 years. As such, both of our 10-year target to reduce energy and water consumption will only apply to administrative offices where data can be compared and analysed meaningfully year on year.



3-YEAR ENERGY CONSUMPTION DATA (KWH):

The energy consumption data below was extracted from the electricity bills generated by the electricity utility authority in the respective operating areas.



To reduce energy consumption by 10% on a per unit basis by 2026 from 2016 for administrative offices

FYE 2015			FYE 2016		FYE 2017	
Administration office	Electricity consumption (kWh)	No. of employees	Electricity consumption (kWh)	No. of employees	Electricity consumption (kWh)	No. of employees
HQ	146,622	113	147,368	124	140,225	122
Envitech	77,136	55	79,240	53	71,942	44
VBT	34,025	10	47,096	16	39,960	16
SPS	N/A	N/A	N/A	N/A	9,930	14
Eco-Coach	2,100	15	2,239	18	3,900	20
Total	259,883	193	275,943	211	265,957	216
Energy consumption per person (kWh)	1,346		1,307		1,231	

Progress as at FYE 2017: 5.8% reduction of energy consumption per person compared with FYE 2016.

Energy Consumption at Project Sites:

Project site	FYE 2015 (kWh)	FYE 2016 (kWh)	FYE 2017 (kWh)
Langat 2	100,174	417,089	271,749
Langat CSTP	N/A	240,000	74,876
Vietnam	10,510,412	10,434,400	10,430,400

SUSTAINABILITY STATEMENT

**3-YEAR WATER CONSUMPTION DATA (M³):**

The water consumption data below was extracted from the water bill generated by the water supply authority in the respective operating areas.



To reduce water consumption by 10% on a per unit basis by 2026 from 2016 for administrative offices

Water Consumption at Administrative Offices:

FYE 2015			FYE 2016		FYE 2017	
Administration office	Water consumption (m ³)	No. of employees	Water consumption (m ³)	No. of employees	Water consumption (m ³)	No. of employees
Envitech	444	55	549	53	365	14
SPS	N/A	N/A	N/A	N/A	12	44
Eco-Coach	14.4	15	16.8	18	19.2	20
Total	458.4	70	565.8	71	396.2	78
Water consumption per person (m³)	6.5		8.0		5.1	

HQ and VBT's water data is not available as its water usage is taken as part of the office rental.

Progress as at FYE 2017: 36.3% reduction of water consumption per person compared with FYE 2016.

Water Consumption at Project Sites:

Project Sites	FYE 2015 (m ³)	FYE 2016 (m ³)	FYE 2017 (m ³)
Langat 2	35,840	148,861	1,928
Langat CSTP	N/A	480	841.75
Vietnam	20,000	20,000	20,000

**3-YEAR SCHEDULED WASTE DATA (METRIC TONNES):**

To reduce scheduled waste generation by 10% per project basis by 2026 from 2016

Project Site	FYE 2015	FYE 2016	FYE 2017	Result (Comparison of % reduction FYE 2017 with FYE 2016)
Langat CSTP	N/A	1.60	1.27	20.6%
Langat 2	8.60	4.30	2.18	49.3%
Vietnam	0.12	0.12	0.12	Maintained

2 out of 3 of our project sites (66.7%) successfully reduced scheduled waste generation by more than 10%.

SUSTAINABILITY STATEMENT



3-YEAR RAW MATERIAL USED DATA (TONNES):

Vietnam project	FYE 2015	FYE 2016	FYE 2017
Chlorine	45	48	46
Lime	199	240	248
Alum	512	572	550
Fluoride	55	55	60

CSTP project	FYE 2016	FYE 2017
Metal	9,300	13,443
Concrete	36	98,830

Data in 2015 is not available as the project only commenced in 2016.



3-YEAR DIESEL CONSUMPTION DATA (LITERS):

Office/Site	FYE 2015	FYE 2016	FYE 2017
Eco-Coach & Tours	836,309	940,801	1,080,521

The above diesel consumption is the diesel usage by our vans and coaches of our subsidiary, Eco-Coach & Tours which provides transportation services.



3-YEAR RECYCLED DATA (KG):

Year	Paper	Plastic	Metal	Glass	Reusable items	Electronic item
FYE 2015	1,281	1	0	0	0	0
FYE 2016	4,262	288.6	157.1	106.4	469.3	252.1
FYE 2017	2874.6	50	4	11	92.2	41.4

External drainage cleaning to reduce pollution at our Vietnam operation site



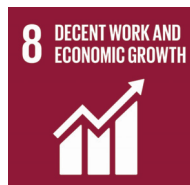
SOCIAL- EMPLOYEES

Employees are the backbone for every success of a Company. We treat our employees as the Group's greatest and most valuable assets and we are committed to continuously invest in our people to provide a safe, healthy, diverse and respectful workplace, so that they are able to deliver values to our other stakeholders. We see this is as win-win situation where both parties share the same values for sustainable growth.

OUR ALIGNMENT TO SDG GOALS



We are committed to create a safe and healthy workplace to all employees at office and project sites, at the same time promote work-life balance for better work productivity



We provide trainings to employees to enhance their skills at the workplace, zero tolerance on child and forced labour and job opportunities are offered according to capability



We create a culture of inclusivity, diversity and zero discrimination at the workplace regardless of gender, race, religion or ethnicity.

