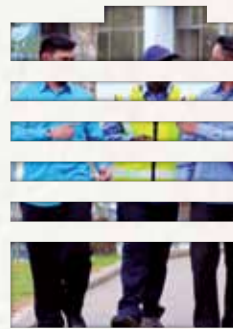




**Ranhill**



# SUSTAINING OUR STRENGTH > ENRICHING LIVES





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## **SUSTAINING OUR STRENGTH** **> ENRICHING LIVES**

As in previous years, the cover of our Sustainability Report 2018 ("SR2018") is identical to our Annual Report 2018 ("AR2018"). This is in line with ensuring consistency of message which is centred on this year's theme "Sustaining Our Strength -Enriching Lives". Readers are advised to review both reports to obtain a comprehensive understanding of the Group in terms of its business operations, financial performance as well as our overall strategy to managing sustainability related matters.

# MISSION STATEMENT

To be a regional leader in water, wastewater and energy with emphasis on circular economy.

# OUR VISION

## ENRICHING LIVES THROUGH SUSTAINABLE SOLUTIONS

### ENRICHING LIVES

Ranhill aspires to lift the quality of life by being at the forefront of nation building through sustainable environment and power solutions using innovative and clean technology.

### SUSTAINABLE SOLUTIONS

Ranhill aspires to meet the needs for an enhanced quality of life and a cleaner planet through innovation.

We subscribe to the triple-bottom-line approach to the Environment (Planet) and Communities (People) whilst achieving our Financial Objective (Profit).

We inspire our employees to be innovative in providing solutions beyond customers' expectations.

# OUR VALUES



## RESPECT

Respect for the environment, communities we serve and for our employees.



## RESOURCEFUL

Determination in sourcing and adopting innovative solutions.



## RESULT

Focused on delivering growth and value to our stakeholders.



# OUR REPORTS

We produce a full suite of reporting publications to cater to the diverse needs of our broad stakeholder base. The following reports, which support our Annual Report, are tailored to meet our readers' specific information requirements.



## ANNUAL REPORT 2018

### Objective

- Provides a comprehensive discussion of the Group's performance



## SUSTAINABILITY REPORT 2018

### Objective

- Presents a balanced and comprehensive analysis of the Group's sustainability practices and performance in relation to issues material to our stakeholders

# 5<sup>th</sup> Annual General Meeting of Ranhill Holdings Berhad

Grand Ballroom, Level 11  
Double Tree by Hilton Hotel Johor Bahru  
No. 12 Jalan Ngee Heng  
80000 Johor Bahru, Johor

Thursday, 11 April 2019 | 10.00 a.m.



For more information visit our website  
[www.ranhill.com.my](http://www.ranhill.com.my)



Water  
Supply  
Services



Water and  
wastewater  
treatment



Non-  
Revenue  
Water



Clean  
Energy



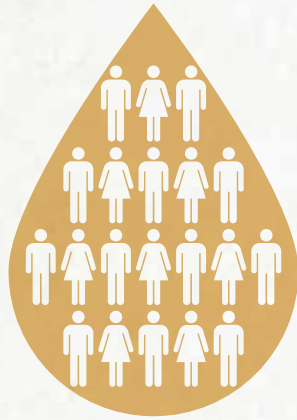


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# RANHILL FACT SHEET

**3,012**  
Employees



Provides Water To  
**3.7 Million**  
People



Provides Electricity To  
**1.4 Million**  
People


## CORPORATE INFO

**99.8%**  
Water Supply  
Coverage  
Areas



  
**674** active  
reservoirs & **44**  
water treatment plants

Reduction on  
NRW level to  
**24.19%**



Total Water and  
Wastewater Treatment  
Capacity

**2,362** MLD

Local

**85.8%**

International

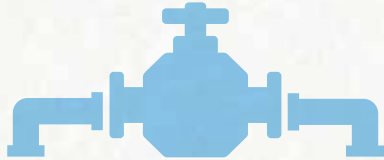
**14.2%**



**10** water treatment,  
wastewater treatment  
& reclaim water  
facilities in Thailand

& **11** wastewater  
treatment plants  
in China



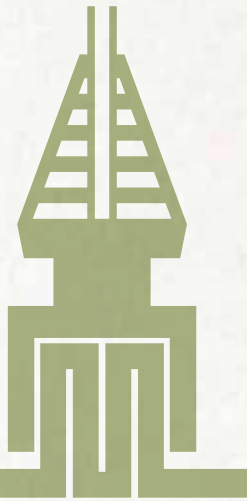
  
**22,495KM**  
of pipelines, of  
which **19,031KM** are  
reticulation mains,  
**3,298KM** of distribution  
mains and **166KM** of  
raw water mains

## ENVIRONMENT



Operate **two**  
**190MW**

Combined Cycle Gas  
Turbine (CCGT) power  
plants in Kota Kinabalu  
Industrial Park

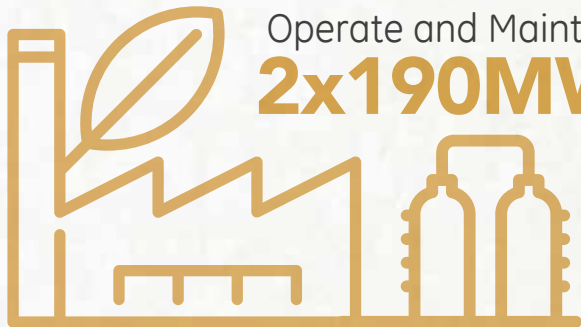


Have a **21-year**  
Power Purchase Agreement (PPA)  
with Sabah Electricity Sdn Bhd (SESB)  
for the sale of up to  
**380MW** of  
electrical generation  
capacity and electricity  
production



Clean Energy  
**380MW**

Operate and Maintain  
**2x190MW**



Sabah

We are  
the largest  
Independent Power  
Producer (IPP)

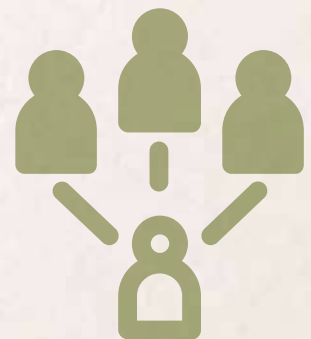
within the state of Sabah in Malaysia

**CLEAN ENERGY** ▼

**100%**  
of new hires  
attended the  
onboarding  
programme



Staff training  
and development  
budget increase by  
**24.79%** to  
**RM 2.96**  
million



**DEVELOPMENT ROLE** ▼

# OUR PRESENCE

We stand proud as a Malaysian conglomerate with keen interest to reach out to, and better lives of local communities via the environment and clean energy sectors.



## CHINA •

- Concession agreement with local authorities or industrial park management councils
- 11 wastewater and reclamation treatment plants, ranging from **25-30 years**
- Total treatment design capacity of **222 MLD**

## THAILAND •

- 10 water and wastewater treatment plants and reclamation plant with industrial park developers and other private enterprises
- Total treatment design capacity of **114 MLD**



## MALAYSIA •

### Water Supply Services in Johor, Malaysia

- Exclusive license to provide source-to-tap water supply services throughout the State of Johor
- Johor is the second most populous state with approximately 3.7 million population as at December 2018
- 44 water treatment plants
- Total treatment design capacity of **2,026 MLD**

### Power Business in Sabah, Malaysia

- The largest Independent Power Producer (IPP) in Sabah, Malaysia
- Operates two 190 MW Combined Cycle Gas Turbine (CCGT) power plants in Kota Kinabalu Industrial Park
- 21-year Power Purchase Agreements (PPAs) with Sabah Electricity for the sale of up to **380 MW** of electrical generating capacity and electricity production
- Total capacity represents approximately 37% of combined installed capacity of all IPPs in Sabah



**3 countries**  
Malaysia, Thailand, China

**HEADQUARTERS**

Ranhill Holdings Berhad  
Bangunan Ranhill SAJ, Jalan Garuda, Larkin  
80350 Johor Bahru, Johor Darul Takzim, Malaysia

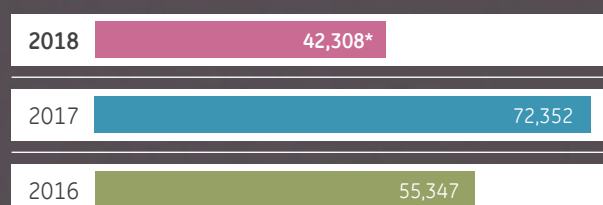


# GROUP FINANCIAL HIGHLIGHTS

## REVENUE (RM'000)



## NET PROFIT FOR THE YEAR (RM'000)



## PROFIT FROM OPERATION (RM'000)



## SHAREHOLDERS' EQUITY (RM'000)



	FY2016 restated RM'000	FY2017 RM'000	FY2018 RM'000
Revenue	1,455,054	1,478,719	1,559,856
Profit from operation	224,431	233,808	218,533*
Net Profit for the year	55,347	72,352	42,308*
Weighted average number of ordinary share ('000)	822,266	888,316	888,316
Basic earnings per ordinary share (sen)	6.73	8.14	4.76
Total Asset	3,188,892	2,732,650	3,335,573
Shareholders' Equity	561,098	582,165	549,369
Net Asset per share	0.68	0.66	0.62

Note:

\* The decrease in profit from operation and net profit for the year were mainly due to the impairment of approximately RM19 million from aborted 37MW Tawau Green Energy Sdn Bhd ("TGE") geothermal project.

