

# Sindicatum Sustainable Resources

## Sustainability Report 2020

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## From the CEO



**Assaad Razzouk**

“It's you and your family's safety first, everything else second.”<sup>1</sup>

If our company objective for 2020 could be summarised by one statement, this would be it. The year 2020 was like no other. It surpassed, the already challenging, 2019 in many ways: lockdowns, number of wildfires, turmoil in the energy markets, economic downturns and so forth. As a consequence we saw the world and our business go into ‘survival mode’. Throughout this report we will outline some of the ways in which, we, both the executive team and employees, rose to the challenge to ensure our sustainability, as well as how we have continued to incorporate the UN Global Compact Ten Principles on human rights, labour, environment and anti-corruption into our business strategy, culture and operations.

The COVID-19 pandemic and the pressing climate change emergency has changed the lives of many and has highlighted various inequalities globally, making our continued commitment to the United Nations Global Compact initiative and its ten principles ever more relevant, therefore I am pleased to confirm our ongoing commitment to the initiative and its principles for 2021.

We will share this information with our stakeholders using our primary channels of communication: 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**  
Co-Founder and Director


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<sup>1</sup> Assaad Razzouk, Email “Please read” to the Sindicatum Distribution List, Mon 16/03/2020 03:36 Singapore time



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This report contains a full year's data from 1 January to 31 December 2020 and highlights information about our performance regarding the key aspects that have been identified as material to our operations and stakeholders. The Sindicatum 2020 Communication on Progress report builds on the report we produced in 2019, where we also include our basic policies and procedures and company structure.

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](mailto:Sonia.luis@sindicatum.com)

## Human Rights

This section of the report highlights Sindicatum's actions to address and monitor human rights 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.*

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 a central focus of our business. 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 its senior management.

Our business model 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.

Our projects also result in Greenhouse Gas ("GHG") emission reductions which contribute to the fight against climate change, as well as providing numerous other benefits to the countries and communities in which they are located. These benefits include: 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.

Through its investment agreements, Sindicatum ensures that all its partners comply with its health and safety 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.

Our Investment Approval Process (updated as necessary) ensures that we carry out the required due diligence at the planning and approval stages of any ongoing project or prospective project. Examples of some of the analysis the investment process requires are:

- Risks and Mitigants

- Background and Market Environment (competition, growth, alternative technologies, etc.), including discussion of the approach to the signing of a power offtake agreement
- Sustainability and Climate Change – discussion of how the project reduces emissions and develops sustainability – and 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 (Sindicatum) invests shall be required to meet IFC Performance Standards with regard to Environment, Health and Safety and Social impacts*
  - *This includes anti-discrimination policies on employment*
- *All joint ventures must meet SREC (Sindicatum) 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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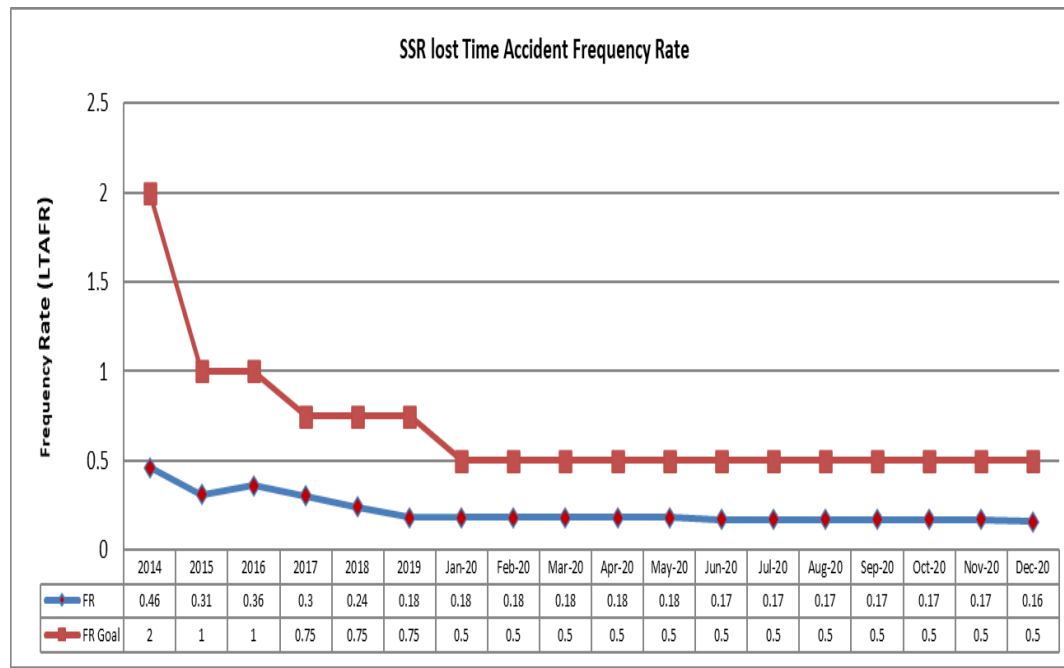
In 2020, due to the Covid-19 pandemic, many of our projects were interrupted due to the various regional lockdowns, however, we continued to work with our project partners to highlight the importance of a safe working environment and adherence to our EHS&S Management System to ensure issues, risks and impacts are identified and the necessary audits and checks are done.