HUMAN RIGHTS

We fully abide with the national and local Employment Act in Malaysia and other countries in which we operate. We respect employee rights and have zero tolerance on human rights abuse at the workplace. We have in place a whistleblower

system and grievance mechanism at Group level to ensure source protection. In FYE 2017, there were no reports on grievance or non-compliance on human rights issue.

SUSTAINABILITY STATEMENT

Our principals in human rights at workplace:

Principal	Description
No child labour	We do not recruit child labour or forced labour in any of our operating countries and comply with all the local laws and regulations throughout our business operations.
No forced labour	
Freedom in political view	It is the employees' freedom to have their own political views. Nevertheless, we do not allow an employee to affect other workforce or work performance due to political views.
Fair workforce welfare	We comply with applicable wage laws to ensure fair and ethical human resources management practices, including working hours, overtime, minimum wage.
Safe & healthy workplace	We take prudent and precautionary measures in handling safety and health issues at our workplace and project sites.

DIVERSITY & EQUAL OPPORTUNITIES

As one of the 9 key material issues identified by both our internal and external stakeholders, a diverse workforce which is accorded equal opportunities, fosters creativity and innovation and helps an employee to reach his or her fullest potential.

Our commitment in diversity & equal opportunities, irrespective of sexual orientation, gender, age group, racial, ethnicity, nationality, cultural background, marital status, disabilities, religion, political inclination, union membership are as below:

1. Offer equal opportunities in recruitment.
2. Career advancement, promotions or remuneration are solely based on performance and merit.

We support an inclusive workplace by valuing differing abilities. At Envitech, we have employed a Senior Draughtswoman with hearing disabilities who receives fair treatment and benefits. There is no incident of discrimination reported in FYE 2017.

In Malaysia where our main operations are based in, we appreciate living and operating in this multi-racial country which provides us the unique opportunity of working with people from different races, religions and background. We embrace diversity, promote inclusion and reduce discrimination at workplace through festive celebrations, sports events and recreational activities. In Malaysia, our workforce is averagely balance in terms of ethnicity.

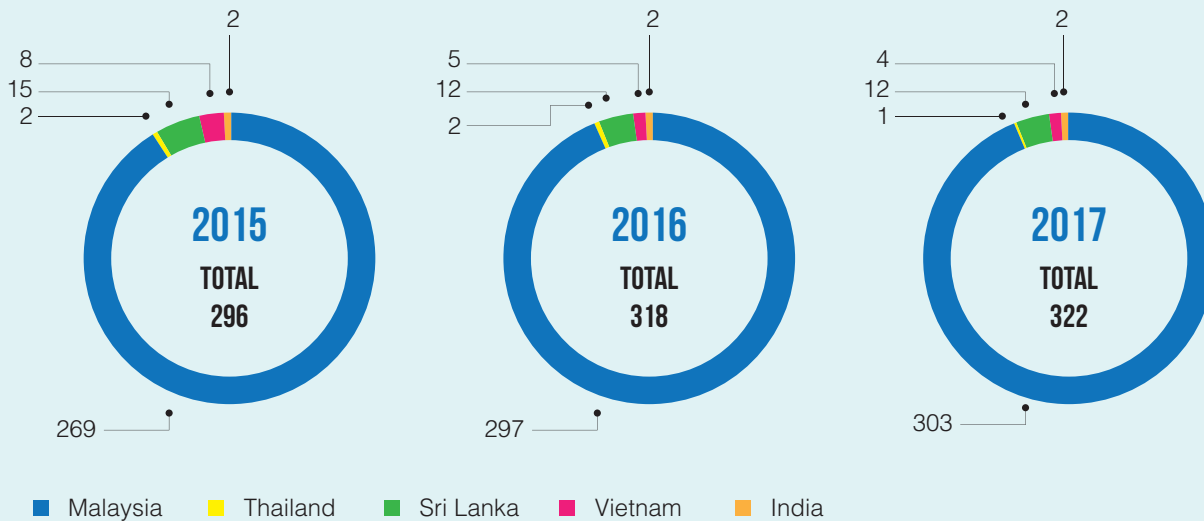


Equal opportunities & diversity has been identified as key material issues in workplace sustainability

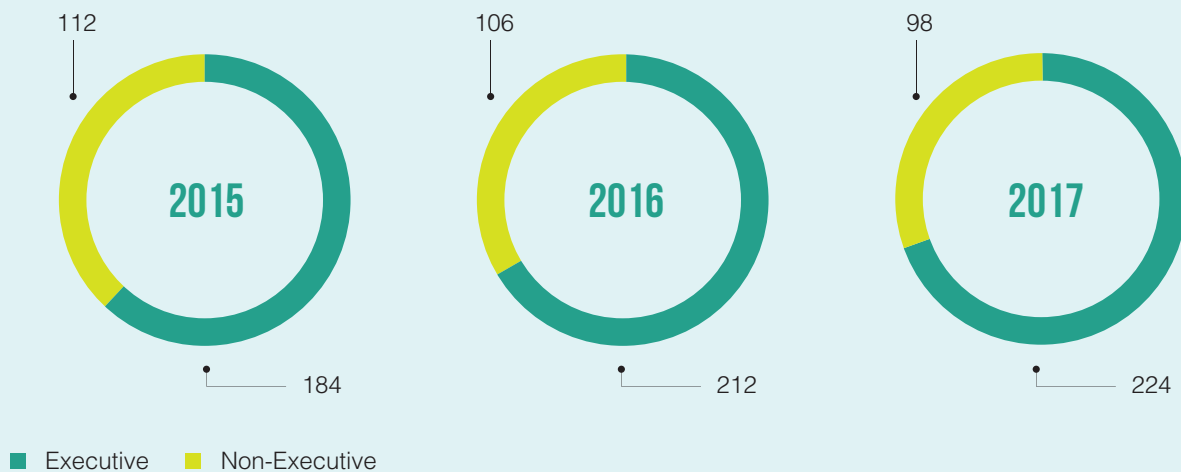
SUSTAINABILITY STATEMENT

EMPLOYEE DIVERSITY:

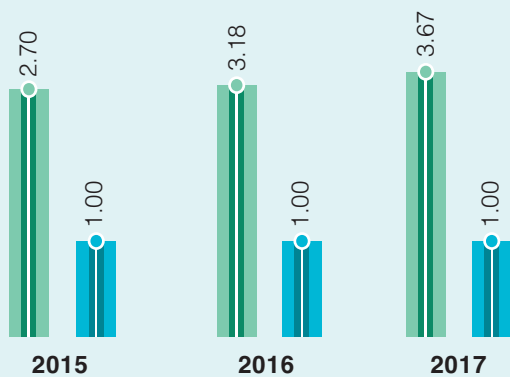
Total number of Employees



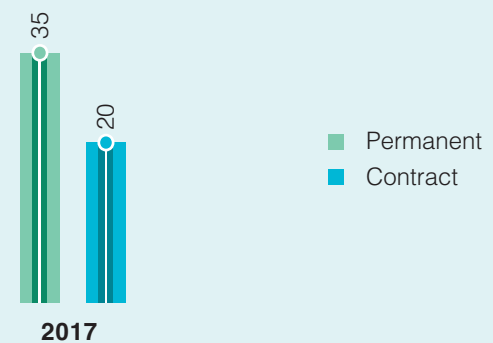
Category



Status (Ratio between permanent to contract employees)

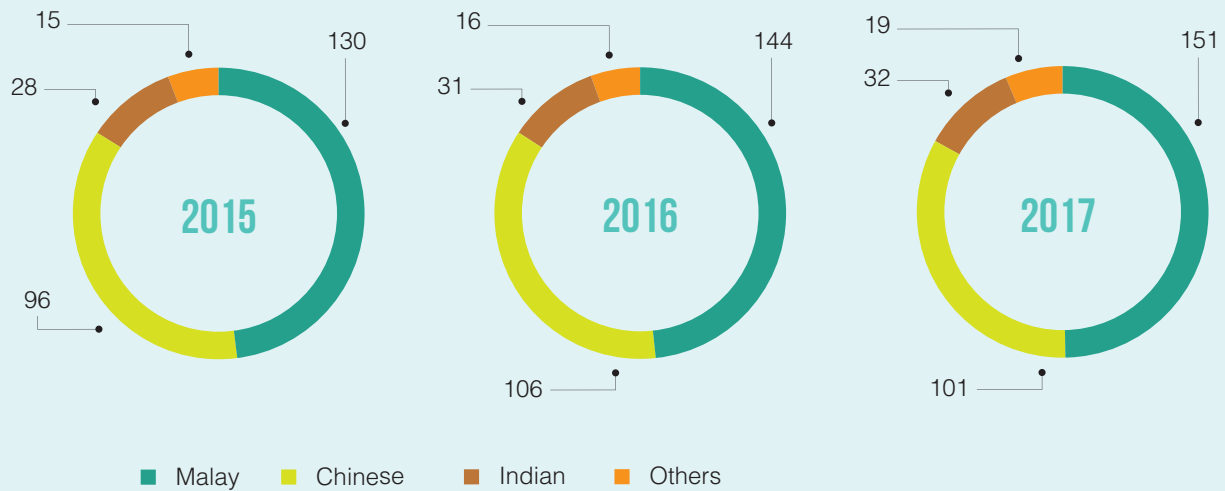


New Recruitment

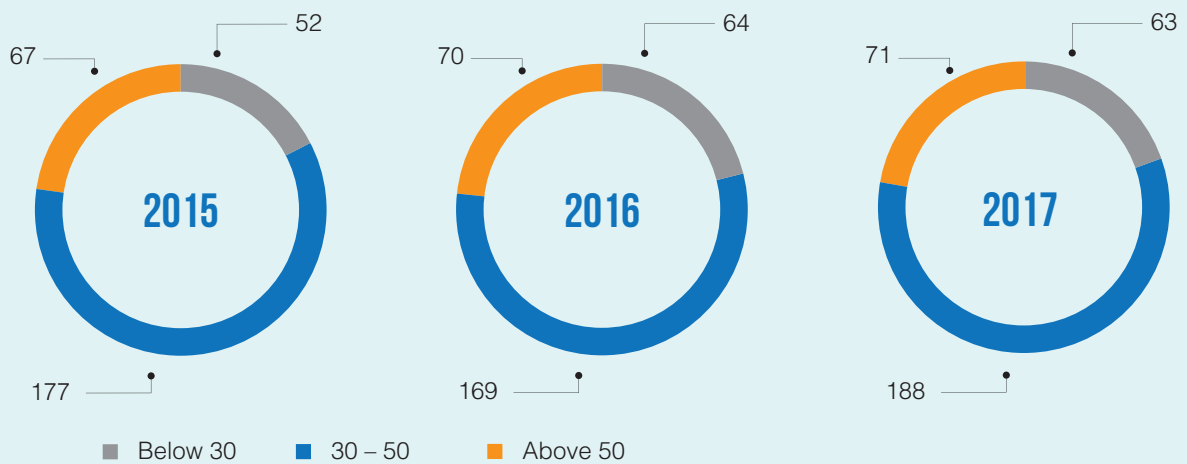


SUSTAINABILITY STATEMENT

Ethnicity (Malaysia only)