# MESSAGE FROM THE PRESIDENT / CHIEF EXECUTIVE

**TAN SRI HAMDAN MOHAMAD**  
President and Chief Executive



## Dear Stakeholders,

I am pleased to give you an update on Ranhill's sustainability progress as we continued to make headway across our Economic, Environmental and Social ("EES") indicators in 2018.

This is the 3<sup>rd</sup> consecutive year that Ranhill has provided a comprehensive account of our non-financial performance and we draw satisfaction in our achievements as well as insights on how we may further improve and respond proactively to the wider issues of climate change, depleting natural resources, changing weather patterns and more.

Our disclosure is guided by the globally recognised standard for sustainability reporting: the Global Reporting Index ("GRI") 2016 Standards.

For us at Ranhill, our view is that sustainability must be at the heart of any business philosophy for without which, businesses will ultimately pay a stiff price for disregarding the future for present material gain. We live in a time where, despite the political and strategic differences of nations, the social and cultural disparities and continued politicking, almost all nations have unanimously agreed that the environment and our future is at stake.

Irrespective of whether on land, air or sea, the continued wanton consumption of natural resources with little or no regard for replenishment has created crises among many countries and societies. Beyond environmental issues, our consumption patterns have disrupted the way of life for societies and communities across the world. As the problems we face

loom larger and the pressures placed on our finite and increasingly depleting resources mount, businesses must take the lead and stand together with governments to champion sustainable resource use.

The realisation that we must achieve a balance between present and future needs is growing among Corporates, but there is far more effort that is required to achieve true sustainability.

The world today stands on a threshold of both crisis and opportunity. Global warming and climate change continue to concern countries and businesses across the world. Yet it presents the opportunity to rethink how we live and do business and create value. Ranhill through its business model can play its significant part in helping to bring out a new economy that offers true sustainability.

The truth is, we must be custodians of our planet's precious resources as we have no other alternatives. Hence, sustainability is not a matter of preference or an optional business philosophy, it has and will always be the very essence of any business. Sustainability is the pursuit of value in its fullest sense and not just defined by profits and financial indicators.

In FY2018, Ranhill has charted an empowered sustainability journey that beyond safeguarding resources and responding proactively to climate change, has enabled the Group to shape more promising outcomes and delivered game-changing value for stakeholders. This is a key aspect of our sustainability journey; that beyond complying with

regulations and set standards, we are reshaping a better future together with stakeholders in all of the markets and business sectors we operate in.

I am pleased to share that in line with the United Nations Sustainable Development Goals 6, 7 and 13, Ranhill has helped countless people in the markets we operate in have access to clean water and sanitation and clean, affordable energy while promoting greater awareness and concern on climate change. We are changing lives for the better, improving socio-economic opportunities and developing local infrastructure and ultimately contributing to nation building.

This, in essence has been our sustainability journey in FY2018 and we will continue to stay on this path. Indeed, sustainability should be measured in the relevant context of our operations, but we must also assess our journey from the positives we create for stakeholders.

As we further enhance our data collection methods, we will continue to strengthen our disclosures to provide a more comprehensive narrative of our many highlights, achievements and also improvement areas across our sustainability journey. We hope that in reading Sustainability Report 2018, you would have a richer perspective of Ranhill as a business entity and corporate citizen of the world.

Thank you.

**TAN SRI HAMDAN MOHAMAD**  
President / Chief Executive

# ABOUT THIS REPORT



## SCOPE & MATERIAL BOUNDARY

In preparing our Sustainability Report ("SR2018"), the Group has scoped its reporting boundary to encompass The Group and all major subsidiaries. Excluded are outsourced activities, activities and operations of joint venture companies as well as economic, environmental and social materiality matters pertaining to or caused by the Group's value chain which consists of vendors, suppliers and business partners.

The Group is cognisant that there may be significant EES impact from its value chain and hence, going forward will actively encourage its vendors, suppliers and business partners. With this, RANHILL may be in a better position going

forward to report on the EES impacts of its value chain.

Pursuant to the GRI Standards 2016 Guidelines, the Group has looked to provide results for all relevant disclosures in full. Where disclosure is partial, this has been labelled accordingly. This report is to be read together with RANHILL's Annual Report 2018 ("AR2018") for the financial year to obtain a comprehensive perspective of the Group's on-going effort and commitments towards realising its EES objectives.

## REPORTING PERIOD

The reporting period for SR2018 is from 1<sup>st</sup> January 2018 to 31<sup>st</sup> December 2018. Where possible, the Group has provided statistical data for three consecutive

years in accordance with GRI Standards 2016.

## ASSURANCE

Where possible, data has been internally assured by RANHILL's Group Corporate Assurance Division ("GCAD"). GCAD is in-house internal audit function and its primary role is to assess the effectiveness and efficiency of the Group's audit plan, its risk management and internal control systems as well as to provide verification of audited data.

## REPORTING GUIDELINE

This report has been prepared in accordance to the GRI Standards 2016: Core Option and Bursa Malaysia's Main Market Listing Requirements relating to Sustainability Statements in Annual Reports.

## DISTRIBUTION & FEEDBACK

The report is available for download via [www.ranhill.com.my](http://www.ranhill.com.my). As part of our continued engagement with stakeholders and to facilitate continuous improvement, we welcome feedback, comments and suggestions to be sent to:

Group Corporate Communication,  
RANHILL Holdings Berhad,  
Bangunan RANHILL SAJ,  
Jalan Garuda, Larkin,  
80350 Johor Bahru,  
Johor, Malaysia

Tel : +607 2255 300  
Fax : +607 2255 310  
Email : [sustainability@ranhill.com.my](mailto:sustainability@ranhill.com.my)



# SUSTAINABILITY AT RANHILL

## OVERVIEW - RANHILL'S FOUR PILLARS OF SUSTAINABILITY

Ranhill's approach to sustainability is centred on its four strategic pillars. These pillars, Environmental Awareness & Perseverance, Contribution Towards Social Wellbeing, Inspirational Workplace & Culture and Enhancing Governance Across the Group.

The pillars serve to:

- Provide an over-arching perspective of that which is material to Ranhill.
- Enable the Group to identify specific materiality aspects (within each pillar) across a broad spectrum of EES topics and aspects and equally important to manage and mitigate these based on a circular economy model.
- Guiding the Group's sustainability journey as proven in the various sustainability highlights achieved over the years.

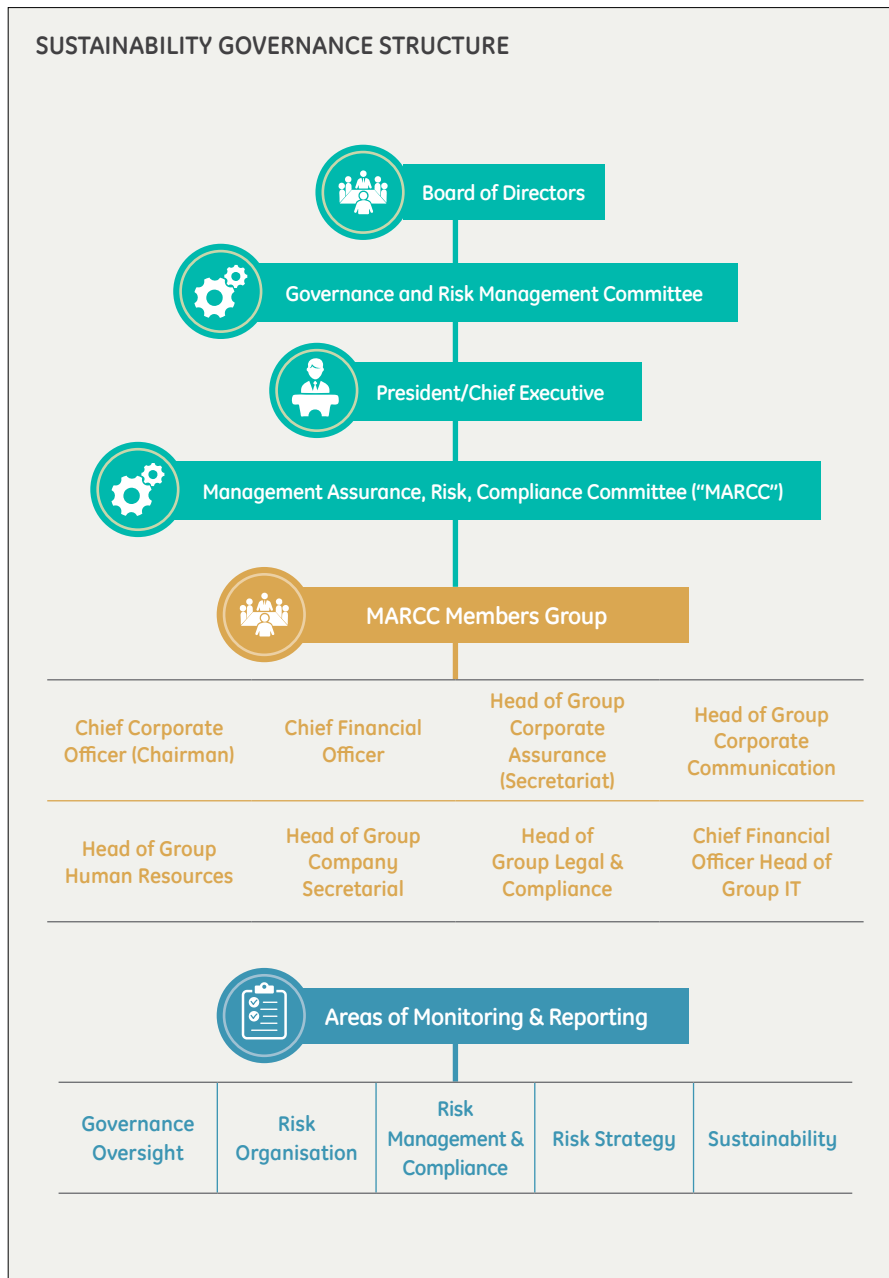
The next phase however, is to proceed beyond the framework and to imbed sustainability within the Group's organisational culture and the mind-set of its people.