### **Lost Time Incident Frequency Rate (LTI)**

Our goal is that every employee returns home after work without incident. For 2020, we achieved an outstanding record with NO Lost Time Incident (“LTI”) during the year, thus achieving an LTI rate of 0.00 per 100,000 hours worked. This is well below the 2020 target of 0.50 incidents per 100,000 hours worked, and our incident rate of 00 in 2020.

<sup>2</sup> SREC Investment Process, available on the Sindicatum Intranet.

## Frequency Rate (FR) (moving average since 2014) achieved 0.00 Vs. 0.50 (Goal)



Continuous training is a central part of our health and safety program. During 2020, we conducted 163 ESHS training and awareness programs, with 2,170 employees including contractor employees participating, for a total 2,267.5 person-hours of training. National and International ESHS events are celebrated to further increase awareness and commitment to full compliance with ESHS standards and procedures.

## Social

There were two environmental incidents in 2020.

On the social front, we have developed procedures for community outreach and consultation with the communities surrounding our projects, and mechanisms for concerned citizens to raise grievances to management. We have engaged in on-going communications with our constituent communities. Utilizing our grievance mechanisms, our continual cooperation results in no complaints from internal stakeholders.

In 2020, we received three external grievances related to the Philippines project activities. This is a significant improvement from 2018, when we had eight grievances from communities near two of our plants, all of which were addressed to the satisfaction of the communities.

Sindicatum also engages in a number of Corporate Social Responsibility programs and encourages our employees to participate in these programs. We have recorded a total of 32 CSR activities performed at our Philippines & India projects.

- Our Philippines projects have been engaged in supporting local communities located around them, including assisting with relief operations during volcano eruption. In 2020, we contributed both time and funding for three of these projects
- We also contributed time and funding for 29 activities related to CSR projects in India, for example by promoting education programs by donating school infrastructure to Government schools and support to poor students (in line with The Companies Act 2013 requirements).

We reviewed our Corporate ESHS Work Procedures (WP), which were introduced in 2014 following approval and adoption by the Board. These WPs include community consultation, grievance management, security at sites, housing and accommodation for workers, Decommissioning Plan, social impact assessment and improvement plans, and specific procedures for the operational phases of our projects. We have also asked a third-party to review these procedures in order to ensure that they fully comply with the IFC Performance standards.

An annual Environmental and Social Action Plan (ESAP) has been developed for all our projects. We monitor and report on progress in achieving the goals of the ESAP on a monthly basis.

Our project teams perform internal ESHS audits in order to identify areas for improvement. As a result of these internal audits, plans are put in place to rectify any deficiencies, or to deal with potential hazards. Identifying a potential hazard or other deficiency in advance is an essential element for continuously improving our environmental, social, health and safety performance. These audit findings are reviewed on a continual basis by project and senior management.

Several of our plants operate within or along-side existing manufacturing facilities. Our bagasse cogeneration plants are located within the boundaries, and generally directly adjacent, to sugar mills owned by our partners. As these are considered associated facilities under IFC Performance Standards, we have undertaken efforts to assist our partners to improve their ESHS performance. As an example, we include sugar mill management and senior staff in our training programs. These initiatives are having a positive effect on safety performance at the mills.