Age Group



SUSTAINABILITY STATEMENT

WOMEN EMPOWERMENT & GENDER EQUALITY

At Salcon, both of our male and female employees enjoy equitable opportunities and benefits in all aspects of employment. 41% of our employees are female and we understand the need to achieve a more balanced gender workforce. The percentage of our female leaders, who hold the position of manager and above has slightly increased from 25% to 28% compared with the preceding year.

We fully respect employees who are working mothers and appreciate their contribution at both the workplace and family. At Salcon, we do not prohibit our employees from expressing breast milk during working hours on the condition that they practice proper time management and do not affect work deliverables.

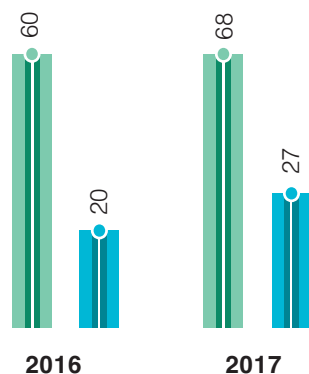
We support and recognize the value of having women directors on the Board. Currently, we have 6 male directors on Board and have aimed to identify a suitable female director by year 2019.

■ Male ■ Female

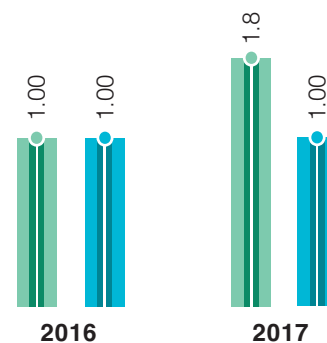
Gender



Gender of employees with position manager & above



Ratio of remuneration (men versus women)

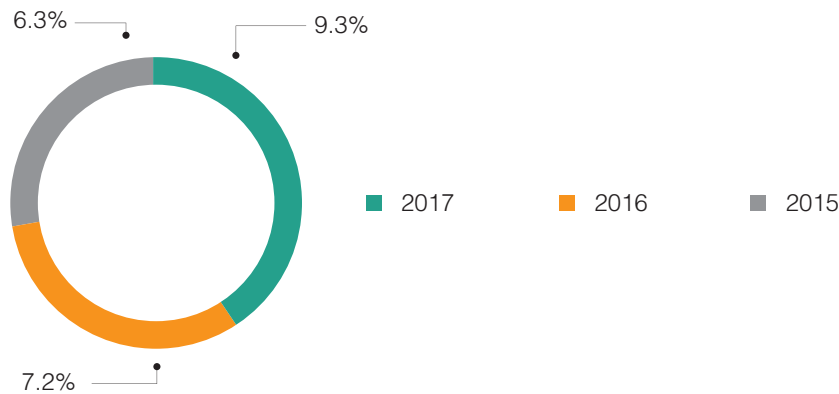


SUSTAINABILITY STATEMENT

TALENT RETENTION & ATTRACTION

Talent attraction and retention is increasingly challenging in order to attract potential talent and retain our employees who are innovative, motivated, committed and share the same values as the Company. In FYE 2017, our full-time employee turnover rate increased slightly to 9.3%.

Full time employee turnover rate



No.	Approach
1	Competitive Performance-based Rewards We appreciate our employees' contribution by rewarding them through salary increment, bonus, promotion or upgrading opportunity and long services awards
2	Career growth & development We invest in our people through training and development to improve their knowledge and skills, so that they can achieve higher milestone in their career path
3	Effective communication A transparent communication between employer and employee is crucial for an effective working relationship. The Company adopts an open-door policy where communication is encouraged for a better understanding on work performance. Besides this, annual appraisals for all employees and regular meetings are held to identify any shortfall and area of improvement.



We invest in our people through training and development to improve their knowledge and skills

SUSTAINABILITY STATEMENT

EMPLOYEE WELL-BEING & WORK-LIFE BALANCE

A balanced lifestyle between workplace and personal lives can create meaningful results to both employer and employees. Employees who achieve a good work-life balance are able to deliver better results. Providing employees with a good work life balance can also instill a sense of appreciation and loyalty to the Company.

Our approaches in fulfilling employees' well-being:

1. Good Work-life balance
2. Family-friendly benefits

Work-life Balance: We promote work-life balance through our Salcon Recreational Club (SRC) to encourage sports and family-based activities for our employees. We aim to foster a healthy work-life balance culture and build camaraderie among employees through the activities organized. The SRC which consists of 16 committee members from different divisions and subsidiaries, is responsible for organizing activities in the 3 categories below:

Category	Activity
 Sports	<ul style="list-style-type: none"> • Weekly badminton games • Fortnightly bowling games • Badminton tournament • Bowling tournament
 Outings	<ul style="list-style-type: none"> • Annual Trip to Xi'an, China • Family Day at District 21, Putrajaya
 Staff get-together	<ul style="list-style-type: none"> • Annual Dinner, a networking session for all colleagues



Annual Family Day at District 21, Putrajaya



Annual trip to Xi'an, China

SUSTAINABILITY STATEMENT

Under the S.H.E. Committee, we also organize a yearly Safety & Health Campaign Month at HQ to raise awareness on living a safe and healthy lifestyle. Activities conducted under the campaign include The Salcon Biggest Loser Contest, a weight-loss competition as well as blood donation drive and various health talks and free medical check-ups.