RANHILL SUSTAINABILITY PILLARS	EXPLANATION
<p><b>Environmental Awareness &amp; Perseverance</b></p>	<p>Given that Ranhill's business operations utilises natural resources and can (potentially) have a significant environmental footprint, the Group is of the view that it must constantly be vigilant and maintain a strong earth and people first philosophy to drive its operations, be it in its water businesses or in its combined cycle gas turbine ("CCGT") fired power plants.</p> <p>The Group espouses this philosophy in its purposeful decision to be a leader for sustainable clean energy and clean water production. It continues to seek ways to further minimise its impact on air, water, land and other natural resources. This includes safeguarding upstream and downstream water resources and conserving, preserving and recycling resources as much as possible.</p> <p>The Group believes that its concept of environmental awareness and perseverance must also be propagated to external stakeholders such as the general public, students, and the communities at large and also across its value chain. The rationale for this is simply because environmental Awareness &amp; Perseverance is the collective responsibility of all parties and not the sole domain of any single entity.</p> <p>Only through shared vision and commitment can we safeguard our natural resources and the surrounding environment.</p>

## SUSTAINABILITY AT RANHILL

RANHILL SUSTAINABILITY PILLARS	EXPLANATION
<p><b>Contribution Towards Social Wellbeing</b></p>	<p>The Group believes it is in a unique position to contribute towards improving the socio-economic prospects of society in various ways. This is realised by going beyond mere altruism but to extend meaningful assistance that enables underprivileged segments of society to achieve self-reliance via economic and educational opportunities.</p> <p>Hence, as Ranhill pursues its business objectives, it has also integrated a social empowerment agenda to close the infrastructure gap between urban and rural communities.</p> <p>As an industry leader, the Group continues to actively share its knowledge to enhance overall industry standards towards developing a more competitive and sustainable value chain in the businesses it operates in, especially non-revenue water (“NRW”) management.</p> <p>Ranhill remains at the forefront in sharing best practices, case studies and insights with industry players and related stakeholders, both in Malaysia as well as internationally.</p>
<p><b>Inspirational Workplace &amp; Culture</b></p>	<p>The Group has recognised that sustainability must permeate across its own organisation and must evolve beyond a corporate buzzword or mantra. Sustainability must become an intrinsic part of the Group’s culture – extending well beyond frameworks, systems, policies to become a way of life in its people.</p> <p>Inspirational Workplace &amp; Culture also incorporates harnessing the rich and diverse aggregate talent pool of the Group, across all geographic sectors to create cross-sharing of knowledge, synergy and more to empower greater productivity and competitive advantage. Crucial to this is the retention of talent, the recognition and rewarding of excellent performance and the injection of fresh, high calibre professionals to infuse vibrant and new ideas that will propel Ranhill towards a continued realisation of its business goals.</p>
<p><b>Enhancing Governance Across the Group</b></p>	<p>The Group is of the view that sustainability and corporate governance are intrinsically linked and that accountability, business ethics, transparency and integrity are essential to the sustainability journey. Strong business values are vital to mould a growing consciousness on sustainability.</p>

# GOVERNANCE & LEADERSHIP



Sustainability at Ranhill begins at the top and is given due to strategic consideration by the Board of Directors and Senior Management. While both the Board and the Executive Leadership

Team have oversight on sustainability, specifically, the sustainability agenda is driven by the Board's Governance Risk Management Committee ("GRMC").

The GRMC in championing sustainability is closely supported by the Management Assurance Risk & Compliance Committee ("MARCC"). The MARCC is in turn, supported by Senior Management and Department Heads across the Group's organisational structure. MARCC members include the Chief Corporate Officer (MARCC Chairman), Chief Financial Officer, Head of Group Assurance (Secretariat), Head of Group Legal & Compliance, Head of Group Corporate Communication, Head of Group Human Resources, Head of Group Company Secretarial and Chief Financial Officer Head of Group IT.

More details of the GRMC are given in the Corporate Governance Overview Statement ("CG Overview") of the FY2018 annual report.

In essence, by adopting governance structure, the Group is able to achieve a robust framework that supports the achievement of accountability, internal controls, risk migration as well as oversight and management of EES related matters.

Ranhill's corporate governance model is as illustrated which sets out how the Group is guided by its governance and assurance. It defines how Ranhill delivers its business objectives and the boundaries within which Ranhill's employees are expected to work.

The said framework establishes a common approach to how we operate, wherever the location. In addition, it is augmented by a set of guidelines, policies, procedures and our corporate values which help to cultivate good corporate governance within the Group:



## GOVERNANCE & LEADERSHIP

- Board Charter (inclusive of Terms Of Reference (“TOR”) for all respective Board Committees
- Ranhill Authority Manual (“RAM”)
- Code of Conduct & Business Ethics (“CCBE”)
- Fraud & Whistleblowing Policy
- Corporate Disclosure Policy

Following are the GRMC’s specific roles and responsibilities:

- I. Review and assess sustainable impacts of major business decisions and recommend appropriate actions required;
- II. Review and recommend to the Board the sustainability strategies and plans that will create long term shareholder value including budget required in implementing sustainability initiatives;
- III. Advise the Board on adoption of Corporate Sustainability (“CS”) targets and innovative initiatives;
- IV. Examine the annual assessment of Ranhill’s environmental performance and progress, to consider and approve methods of measuring, assessing or validating the Group’s Corporate Sustainability performance, and where appropriate, to commission an external independent assessment of the direct and indirect impact of any aspect of the Group’s operations;
- V. Assess the effectiveness of Group policies and systems in identifying and managing health and safety at the workplace;



- VI. Assess the environment and community risks that are material to the achievement of the Group’s objectives;
- VII. Monitor and provide recommendations to the Board on public policy, consumer, stakeholder, corporate and public trends, issues and developments that could impact the Group;
- VIII. Review business continuity management including emergency plans and crisis readiness as well as to review incidents within the scope of GRMC and assess remedial actions; and
- IX. Review and recommend the Sustainability Statement to be incorporated in the Annual Report for Board approval.

The governance framework allows for organisation wide representation to drive the sustainability agenda. It also helps to ensure that the views of all internal stakeholders are echoed and brought to the fore and considered as part of a united front to guide and drive our sustainability journey. This is of tremendous importance as buy-in is essential to ensure success. Beyond, developing a more robust internal stakeholder perspective, it allows Ranhill to remain close to the ground and to better feel the pulse of its people.

For further details on Board roles and responsibilities as well as Board composition and independence, kindly refer to the Ranhill Group Holdings Berhad Corporate Governance (“CG”) Report for FY2018.

# STAKEHOLDER ENGAGEMENT



Ranhill believes that stakeholder engagement is a crucial component of its sustainability journey. Active engagement with both internal and external stakeholders offers the Group many benefits including the ability to garner insights and feedbacks to refine our sustainability approach, in particular materiality identification and assessment.

Our definition of stakeholders is individuals, groups or entities that have the potential to influence or impact Ranhill's operations. Individuals or Groups who are, or may be potentially impacted by the Group's presence or business operations are also regarded as stakeholders.




The input and insights we received from stakeholders allows Ranhill to develop a more inclusive or 360° view of the organisation and its EES impacts. Stakeholders' validation via engagement allows the Group to confirm that we are indeed on the right track; which is useful in identifying our materiality matters and if needed refining our materiality topics and aspects to truly capture our EES footprint.

This is vital in avoiding the all too prevalent occurrence of tunnel vision, where materiality matters are assessed and defined based on the Group's internal perspective, while negating stakeholders' views. While this process



can be complex as it entails actively engaging a wide range of stakeholder groups across varying communication spectrums and mediums, the benefits far outweigh the difficulties. The result is a productive, more diverse and importantly, accurate view of our EES impacts and matters; which then allows Ranhill to better manage, mitigate and address the feedbacks then to deliver more positive outcomes and actual value creation.