#### **A reminder of our 2019 Goals and Outcomes:**

In our sixth COP, we set out Goals & Targets for 2020 to improve on our EHS&S:

<b>2020 Goals/ Targets</b>	<b>2020 Summary of Achievements / Update</b>
Implement Artificial Ground water recharge – rainwater harvesting projects across India Solar projects.	This was finalized and PO issued to the service provider, however, due to Covid-19 restrictions the service provider and team members were unable to travel to our plant locations. Hence it was not completed as planned.
Develop and implement a waste management program at all plants, including plans for disposal of solar panels, inverters and other potentially hazardous materials	Identified a separate area for waste storage with segregation arrangement per waste type. Local authorised waste disposal service provider was identified. Solar panels are now kept in a separate area with appropriate containment.
Conduct ESIA / ESDD of proposed / new projects as per IFC Performance Standards and include ESHS issues as part of the final document seeking investment approval.	Per Covid-19 guidelines, solar project construction was initiated at our Philippines projects. There were no ESIA / ESDD carried out, proposed/new projects during the year.
Implement ESAP/ESMP - Corporate ESMS system in line with IFC PS, WHO and ISO 14001 & OHSAS 18001 standard requirements at new projects.	This is in place.
Monitor implementation of each project's ESAP through regular review audits to ensure compliance is 90%+	In compliance.



Ensure monthly KPI monitoring and compilation of reports based on the reporting format in line with ESHS & Sustainability Monitoring system	Monthly monitoring of ESHS KPI's through projects sites, and monthly reporting.
Zero Fatal Accident and Lost Time Accident Frequency Rate of < 0.75.	No Fatality nor Lost time accident at our project locations.  Frequency Rate (FR) was set for the year 0.50 and achieved 0.00.
Work on Resource Efficiency parameters – reduction of water consumption at all projects	Data capturing on natural resources consumption for Water and Auxiliary electricity consumptions from all projects.
Ensure Effective community consultation and engagement through Stakeholder engagement mechanism across all projects, and address any grievances or other issues as needed	We did our best under severe Covid-19 restrictions.
Ensure compliance with labour laws and IFC PS 2.	Ensured compliance of labour laws including IFC PS 2 requirements.
Corporate Social Responsibility (CSR) programs at all projects and continuously monitor CSR activities across the company. Conduct CSR Impact assessment study.	There were 29 CSR projects (India) & 3 (Philippines) identified and executed.
Ensure 100% employees of new projects are trained on EHSS topics.	Achieved.
Initiate ISO 14001 and OSHAS 18001 programs at Solar projects in India	Not initiated due to Covid-19 restrictions.

### Goal & Targets for 2021

- a. Implement Artificial Ground water recharge – rain water harvesting projects – where applicable
- b. Conduct ESIA / ESDD of proposed / new projects as per IFC Performance Standards, and include ESHS issues as part of the final document seeking investment approval.
- c. Implement ESAP/ESMP - Corporate ESMS system in line with IFC PS, WHO and ISO 14001 & OHSAS 18001 standard requirements at new projects.
- d. Monitor implementation of each project's ESAP through regular review audits to ensure compliance is 90%+
- e. Ensure monthly KPI monitoring and compilation of reports based on the reporting format in line with ESHS & Sustainability Monitoring system
- f. Zero Fatal Accident and Lost Time Accident Frequency Rate of < 0.50.
- g. Work on Resource Efficiency parameters – reduction of water consumption at all projects
- h. Ensure Effective community consultation and engagement through Stakeholder engagement mechanism across all projects, and address any grievances or other issues as needed
- i. Ensure compliance with labour laws and IFC PS 2.
- j. Corporate Social Responsibility (CSR) programs at all projects and continuously monitor CSR activities across the company. Conduct CSR Impact assessment study.
- k. Ensure 100% employees of new projects are trained on EHSS topics.
- l. Initiate ISO 14001 and OSHAS 18001 programs at Solar projects in India

## Labour

The following Principles of the United Nations Compact:

- *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.*

are addressed in our corporate policies and procedures found in the following corporate documentation:

1. Code of Conduct
2. Employee Guide
3. Group Delegated Authorities
4. Anti-Corruption Principles and Procedures
5. Corporate Responsibility Manual
6. Investment Approval Process
7. Inclusion and Diversity Policy –Rolled out in our India office and in our recruitment documentation

and with regards the employee's individual rights the:

8. Service Agreement.

As identified in our previous COPs, we believe that everyone has the right to work in a protected environment, we do not tolerate bullying and we aim to maintain an open culture, encouraging our staff to voice concerns and to feedback on new systems and procedures. The above-mentioned Principles are supported by the following policies and procedures:

- Sexual Harassment
- Whistleblowing Policy
- 'Reporting a concern'
- Zero-Tolerance to Corruption
- Avoidance of Conflicts of Interest
- Fair Employment Practices – by following local laws and legislations
- Fair Dealings with Others
- Maternity Leave
- Employment Rights – probationary period, salary, termination period and arrangements, hours and place of work (mobility policy), annual leave entitlement.