Family-friendly benefits: We offer family-based benefits to all of our eligible employees including marriage leave, paternity leave, maternity leave, compassionate leave, cash coupons for newlyweds and new-born baby and medical coverage for employees and their children. Besides this, we comply to the Malaysia Employment Act and support the long-term economic well-being of our Malaysian employees by contributing to the Employee Pension Fund (EPF) throughout their employment period. In FYE 2017, total employees related expenses account for 48% of the total expenses.



Bowling tournament is one of the annual sports activity organized by SRC

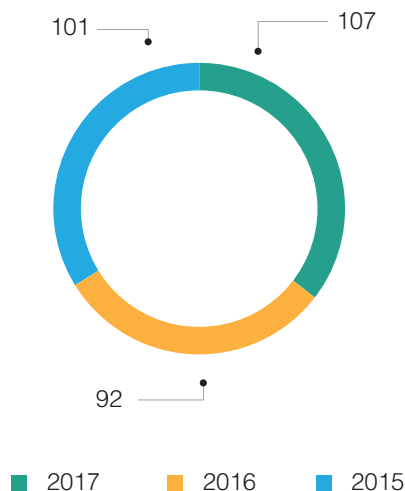
SELF-IMPROVEMENT & DEVELOPMENT

Our objective in employee self-improvement & development is not only limited to building functional and technical skills for career success, but also expands to more meaningful personal development where we offer community contribution or volunteering opportunities to our employees.

Training Opportunities

Training Needs Analysis is conducted on a yearly basis to identify learning opportunities and provide employees with relevant training sessions for skills improvement.

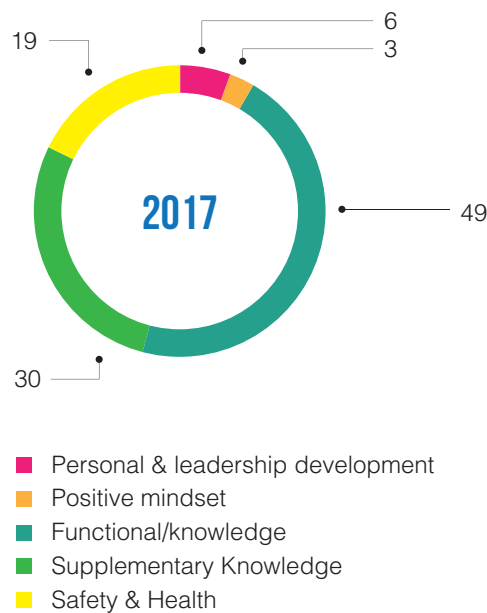
Total training programme for employees



We support our people in fulfilling their career aspirations and maximize personal potential by improving their management and technical skills and knowledge in this fast-changing business environment through internal and external trainings.

SUSTAINABILITY STATEMENT

Categories of Training



NUMBER OF TRAINING HOURS

1612 HOURS

AVERAGE HOUR PER EMPLOYEE

5.25 HOURS

AVERAGE DAY PER EMPLOYEE

0.65 DAY

TRAINING INVESTMENT

RM 136,396

EFFECTIVENESS OF TRAINING

92% of participants met their training objectives

OCCUPATIONAL SAFETY & HEALTH

A safe and healthy workplace for our employee is the pillar to support the Group's performance. This is also reflected in our recent materiality assessment where occupational safety & health was rated to be the most material issue for both our internal and external stakeholders.

We are committed to create a hazard-free and healthy working environment for our employees, contractors, community and customers. The Board oversees the occupational safety and health to ensure business continuity and zero fatalities. The Board is assisted by the Safety, Health & Environmental (S.H.E.) Department and Committee, which implements safety and health initiatives throughout the Group's operation.

Guided by our Safety and Health Policy, we strive to achieve a safe and healthy workplace by taking preventive measures and creating employee awareness.

S.H.E. COMMITTEE

The S.H.E. Committee consists of different representatives from the management and employees. It is chaired by our COO and is responsible for carrying out duties to cultivate a safe & healthy workplace at both offices and project sites.

SUSTAINABILITY STATEMENT

Measures taken by the S.H.E. Committee:

No.	Initiatives	Frequency
1	Inspections and audits to identify any hazardous safety and health practice	Quarterly
2	Audit at HQ & project sites	Yearly for HQ Quarterly for project sites
3	Meetings to discuss workplace safety & health issues	Quarterly
4	Organize activities to raise safety and health awareness	As needed

WORKPLACE SAFETY & HEALTH INITIATIVES

Each project site and office has its own S.H.E. team to monitor the Group's safety and health performance. Our HQ office and Kuala Terengganu Utara (KTU) Water Treatment Plant project are monitored by the S.H.E. Department and these are 100% certified with OHSAS 18001. Under OHSAS 18001 requirements, we follow the practices and procedures and go through audit by the Bureau Veritas.