Following is a snapshot view of our stakeholder engagement activities in FY2018, which were undertaken across the year.

## STAKEHOLDER ENGAGEMENT


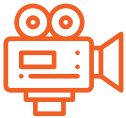

STAKEHOLDER	ENGAGEMENT METHOD	FOCUS AREA	RESULT / OUTCOME
 EMPLOYEES	<b>Town Hall Session: "Tanyalah Pengurusan" (TaP), forum</b>	Employee engagement forum to gauge their feedback towards the top management. This is also one of the communication channels to promote better understanding of the company's corporate values, vision and mission.	Employees are encouraged to raise and discuss any concern or issues throughout the year, including their annual performance appraisals.
	<b>R-Care Program: Wellness activities, dietary plan, health screening and coaching</b>	Employee engagement involving creating, maintaining and living a healthy lifestyle.	Increase employee participation and sustain wellness while improving their health.
	<b>Convocation Ceremony</b>	"Sijil Kemahiran Malaysia".	To enhance employee's technical & learning competencies, social and human development. 261 employees obtained the certificate.
	<b>Workshop, Project Session</b>	Lunch & Learn: Knowledge sharing session.	Employees have a clear understanding of company's goals and expectations.
 FRONT LINERS, OPERATORS, RECEPTIONIST AND CUSTOMER SERVICE STAFF	<b>Customer Service Efficiency Blue Print</b>	Front liners, operators, receptionist & customer service staff.	The level of customer service is more efficient and meet customers' expectations and satisfaction.
	<b>Exhibition</b>	Water conservation habits.	Consumer behavioural change requires long term effort. Through this programme, the practices on water conservation were successfully shared with the public.
	<b>Website and Social Media / SAJ Info Center</b>	Information on Planned/ Unplanned water disruption and issues on water supply.	Readiness and fast response towards affected consumers to reduce complaints during water disruptions/water supply issues.
 FINANCIAL COMMUNITY	<b>Annual General Meeting / Financial performance / Operational performance / Regulatory Compliance / Reputation / Investor Relations / Initiatives</b>	Open communication with shareholders, analysts and investors beyond key events of the corporate calendar. This includes platforms such as domestic and international roadshows, seminars and conferences.	Our shareholder engagement programme provides a direct avenue for shareholders, investors or clients to access information and engage with the company.

## STAKEHOLDER ENGAGEMENT



STAKEHOLDER	ENGAGEMENT METHOD	FOCUS AREA	RESULT / OUTCOME
 <b>GOVERNMENT</b>	<b>Briefing &amp; Presentation</b>	Briefing on RanhillSaj Matters to EXCO Johor State, Parliament & ADUN.	One of the recommended ways to advertise to a target market and create Ranhill brand awareness and also for operational efficiency.
	<b>Exhibition</b>	Display information on operational/services.	
	<b>"Rakan Strategik Alam Sekitar"</b>	"Program Pembersihan Pantai dan Dasar Laut di Pulau Tinggi in conjunction with Hari Alam Sekitar Sedunia Peringkat Negeri Johor 2018".	Prolong relationship and building continuous trust with federal and state government.
	<b>"Majlis Pelancaran Air Percuma &amp; Kempen Jimat Air"</b>	To ensure that the target group B40 to receive water rebate.	Besides supporting the KPI of Johor State Assembly/BAKAJ/UPEN/SPAN, this is also Ranhill's way of giving back to the underprivileged community.
	<b>Minister's Visit</b>	Minister of Water, Land & Natural Resources to witness the joint billing signing ceremony.	Joint Billing Agreement Signing Ceremony RanhillSaj - Indah Water Konsortium ("IWK").
 <b>LOCAL COMMUNITIES</b>	<b>CSR -School "Pendidikan Khas"</b>	Contribute hampers for Sports Day.	Create Ranhill brand awareness and sharing of joy through giving back to schools by supporting their event.
	<b>CSR - Rumah Anak Yatim Nurizatul Tenang</b>	Fulfil needs for Hari Raya Celebration to the orphanage.	To share happiness of the festive season to the residents.
	<b>CSR - Contribution to the Old Folks Home &amp; Disabled Association in Kota Kinabalu</b>	Contribute to the facilities and less fortunate folks.	Create Ranhill brand awareness via giving back to the community, in this case by fulfilling the needs of the facilities for the Old Folks home.
	<b>"Ops Perayaan" during Aidilfitri 2018</b>	A number of 173 storage tanks distributed and installed in identified areas with low water pressure.	To ease the water problems in those areas.
	<b>CSR - Ramadan Contribution</b>	Contribution to 12 of less fortunate and installation of new pipe in Mukim Benut.	To lighten the burden of the residents affected and ensure less water works in the areas.
	<b>CSR - Ranhill and Amata Water Collaborated in Tree Planting for watershed Reforestation Project.</b>	Promote sound land use and resource management to improve water resources within a watershed.	Teaching the community on ways to reduce water pollution, provide clean drinking water sources and preserve treasured ecosystem facilities.



## STAKEHOLDER ENGAGEMENT

STAKEHOLDER	ENGAGEMENT METHOD	FOCUS AREA	RESULT / OUTCOME
 <b>LOCAL COMMUNITIES</b>	<b>CSR – School Visit and Sponsorship to Amata City Chonburi Industrial Estate</b>	Visit to Water Treatment Plant in Amata City Chonburi Industrial Estate by Embassy of Malaysia to Thailand & Wat Krachang School.	Teaching the young generation on ways to reduce water pollution, provide clean drinking water sources and preserve treasured ecosystem facilities.
	<b>CSR - Handover Ceremony "Construction of House for fire victim at Kampung Bambangan, Papar, Sabah"</b>	Company initiatives to contribute to sustainable development by delivery economic, social and environmental benefits for all stakeholders.	Positive perception on the Company's image and reputation as a credible and reliable business partner to the stakeholders.
	<b>CSR - Back to school program RanhillSaj</b>	To contribute school supplies to the orphanage and less fortunate children.	To lighten the burden for school preparation for the underprivileged community.
 <b>MEDIA</b>	<b>Breaking fast session during Ramadan</b>	Press Conference on "Ops Perayaan 2018".	Awareness to all media practitioners regarding "Ops Perayaan 2018".
	<b>Media Night 2018</b>	To strengthen relationship with local Media House.	A platform to create awareness for the media to be well informed on Ranhill's current activities, challenges and how we manage these challenges. We aim for a neutral, fair and inspiring reporting on Ranhill where ultimately it meets the common needs of Group.
 <b>NGOS</b>	<b>Briefing &amp; Presentation</b>	Plant Visit and Technical Knowledge Sharing with N.U.R Power Sdn Bhd Kulim, Kedah with NGOs.	Support from NGOs is important to influence public opinion towards the Company.
	<b>Malaysia Water Association Dinner 2018</b>	Appreciation dinner to all participants and delegates of the water conference.	Strengthen Ranhill brand awareness and long term goal business relationship.
	<b>Aids Foundation Dinner</b>	Engagement with NGO and high ranking VIPs / decision makers.	Strengthen Ranhill brand awareness and long term goal business relationship.

## STAKEHOLDER ENGAGEMENT

STAKEHOLDER	ENGAGEMENT METHOD	FOCUS AREA	RESULT / OUTCOME
 <b>REGULATORS</b>	<b>Transparency and disclosures Bursa Announcements Reports Meetings and Correspondences Regulatory Compliance</b>	We strongly believe that it is critical for the Group to understand and discuss regulatory and compliance matters.	The Group is complying with various regulatory requirements set by our regulators and clients.
 <b>SUPPLIERS / VENDOR</b>	<b>Regular supplier / vendor meetings, tender briefings and tender site visits</b>	Engagement with suppliers is important to ensure that proper transparency and governance are being practised in procuring their services.	A fair, transparent and win-win relationship with our vendors/suppliers.

# MATERIALITY PRIORITISATION & MATERIALITY MATRIX



Ranhill's 2018 AGM is one platform to initiate open communication with shareholders, analysts and investors.