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).

*"At Sindicatum, we comply with all relevant and applicable local and international labor regulations, treaties, conventions and principles relating to the protection, welfare and health and safety of children, including*

*forced labor. We do not employ any person deemed by local or international laws, conventions or regulations to be a child in any capacity in any industrial operation under our control. As a good corporate citizen, Sindicatum is committed to the principles of protecting children from child labor exploitation. (...)*

*We do not engage in or support the use of forced or compulsory labor.”<sup>3</sup>*

### **Our Human Resources Priorities for 2020**

Our main objective for 2020, similar to that of many businesses operating during the Covid-19 pandemic, was to ensure our employee’s health and safety and coming a close second, to retain our talent i.e. trying to avoid redundancies. In April 2020 we hosted a ‘town hall’ call for all our employees and consultants, to reaffirm our message that their health and safety was paramount and to provide an overview on the condition of the business. We were severely impacted. Due to the various lockdowns and a bond market squeeze – both of which put enormous pressure on demand and supply across world economies and business operations - we significantly slowed down our projects and our development.

For our survival and sustainability, we:

- Put a freeze on any recruitment and internships.
- In March 2020, our end of year review period, we placed an immediate freeze on salary raises and discretionary bonuses for the year.
- With the agreement of our employee’s we introduced selected and temporary pay cuts, trying to do so as fairly as we possibly could. We made sure we did not cut the wage of those under a specific threshold.

As a result of the above measures (and a few others) we managed to keep hold of the majority of our workforce.

Similar to our 2019 COP, below we outline the number of employees that are nationals within our operating regions, to highlight our commitment to supporting local communities through role / job creations:

Country	Total Number of Employees	% of Employee Nationals to the Region
China	3	100
India	16	94
Philippines	9	89
Singapore	10	60
Thailand	2	50
UK	2	100
USA	1	100

\*Data as at 31 December 2020\*

### **Policies Introduced for Addressing the Covid-19 Pandemic**

We are very proud of how all of our employees have tackled, and of course, are still handling the Covid-19 pandemic. Their dedication and resilience through these turbulent times has been no small feat. Each of our regional offices have been responsible for following their respective country government guidelines,

<sup>3</sup> Sindicatum Employee Guide, Page Sindicatum Intranet

with regards lockdown restrictions and care protocols. However, we have listed below some of the group / main policies / guidelines:

Date	Policy	Further Information
March	Covid-19 – Sindicatum Group	We outlined the virus basics, specified the suggested measures to minimise the spread of infection and key reference points to keep abreast of developments. The policy also covered: <ul style="list-style-type: none"> <li>• Travel During the Covid-19 Period</li> <li>• The need to communicate next of kin details and keeping those updated</li> <li>• Office procedures to take note of.</li> </ul>
November	Flexible Work Arrangement	Introduction of a flexible work arrangement agreement for our employees, for the period they have to work from home due to the pandemic. We also included a 'Homeworking Checklist' to outline that each employee had what was needed to work comfortably.

### **Reminder of our 2020 Goals and Status**

In the following table we have set out the objectives we made in 2020 and to what extent they have been achieved:

2020 Target	Update
Review new employee / service contract templates to ensure legal compliance.	There were no new hires.
Finalise a 2020 copy of the Employee Handbook and Code of Conduct.	We will redraft our company policies in 2021 to reflect our current company outlook and new regulations.
Update the online Anti-Corruption Principles and Procedures (last dated February 2019).	We issued a February 2021 'Anti Corruption Principles and Procedures' document to aid the completion of the 'Related Party Transactions and Conflict of Interest Questionnaire' covering 2020.

### **2021 Goals & Targets**

1. Review new employee / service contract templates to ensure legal compliance
2. Finalise a 2021 copy of the Employee Handbook and Code of Conduct
3. Roll-out a 'Flexible Working' arrangement for the Group.