No.	Action	Project site/ office
1	Hazard Identification, Risk Assessment and Risk Control (HIRARC) to identify the potential risks and opportunities before commencement of project	Applicable water and wastewater project
2	Basic occupational first aid, CPR & AED training	Envitech
3	Safety & Health Campaign Month	HQ
4	OHSAS Campaign - Labour Safety and Hygiene Week	Vietnam
5	Fire drill	HQ, Envitech, Package D49 (wastewater project), SPS
6	SHE induction training for new workers	Applicable water and wastewater project sites
7	Toolbox briefing	
8	Machinery inspection	
9	S.H.E. audit & inspection	
10	Fogging at project site	Package D49, res 280 (property project)
11	Spine & joint talk & check up	HQ
12	Blood donation	HQ
13	Breast cancer awareness campaign	HQ
14	Dengue campaign	Langat CSTP

SUSTAINABILITY STATEMENT

ACCIDENT MANAGEMENT:

We adopt a comprehensive management system in handling workplace accidents or incidents leading to injuries or fatalities. Investigations are conducted to look for the cause factor and findings are reviewed to reduce risks in the future.

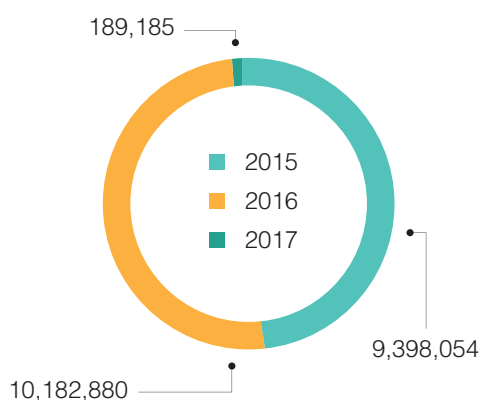
Our process of accident management:



In October 2017, an incident occurred at our KTU project site where the finger of the employee of our sub-contractor was hurt by a bar-bending machine. Immediate action was taken to bring the victim for proper medical treatment and an investigation was carried out for review.

Our man hours with zero loss time injury (LTI) target has been reset in November 2017 due to the incident at the KTU project site. As such, our target has also been reset to 1 million man hours without LTI.

Achieved man hours without LTI (hours)



Zero work-related employee or sub-contractor fatalities case for the past 3 years

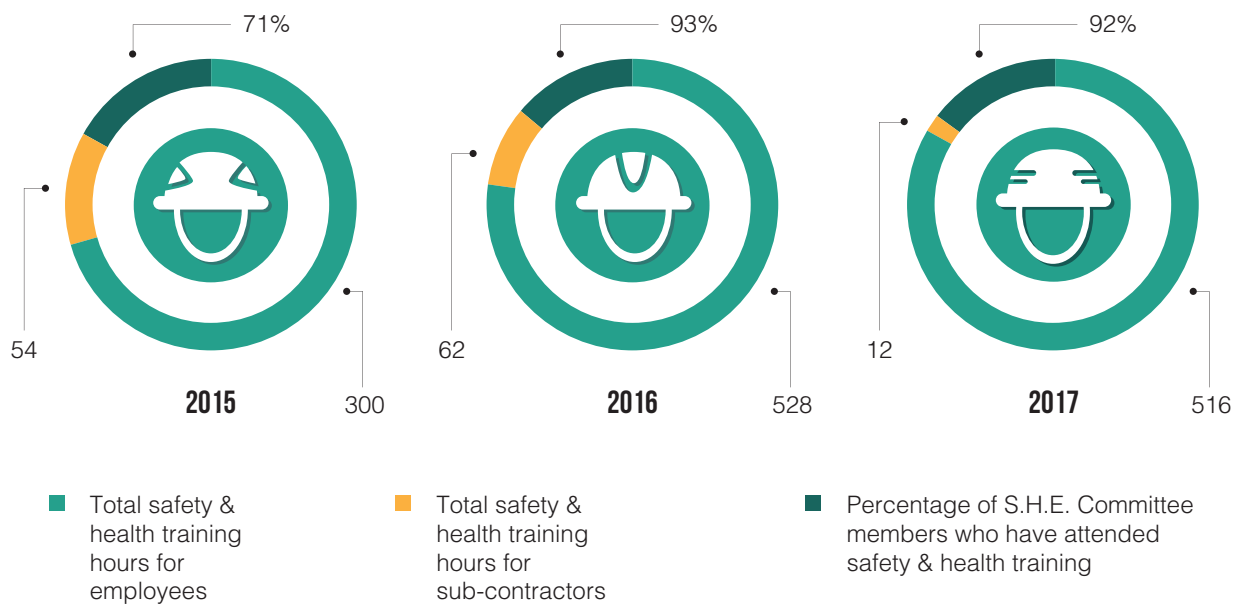


Annual fire drill for all employees at HQ and project sites to highlight the importance of fire safety

SUSTAINABILITY STATEMENT

SAFETY & HEALTH TRAINING

Safety and health training are important for our S.H.E Committee and employees to keep abreast of the proper techniques to apply when handling safety and health matters. Knowledgeable employees equipped with relevant and practical knowledge will also mitigate safety and health risk and reduce unnecessary loss to the Company.



44  **EMPLOYEES**

44 employees who are not S.H.E. Committee attended safety-related training in FYE 2017



Safety & health training is important to raise awareness on workplace safety & health

SOCIAL- COMMUNITY

As a responsible corporate citizen, we are committed to building a sustainable, strong and resilient community through our engagement and social development. We understand that gaining the trust of our community is crucial for long term relationships and success of our business operations. Through our measures in community investment, NGO collaborations, local employment as well as philanthropic giving, we aim to drive positive change to the community where we operate in.