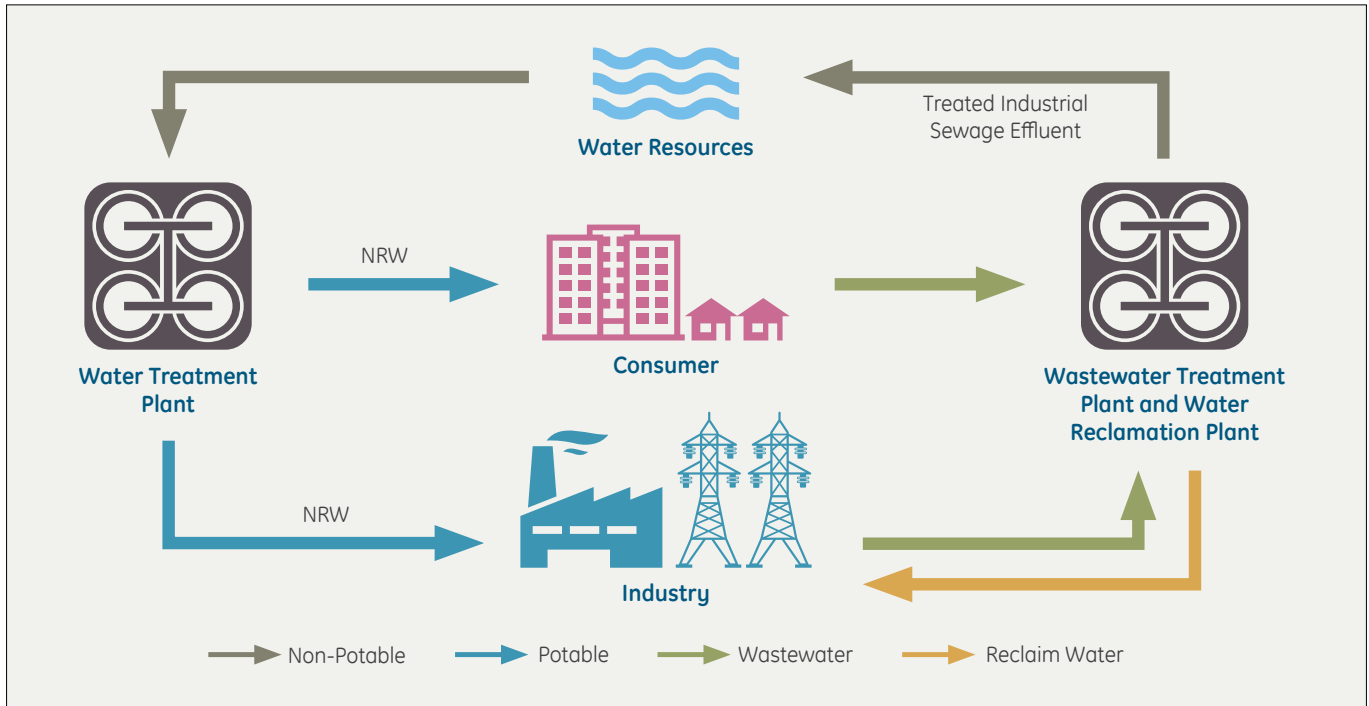
By integrating the feedback and insights from our stakeholder engagement activities in FY2018 with our own internal data and views, we once again have developed a materiality matrix of our essential materiality matters.

The matrix presents the Group's most significant materiality topics and aspects, which have been approved by Management and thereafter validated by the Board of Directors. Given the Group's business model and the nature of its operations both locally and abroad, there has been little change to Ranhill's top materiality matters in FY2018. Hence, the matrix is a restatement of our FY2017 matrix.

However, in FY2018, we have gone a step further to map our materiality matters against our risk factors to ensure congruency.

Stakeholder Perspective	High	Public Health & Safety	Reducing Non Revenue Water ("NRW") Access To Water & Power Water Tariff Preserving Water Resources Climate Change Corporate Governance Integrity	
	Medium	Diversity & Inclusivity	Greenhouse Gas ("GHG") & Other Emission Capacity Building Customer Engagement Employee Engagement	
	Low		Circular Economy	
		Low	Medium	High
		Ranhill Perspective		

# ENVIRONMENTAL AWARENESS & PERSEVERANCE



## CIRCULAR ECONOMY

The circular economy model is material to the Group as it defines the nature of how we wish to achieve sustainable business performance and operations. It provides the basis for which to develop our business model and supporting strategies and operational processes. In essence, the circular economy model provides us with our license to operate.

By embracing the circular economy model, we are able to avoid or reduce our EES impacts across our water and power business segments, while finding ways to create sustainable value for all stakeholders, Ranhill included.

The circular economy model is premised on a triple-bottom-line; that is people, planet and profit and runs contrary to the traditional profit-oriented approach, where financial gains are prioritised

above other elements. The circular economy concept also espouses that resources are to be optimised –recycled and preserved and kept in use for as long as possible – extracting the maximum value while simultaneously allowing these to regenerate for future use. Hence, it is in line with Ranhill’s aspirations to address key issues such as climate change, contamination of water sources, and resource depletion.

The circular economy model is clearly practised within our water and power business divisions.

Guided by the International Water Association’s (“IWA”) guideline, “Water Utility Pathways in a Circular Economy” Ranhill’s implementation of a circular economy approach is reflected in its provision of services via reclaim wastewater and water loss reduction.

At Amata City Chonburi, Thailand, the effluent from the existing wastewater treatment plant enters the reclamation plant to be treated to required standard. The plant is part of the industrial park’s efforts for ‘zero discharge’. For FY2018, the total volume was 3,060,386.00m<sup>3</sup>.



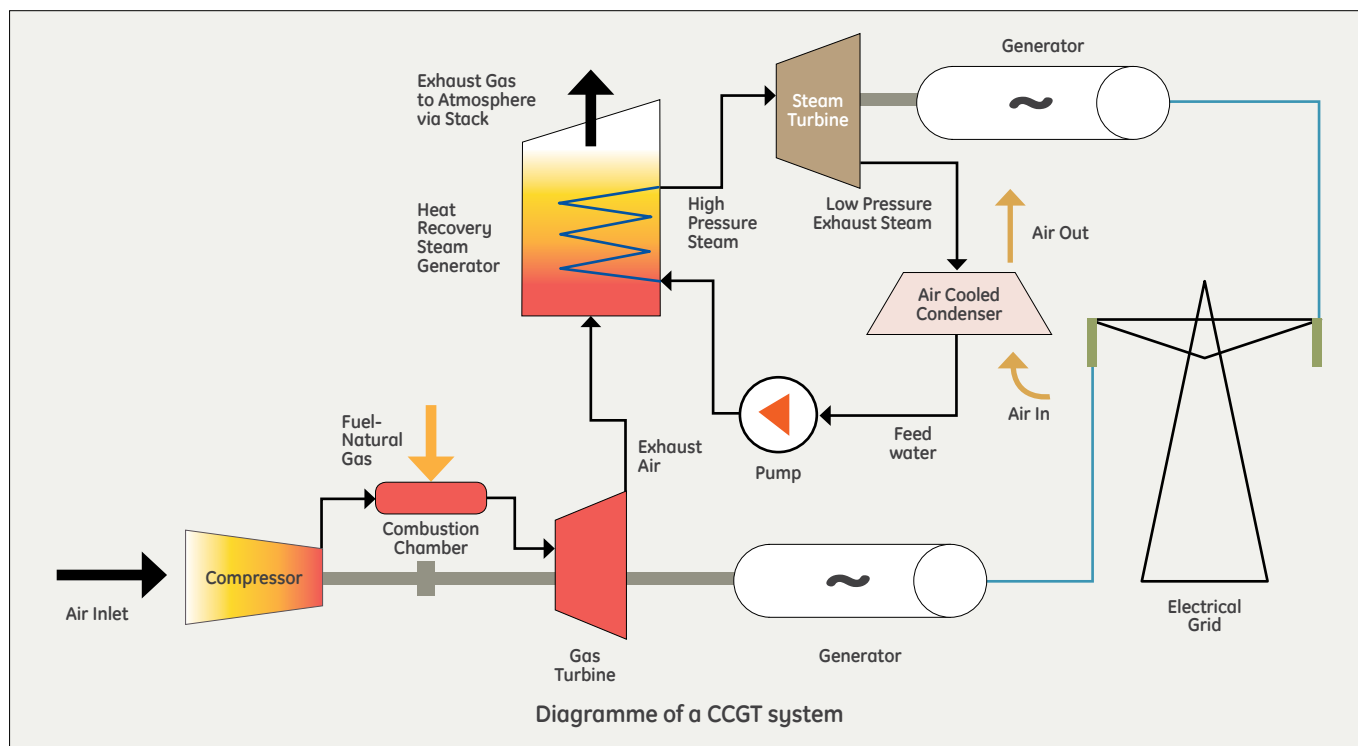
The launch of the 7 MLD Reclamation Water Treatment Plant (“RWTP”), which was officiated by YAB Dato’ Seri Wan Azizah Wan Ismail, Deputy Prime Minister of Malaysia at Bangkok, Thailand.



## ENVIRONMENTAL AWARENESS & PERSEVERANCE

Recently in January 2019, we completed the second Reclamation Water Treatment Plant (“RWTP”) in Thailand namely in Amata City Rayong with a capacity of seven million litres per day (“MLD”). Water reclamation is a growing component of our environment business, with reclaimed or recycled water serving as an alternative water source that can efficiently meet the growing industrial demand as the volume of wastewater discharge increases.

Within the power segment, our Combined Cycle Gas Turbines (“CCGT”) use both gas and steam turbines together to produce up to 50% more electricity from the same fuel than a traditional simple-cycle plant. This enables us to use fewer natural resources, while reducing our carbon footprint to clean energy for Sabah state – meeting 37% of the state’s requirement for electricity.