## Environment

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 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 to shift from the reigning economic model to a common path of a decarbonised 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:

- *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*

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 addition, policies, procedures and protocols 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 by 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 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 our offices and operational project sites<sup>4</sup>. For the remaining projects that are under development and where Sindicatum has developed projects in a consultant capacity, we have considered our environmental impact in the form of travel<sup>5</sup> based emissions.

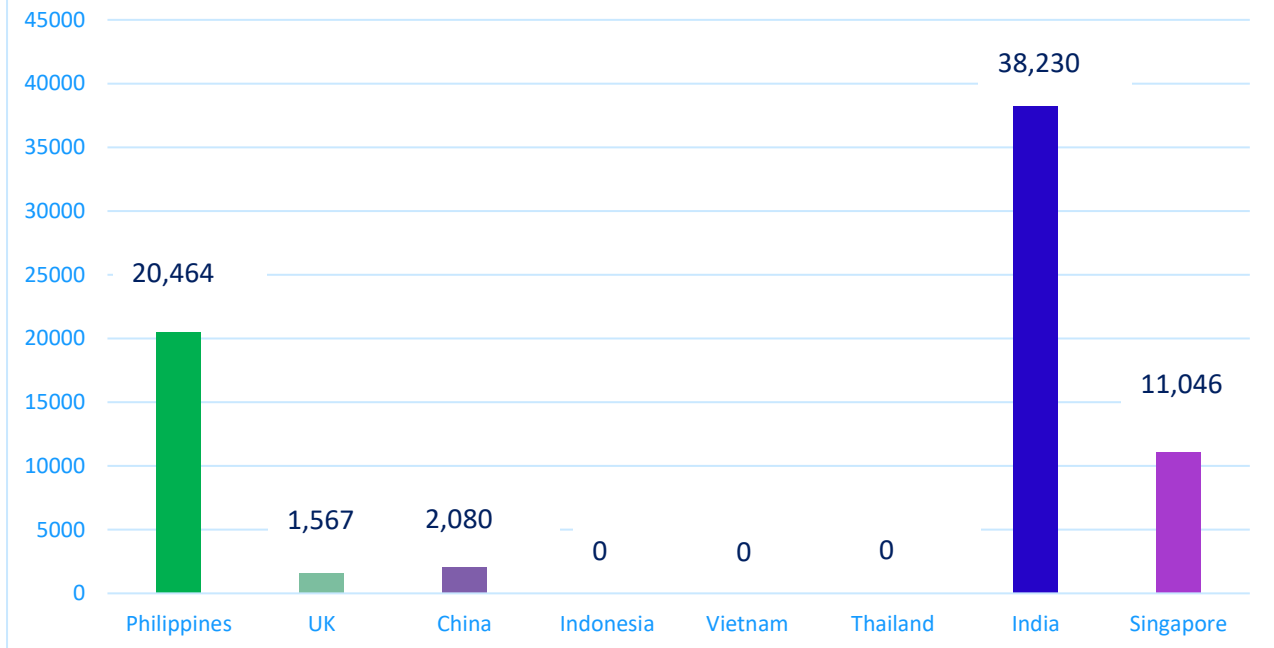
For office-based power usage, electricity is the significant form of energy consumption regardless of country of operation and was measured through metering devices and validated via electricity utility bills. The total office-based energy usage for 2020 amounted to 73,787 kWh (c. 1,0473 kWh/employee<sup>6</sup>) which represents a 22% decrease from 2019's energy use which was 94,190 kWh.

<sup>4</sup> Taken into consideration in "Net power generation"

<sup>5</sup> Land and Air

<sup>6</sup> 46 employees

## Office Electricity Consumption (kWh)



For the next calendar year (2021), we will target to decrease our electricity consumption by 5% in comparison to 2020 usage.

### **Reduction in Energy Consumption**

Sindicatum's raison d'être as a 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, we will constantly innovate and improve our equipment 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 direct power consumption.

### **Net Power Generation from Sindicatum's Projects**

The very nature of our business is centred on the generation of clean energy and emission reductions. the group had 276 MW of renewable energy projects in operation, in final stages of acquisition or in construction at the end of 2020.

## Carbon footprint – Emissions Aspect

Sindicatum reports based on the WRI<sup>7</sup> and WBCSD<sup>8</sup> “Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard”<sup>9</sup>. This framework encompasses the classifying of 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 sustainability report, we incorporated emissions due to land-travel 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.