OUR ALIGNMENT TO SDG GOALS



We collaborate with various NGOs who share the same values as us in developing the community by uplifting their living quality

COMMUNITY RIGHTS

In some of our projects, our job scope involves working within the local neighbourhood. In such cases, it is our standard operating procedure to conduct townhall meetings with the local communities before the commencement of the project. These briefings serve to inform the communities on what to expect throughout the project period and helps to minimize any potential disruptions.

The Project Manager of each project acts as the point of contact for any resident to address their concerns or report any breaches of human rights. To date, there have been no such reported incidences.

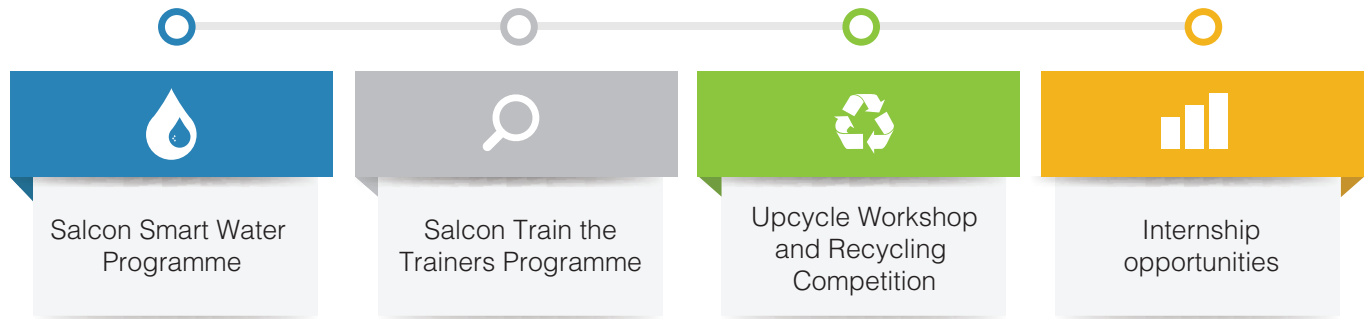
LOCAL EMPLOYMENT

Priority is given to the local communities, where possible, in terms of job opportunities for all new projects. Our commitment to local employment is also stated in the Group's Recruitment Policy. Local employment serves as a cost-saving measure for us as we do not need to import talent from outside which may lead to higher human resource expenditure. Local communities will enjoy greater variety of job opportunities at the same time.

SUSTAINABILITY STATEMENT

YOUNG GENERATIONS

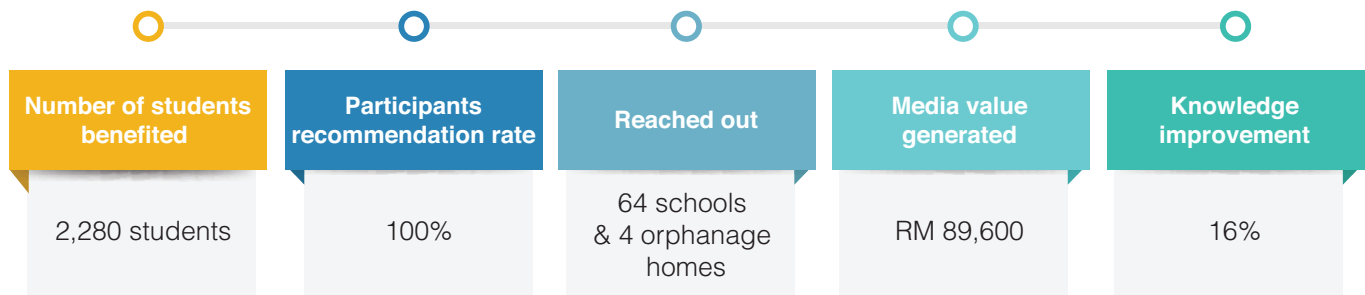
Our community sustainability initiatives focus very much on the development of our younger generation as future leaders of the nation. In FYE 2017, we continued to engage with school students and university students via the following programmes:



SALCON SMART WATER PROGRAMME

We have been in long term collaboration with Water Watch Penang (WWP) since 2010 to conduct the Salcon Smart Water Programme for primary school students in Klang Valley. The Salcon Smart Water Programme is a hands-on bi-monthly programme where school students have opportunity to conduct physical, chemical and biological river water testing at Lembah Kiara, Taman Tun Dr. Ismail. Students are educated on water conservation and biodiversity in the river. This regional award-winning programme was extended to secondary school students in 2016 after we revised the syllabus to suit the students. We are glad to see that the participants' knowledge gained from our pre and post event survey.