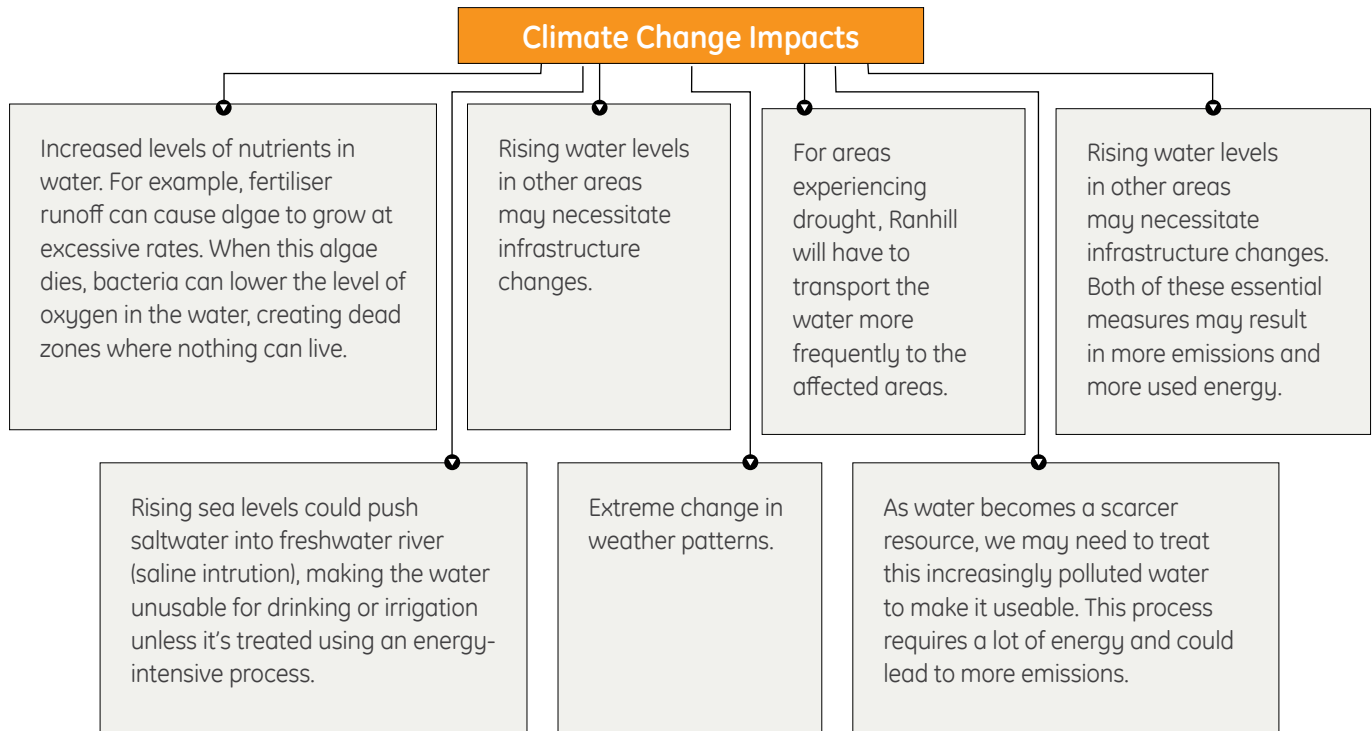
## CLIMATE CHANGE

Climate change is a material issue for Ranhill as it has significant implications, especially on our water businesses. Climate change is now recognised to be a real threat and rapidly developing. The impact of climate change is indicated by rising sea levels, the retreat of the non-polar glacial caps and reduction in ice thickness during summer and perhaps the most evident sign is the rising average surface temperatures across the globe. Equally important to note is that climate change has a significant impact on water resources. It has the potential to impact rainfall and the availability of upstream water for our treatment plants, which disrupts the availability of raw water supply required for the Group’s environment operations.

Beyond rainfall patterns, climate change may also potentially lead to hotter temperatures, desertification and even situations of prolonged drought or torrential rain. This may lead to lack of water supply and at the other extreme, flooding. Extreme temperatures may cause greater levels of water loss from evaporation (at water bodies such as rivers, once again reducing the availability of water supply).

Coupled with increased population and industrial growth as well as urbanisation, climate change’s impact on already limited and strained water sources is increasing in significance.

## ENVIRONMENTAL AWARENESS & PERSEVERANCE



### Rainfall Data Measured At Dam Areas

Dam	2013	2014	2015	2016	2017	2018
LEBAM	2,715	1,698	1,661	2,035	2,221	2,555
CONGOK	2,636	2,366	1,931	1,884	2,298	1,062
JUASEH	2,476	1,990	1,357	1,204	1,913	2,598
PULAI 2	2,905	1,833	2,363	1,954	2,617	2,133
PONTIAN KECHIL	2,880	2,838	2,481	2,192	2,439	2,506
UPPER LAYANG	3,051	2,505	1,909	2,630	3,516	2,258
BEKOK	1,083	1,721	317	758	1,095	1,052
MACAP	1,792	1,217	1,672	1,704	1,459	2,253
LABONG	2,594	3,391	1,776	1,870	2,533	2,480
SEMBERONG	1,551	2,146	1,415	1,559	881	351

The above table shows how annual rainfall patterns have changed over a decade with climate being a key contributor to the underlying situation. Certain areas are experiencing significant less rainfall while others are seeing a tremendous increase. Or, rainfall patterns have become erratic, with some years seeing deluge of rain and other years experiencing almost drought like conditions.

## ENVIRONMENTAL AWARENESS & PERSEVERANCE

Climate change is a global occurrence that Ranhill certainly cannot address alone. However, the Group, to the best of its capabilities, continues to mitigate and manage the associated impacts of climate change. This includes but is not limited to the following:

- Monitoring the effects of climate change on our water resources.
- Tracking our performance across multiple disclosures, practices and key performance indicators (“KPI”) to monitor potential environmental impact. These include (but are not limited to) non-revenue water, water withdrawn from sources, power consumption, greenhouse gas emissions (“GHG”) and others.
- Setting defined targets i.e. reduction in production of GHG across all scopes with a 5% reduction target in emissions for every cubic meter of water produced.
- Reviewing carbon footprint reduction measures across all subsidiaries.
- Continuously working with governments, authorities, strategic partners, industry peers and across the value chain to promote awareness and action in addressing climate change issues. This includes complying with regulatory standards and requirements across our environment and power operations while adopting voluntary, step-up guidelines and best practices to reduce actual and potential environmental impacts.

- Identifying new source of water i.e. ground water and reuse of treated sewage water for non-portable use.

### PRESERVING WATER RESOURCES

#### Water Contamination And Pollution

Beyond climate change, we continue to face continued upstream pollution of rivers. The number of pollution incidences remain high despite Ranhill’s and the authorities’ efforts to curb the problem.

Contamination impedes the performance of our plants and on many occasions, have resulted in temporary shutdown of WTP operations, which leads to reduction of treated water produced and thus revenue loss.

In FY2018, incidences of ammonia pollution in several rivers, impacted several of our WTPs, resulting in occasional operational shutdown. WTPs affected in FY2018 were Bukit Batu (Kulai), Sultan Ismail (Johor Bahru), Simpang Renggam (Kluang) and (Kota Tinggi). In particular, we highlight Sungai Ulu Benut where the river was polluted by leachate discharge from the landfill site in Simpang Renggam as well as domestic sewage from Simpang Renggam town.

YEAR	INTERRUPTION DUE TO AMMONIA CONTAMINATION IN RAW WATER (NO. OF CASES)	TOTAL HOURS OF SHUTDOWN
2016	5	37.08
2017	26	204.6
2018	26	204.4

The deterioration in raw water quality leads to increased cost of water treatment, especially for the cost of chemicals, energy consumption and plant maintenance. In addition, long-term plant closure due to raw water contamination requires water to be then supplied to customers via mobile tankers, which in turns increases operational costs (petrol, staff, etc.) and more GHG emissions.

There is also the danger of pipes bursting once water supply resumes due to the build-up of air locks within the piping system. This can potentially lead to higher maintenance outlay not forgetting increased water loss from NRW due to burst or leakages pipes.

## ENVIRONMENTAL AWARENESS & PERSEVERANCE

In addressing water contamination and pollution, Ranhill continues to work closely with key stakeholders and related government bodies. For instance, we are collaborating with Badan Kawalselia Air Johor (“BAKAJ”) and Department of Environment (“DOE”) on raw water issues, Ministry of Health (“MOH”) on validation of water quality results and National Water Services Commission (“SPAN”) on regulatory matters and consumers are also parties in the Water Safety Plan (“WSP”). Ranhill implemented its WSP consisting of identifying all the hazards that can affect the safety and acceptability of drinking water. Risk assessment starts in catchment through treatment and distribution as well as into consumers’ premises.



We also initiated several educational programmes such as visiting the premises of polluters to enlighten them on the consequences of their actions on water resources.

### Treated Water Quality Compliance Key Performance Indicators

Despite all of the challenges and difficulties faced, Ranhill has achieved full regulatory compliance in accordance with benchmarks set by SPAN and the Ministry of Health, Malaysia (“MOH”). The quality of treated water produced complies with international standards for drinking water set by the World Health Organisation (“WHO”). Following are the main water quality parameters and our actual achievements against targets set by MOH:

Selected Key Parameters	MoH Standard	Target	Achievement	Exceeded By
Residual Chlorine	0.2-5.0 mg/L	99.00%	99.93%	+0.93%
E.Coli (Faecal Coliform)	Absent in 100ml sample	99.90%	100%	+0.10%
Turbidity	<5.0 NTU	99.70%	99.98%	+0.28%
Aluminium	<0.2 mg/L	95.00%	97.28%	+2.28%
E.Coli Res. Chlorine	Absent in 100ml sample 0.2-5.0 mg/L	99.95%	100%	+0.05%

In ensuring the preservation and protection of water sources, a holistic approach which includes long-term planning of land use by local authorities is required.