In 2020, the environmental footprint as a result of Sindicatum’s offices was 17,202 **kgCO<sub>2</sub>e (c. 0.68 tCO<sub>2</sub>e/employee)**.

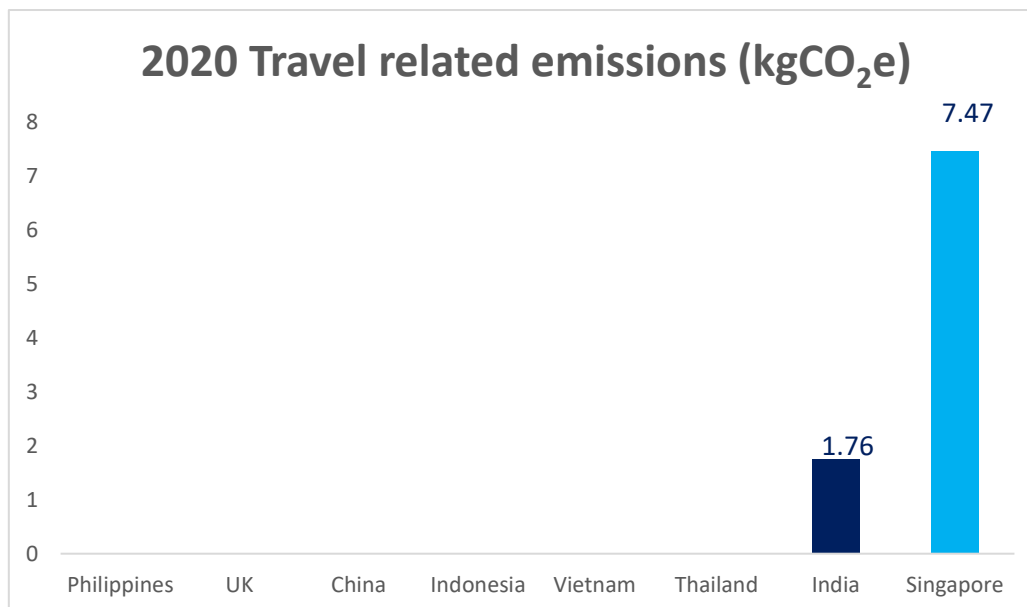
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<sup>7</sup> World Resources Institute

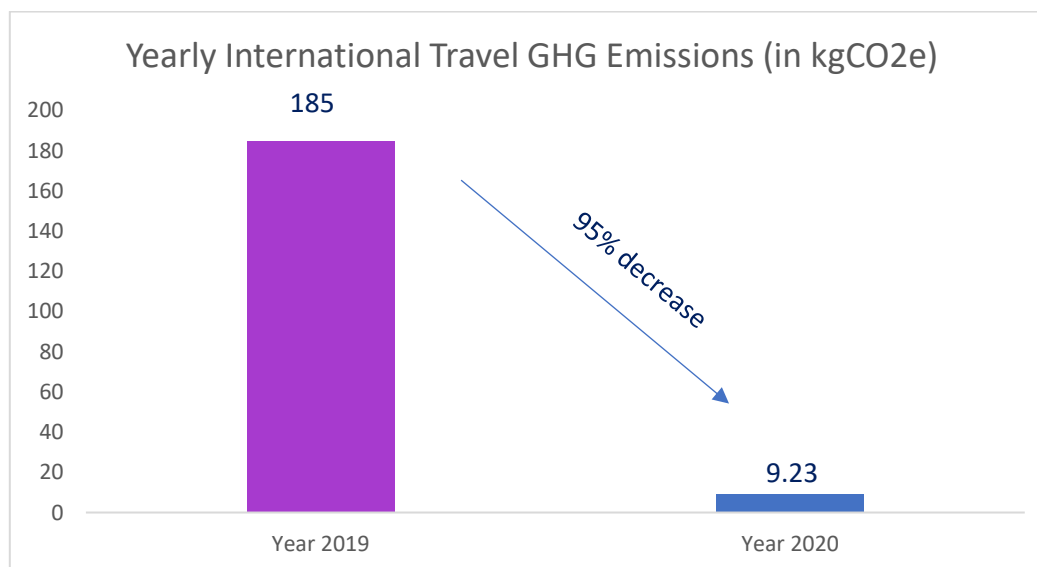
<sup>8</sup> World Business Council for Sustainable Development

<sup>9</sup> GHG Protocol

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 Calculator<sup>10</sup>. Our corporate offices in UK and Singapore comprised of a substantive portion of air-travel in 2020 and this is largely due to frequent business travel as a result of Sindicatum's Asian footprint.