Highlights of the Salcon Smart Water Programme:



SUSTAINABILITY STATEMENT



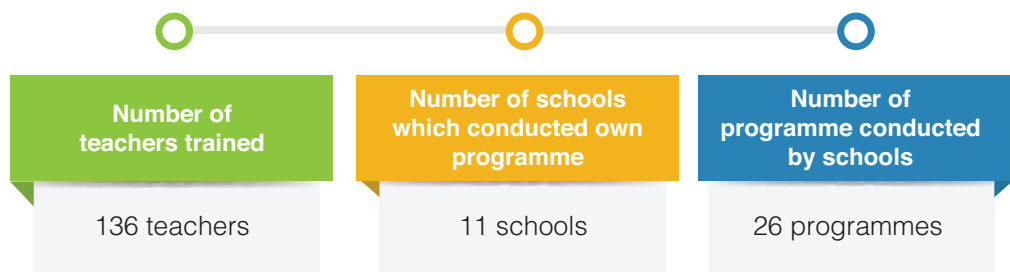
The Salcon Smart Water Programme is a hands-on bi-monthly programme where school students have opportunity to conduct physical, chemical and biological river water testing at Lembah Kiara, Taman Tun Dr. Ismail. Students are educated on water conservation and biodiversity in the river.

School students gain knowledge through hands-on physical, chemical and biological river water testing via the Salcon Smart Water Programme

SALCON TRAIN THE TRAINERS (TOT) PROGRAMME

In order to reach out more students, we expanded the programme in 2014 by conducting trainings for teachers to be the facilitators themselves. With the transfer of knowledge, teachers are empowered and have the flexibility to conduct the programme to fit their school schedules. Through this ripple effect, we can expand our reach to positively impact students' attitudes and actions.

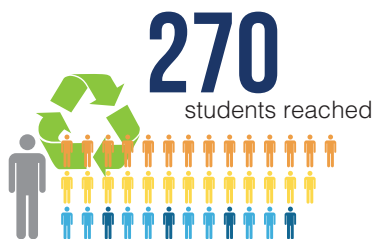
Teachers are equipped with the necessary know-how and skill to become 'Certified Trainers' of the Salcon Smart Water Programme by undergoing a half-day on-site training session. Besides being provided with water testing kits and teaching materials, we also subsidise the transportation costs of ferrying the students and teachers from their respective schools to the river site.



SUSTAINABILITY STATEMENT

UPCYCLE WORKSHOP AND RECYCLING COMPETITION

In conjunction with the Salcon Environment Week, we collaborated with Community Recycle for Charity (CRC) to organize an Upcycle Workshop and Recycling Competition for SK Dusun Nanding in Hulu Langat. The objective of the workshop and competition is to raise upcycle and recycling awareness among the primary school students.



We expanded the Salcon Smart Water Program by training teachers to be facilitators for their own schools



Total recyclable items collected by students: 1,098kg
(including aluminium, glass, plastic & paper)

INTERSHIP OPPORTUNITIES

We offer practical job experience to university students for real corporate world exposure. We recruited 5 university students as interns in FYE 2017 and are one of the partners in the Tunku Abdul Rahman University College's i-Star Internship Programme.

CARE FOR THE NEEDY

As a part of the larger community, we aim to foster a strong sense of compassion and giving amongst our employees to those who are less fortunate and in need. We strongly encourage our employees to give back to the society whether in the form of time, money or in-kind contribution.

Our community outreach targets to touch as many layers of the of the community as much as possible, via:

1. Philanthropic giving
2. Knowledge sharing
3. Donating for a good cause (organ donation pledge & blood donation)

SUSTAINABILITY STATEMENT

PHILANTHROPIC GIVING

In line with our Sponsorship & Donation Policy, we support orphanage homes, old folks homes, and disabled people homes through philanthropic giving. In FYE 2017, we have donated RM 114,795 to 20 charity homes in FYE 2017 which include USD 3,200 of Vietnam office's yearly initiatives in participating in the Terry Fox Run Fundraising Programme and in-kind support to poor families at Binh Thang Ward. All donations under our Malaysia operations are entitled for tax relief from the Government.



Terry Fox Run fund raising event in Vietnam

SALCON BACK TO SCHOOL PROGRAMME

Our employees also showed their support to charity homes under the Salcon Back to School Programme to Pertubuhan Yesuvin Mahligai, an orphanage home in Selangor. We purchased school uniforms and shoes for the orphans through donations by the employees and Company and paid the home a visit before Christmas to deliver school supplies and spread cheer to the children at the home.



Our annual Back to School Programme aims to ease the expenses of the orphanage



Our annual blood donation drive received good response from the Salcon employees and public

DONATE FOR GOOD CAUSE

In conjunction with the Salcon Safety & Health Campaign Month, we collaborated with the National Kidney Foundation (NKF) to conduct an organ donation talk to employees to explain organ donation myths and misconceptions.

On the closing day of the campaign, we reached out to employees and the public at our office tower through an organ donation pledge by NKF and annual blood donation drive by National Blood Bank. A total of 16 signed up for the organ donation pledge whilst 62 pints of blood were collected, translating into 186 lives saved.

SUSTAINABILITY STATEMENT

KNOWLEDGE SHARING

In FYE 2017, we collaborated with HOPE Worldwide Malaysia, a non-profit, non-religious organisation to conduct a voluntary talk to our employees. Subsequently, 14 of our employees and family members visited HOPE Worldwide Malaysia Centre in Sentul to teach underprivileged children English reading and creative art work to improve their knowledge, skills and confidence.



Our employees volunteer to spend their time with under-privileged children via knowledge sharing



Our employees volunteer to spend their time with under-privileged children via knowledge sharing



Our employees and children in HOPE Worldwide Malaysia

CONCLUSION

Moving forward, the Group will continue to strive to enhance our sustainability initiatives to achieve ever higher milestones in all our EES aspects by taking impactful actions to create and sustain healthy economic performance, sustainable supply chain, long term environmental conservation, productive workplace and high living quality for the community