In Thailand, measurements of wastewater and treated water from our plants are taken on a regular basis for laboratory testing. The main parameters tested are water colour, pH total dissolved solids (“TDS”), suspended solids (“SS”), biochemical oxygen demand (“BOD”), chemical oxygen demand (“COD”), total kjeldahl nitrogen (“TKN”) and oil, grease & fat.

Though Ranhill’s treatment plants have different influent and effluent parameters, each plant has complied fully with the requirements set by clients, the regulators in Thailand and as per the World Health Organisation (“WHO”) Water Quality Standards.



## ENVIRONMENTAL AWARENESS & PERSEVERANCE

### Water Consumption

Ranhill is fully aware of the strains placed on existing water resources and continues to efficiently manage its water consumption. Water consumed is sourced from surface water that is rivers and dams across Johor state. The water sourced is from upstream rivers, which is treated for the production of potable water supply. Following is a snapshot of our water sources in FY2018.

No.	Source	Name	No.	Source	Name	Source	Name
1	River	Sungai Pengeli	10	River	Sungai Muar	Dam	Empangan Labong
2		Sungai Mersing	11		Sungai Pelepah		Empangan Congok
3		Sungai Sedili Besar	12		Sungai Sayong		Empangan Lebam
4		Sungai Lenggong	13		Sungai Jementah		Empangan Bekok
5		Sungai Kahang	14		Sungai Segamat		Empangan Pulaui
6		Sungai Bekok	15		Sungai Juaseh		Empangan Pontian
7		Sungai Pontian Besar	16		Sungai Johor		Empangan Upper Layang
8		Sungai Sedili Kecil	17		Sungai Skudai		Empangan Sembrong
9		Sungai Gembut	18		Sg Sembrong		Empangan Gunung Ledang
			19	Sg Benut	Empangan Juaseh		

In meeting growing demand for potable water, the Group continues to see an increase in water withdrawn from surface sources:

#### RanhillSaj: Raw Water Abstractions

Year	Total (m <sup>3</sup> )	Raw Water Abstractions River (m <sup>3</sup> )	Raw Water Abstractions Dam (m <sup>3</sup> )	Average (m <sup>3</sup> /month)
2017	644,084,373.29	393,886,741.48	250,197,631.81	53,673,697.77
2018	672,482,177.06	395,921,312.66	276,560,864.39	56,040,181.42

#### RanhillSaj: Raw Water, Treated Water, In-Plant Usage & Sludge

Year	Raw Water (m <sup>3</sup> )	Treated Water (m <sup>3</sup> )	In Plant Usage (m <sup>3</sup> )	Total Sludge (kg)
2016	635,595,263	607,754,575	27,840,687	86,328,579
2017	644,084,373	613,206,307	30,878,066	86,502,141
2018	672,482,177	641,291,211	31,190,966	87,204,581

## ENVIRONMENTAL AWARENESS & PERSEVERANCE

### Water Consumption For Power Operations

The Group's power operation consumes water for maintenance works with the water sourced from the local municipal sources. In FY2018, more water was consumed at Ranhill Powertron I ("RanhillPower I") & Ranhill Powertron II ("RanhillPower II") due to ongoing maintenance work. Among the maintenance undertaken were gas turbine offline water wash and boiler tube leaking and valves passing.

#### RanhillPower I & RanhillPower II: 3 Years of Water Consumption (m<sup>3</sup>)

Year	RanhillPower I	RanhillPower II
2016	86,165	48,117
2017	81,427	46,638
2018	89,581	53,187

### Non-Revenue Water

Through subsidiary company, Ranhill Water Services Sdn Bhd ("RWS"), the Group continues to be a leader in the management of Non-Revenue Water ("NRW"). Our NRW projects are located in Johor, Pahang, Kelantan, Melaka and Kedah. NRW level for the state of Johor stands at 24.19% with a saving of 35 MLD (as at 31 December 2018).

NRW is a key benchmark indicator of the overall efficiency and competency of any water operator in the world. It is also one of the most important sustainability elements to be addressed in the water industry. Having set a commendable performance for NRW, we now look at maintaining our track record via continued efficient management of water resources and effective maintenance of water assets.

Year Achievement	2016	2017	2018
NRW Level	25.9%	24.7%	24.19%

Water loss is one of the leading causes of water related problems. With water being lost, more water will need to be extracted from the source, treated and produced to meet consumer demand. This leads to unavoidable increase in production and operating expenditure as well as water consumption. It also places additional strain on the existing water assets and infrastructure. It is widely accepted that NRW loss is one of the main reasons why WTPs are compelled to increase production and capital expenditure to meet its performance, besides satisfying customers' demand. NRW water also is a loss of revenue due to the gap between water produced vs water being paid for by consumers.

By reducing NRW levels, the stress on WTPs and supporting assets can be reduced significantly resulting in lower maintenance cost as well as resource consumption for production (power, raw water, etc.).

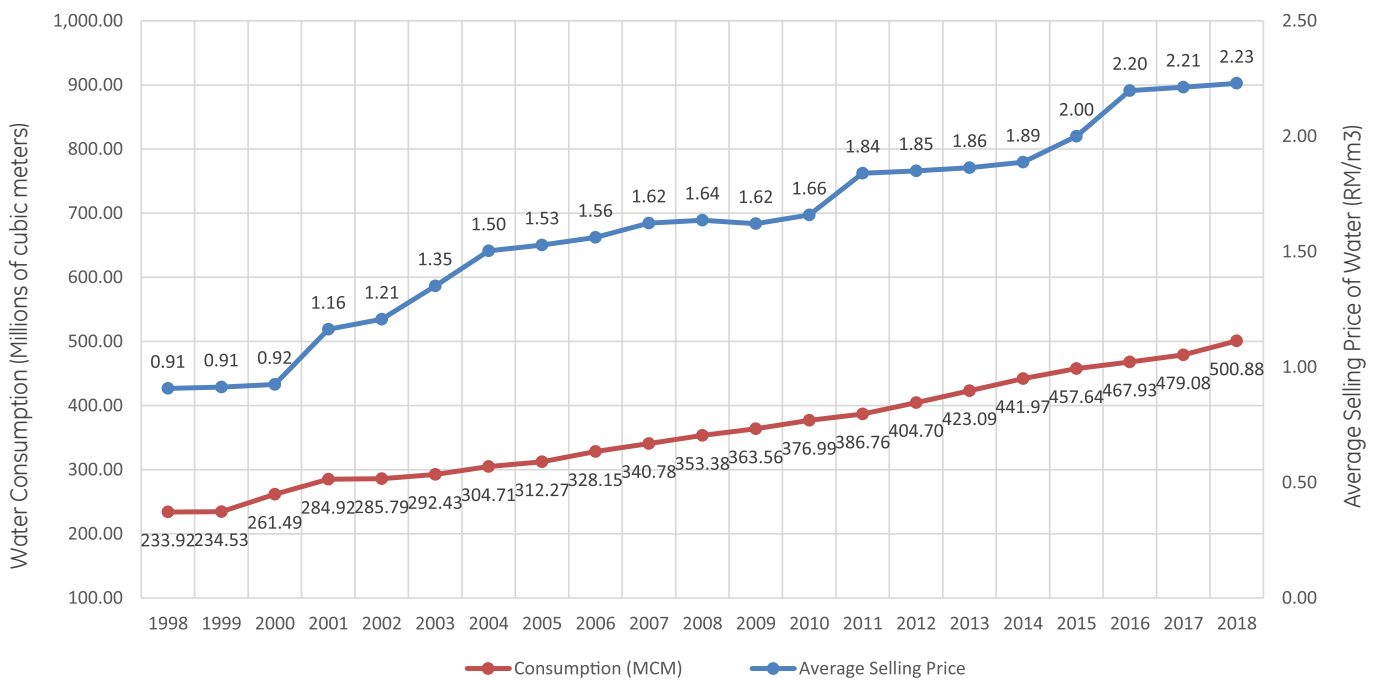
Water saved will increase the reserve margin and the surplus can be redistributed to high demand areas such as Johor Bahru while simultaneously increasing our revenue. The reduction of NRW levels can be achieved but it will require significant capital outlay. Hence the justification to revise tariffs rates is to ensure revenue collection can offset the expected large capital expenditure.