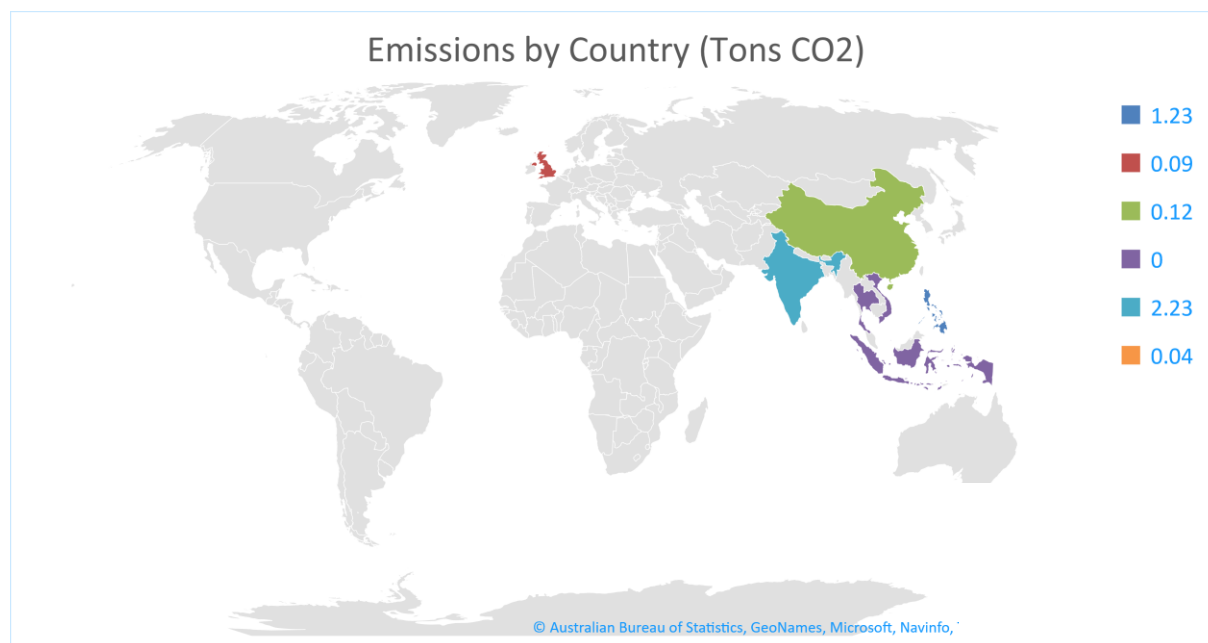
The total GHG emission from land and air travel for 2020 was 9.23 **tCO<sub>2</sub>e** which marks a ~95% decrease from 2019 which was 185 tCO<sub>2</sub>e.



<sup>10</sup> <http://www.icao.int/environmental-protection/CarbonOffset/Pages/default.aspx>



Our emission reduction projects are subject to third-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 the relevant related databases.



### **Offsetting Sindicatum's carbon footprint**

Sindicatum's total carbon footprint for 2020 was 12.94 tCO<sub>2</sub>e – from office-based electricity consumption and emissions arising from travel.

We have retired an equal number of carbon credits from 1 project with high Environmental, Health, Safety and Social standards and numerous sustainable development benefits to the local community. This project has been registered under the Clean Development Mechanism and have been verified by third-party independent auditors.

1. CDM Project 1371: Bangkok Kamphaeng East LFG Project – 13 CERs offset.

Sindicatum's 2020 carbon footprint and our operations are therefore NET POSITIVE.

## Anti-Corruption

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

### Zero-tolerance to corruption policy

Sindicatum applies a “zero-tolerance” approach to all forms of corruption, bribery and extortion. We provide 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. In addition, any third-party that we cooperate with is required to sign anti-corruption undertakings.

On an annual basis Sindicatum requires all employees and consultants to complete a ‘Related Party Transactions and Conflict of Interest Questionnaire’. We believe that transparency is key to avoid any possible issues and indeed to allow fair trade opportunity, both for quoting purposes and potential partnerships. Invariably any conflicts of interest will have to be disclosed to ensure that we do not give preference to a certain organisation or individual, especially in our project deals.

We continue to monitor and investigate any incidents of potential bribery.