## ENVIRONMENTAL AWARENESS & PERSEVERANCE

### WATER TARIFF

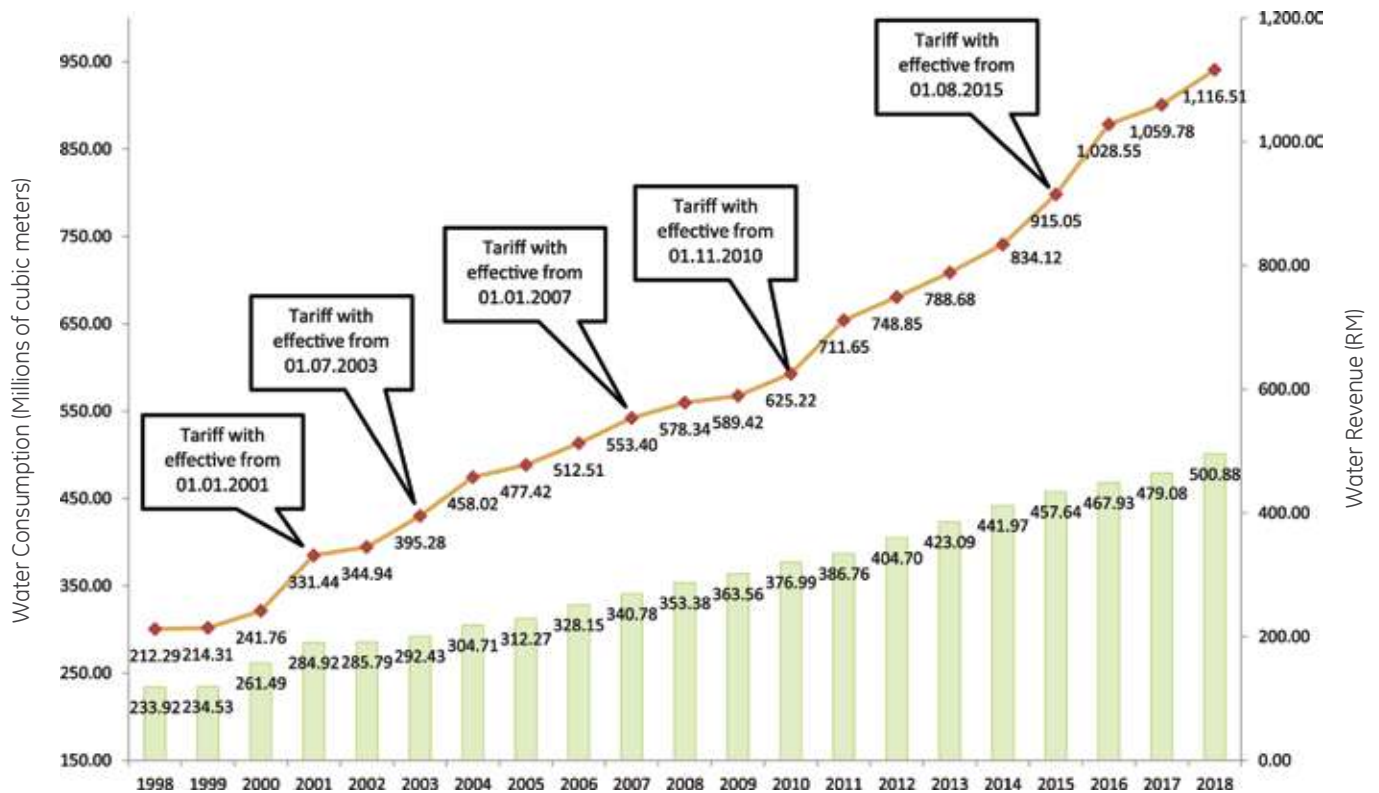
Water tariff in Malaysia are set and regulated by the National Water Service Commission ("SPAN") and hence is not dependent on market forces of demand and supply.

Average Selling Price of Water & Water Consumption (Millions of cubic meters)



## ENVIRONMENTAL AWARENESS & PERSEVERANCE

Water Revenue Sales Trend: 1998 -2018



Despite mounting operating costs, RANHILL is able to maintain quality of treated water produced and meet all KPIs as increased consumption demand and consequently, higher revenue is able to offset the constraints imposed by a fixed tariff structure and increasing rental lease payments to the government.

However, continuing rising costs, including increase in electricity tariffs and costs of chemicals are increasing the pressure on operations. A regular tariff review will be supportive of our efforts to continue meeting KPIs and delivering excellent service, while taking into account it must be done with consideration of rising cost implications to consumers.



## ENVIRONMENTAL AWARENESS & PERSEVERANCE

### GREENHOUSE GAS ("GHG") EMISSIONS

GHG produced by Ranhill largely stems from its CCGT power plants as well as from our water treatment plants. Other gases emitted in small amounts are carbon dioxide ("CO<sub>2</sub>"), Oxygen ("O<sub>2</sub>"), Carbon Monoxide ("CO"), Nitrogen ("NO<sub>x</sub>") and Sulphur Dioxide ("SO<sub>2</sub>"). We measure our emissions in accordance with the recognised industry standard – MS 1596:2003.

In FY2018, GHG emissions were on the rise across all scopes except for Scope 1 CO<sub>2</sub>e emissions. This is primarily attributed to increased operational activity at our WTPs across Johor state:

#### Total CO<sub>2</sub> Emissions (mt CO<sub>2</sub>e):

Performance Measure	2018	2017	2016
Total CO <sub>2</sub> e emissions	263,391	247,202	269,268
Scope 1 CO <sub>2</sub> e emissions	2,957.7	3,315.6	4,579.48
Scope 2 CO <sub>2</sub> e emissions	235,611.5	219,688.4	242,060.79
Scope 3 CO <sub>2</sub> e emissions	24,821.8	24,198.1	22,627.97

#### RanhillSaj: Total Carbon Intensity

Performance Measure	2018	2017	2016
Carbon Intensity (kg CO <sub>2</sub> eq/m <sup>3</sup> of raw water)	0.3419	0.3415	0.3590

#### RanhillPower: Total NO<sub>x</sub> Emissions and SO<sub>2</sub> Emissions

Performance Measure	Boiler	2018	2017	2016
		Average (g/m <sup>3</sup> )		
<b>NO<sub>x</sub> EMISSION</b>				
RanhillPower I	HRSG 11	0.01	0.00	0.34
	HRSG 12	0.01	0.00	0.41
	HRSG 21	0.01	0.00	0.70
	HRSG 22	0.01	0.00	0.99
RanhillPower II	HRSG 1A	0.00	0.01	0.16
	HRSG 1B	0.00	0.01	0.05
<b>SO<sub>2</sub> EMISSION</b>				
RanhillPower I	HRSG 11	0.04	0.00	0.06
	HRSG 12	0.04	0.00	0.05
	HRSG 21	0.04	0.00	0.12
	HRSG 22	0.04	0.00	0.11
RanhillPower II	HRSG 1A	0.01	0.01	0.23
	HRSG 1B	0.00	0.01	0.05

## ENVIRONMENTAL AWARENESS & PERSEVERANCE

### Energy Consumption & Management

The largest energy consumer under Ranhill is RanhillSaj which oversees the Group's water business. RanhillSaj's management approach to energy consumption is based on the MS ISO50001: 2011 Energy Policy. The Energy Policy is aimed to reduce overall power consumption. In FY2018, total number of GWh for RanhillSaj (WTPs) indicated a slight increase due to additional raw water pumping processes. While for RanhillSaj (Headquarters), there is 0.5% increase of total energy consumption resulted from growth number of staffs.

### 3 Years Of Total Energy Consumption (GWh):

Year	RanhillSaj (WTPs)	RanhillSaj Headquarters	RanhillPower I	RanhillPower II
2016	300.055	1.518	37,937	39,770
2017	292.746	1.488	40,650	38,013
2018	305.166	1.496	42,119	44,024

### Heat Rate Generated From Power Operations (kJ/kWh)

The Group continues to optimise waste heat produced from its operations. In increasing the efficiency of our power plants, the heat rate generated or produced is used to produce steam for the combined cycle process. We have seen significant reductions from RanhillPower II.

	2018	2017	2016
RanhillPower I	9,512.83	9,468.02	9,639.15
RanhillPower II	8,724.73	9,591.24	8,791.11

Note: Data provided for 2017 is for the heat rate. The new data given is heat generated from operations.

### WASTE MANAGEMENT (SLUDGE)

As at 31 December 2018, our operations in both Malaysia and Thailand continue to see an increase sludge production. Sludge produced is treated to set standards and once made safe, it is disposed by an appointed third-party contractor at designated sludge disposal sites (landfills).

There were no spills reported during the transportation process. Similarly, there were no cases of ground contamination at the designated sludge disposal sites. Going forward, the Group will explore options for resource recovery for treated sludge as well as treated effluents and biogas.

Year	Total (kg)	Average (kg /month)
2017	86,500,900	7,208,408
2018	87,204,581	7,267,048

# CONTRIBUTION TOWARDS SOCIAL WELLBEING & CAPACITY BUILDING

## COMMUNITY ENGAGEMENT

Ranhill continues to engage with society at large as part of its sustainability journey. Community engagement is material to the Group as we believe sustainability is the responsibility of all parties and everyone has a role to play. The ownership of sustainability ultimately boils down to all members of society and not just large corporates.

For example, if there is less upstream water pollution, water resources can be better safeguarded. Likewise, if consumers are naturally more sensitive to reducing water consumption, we will see a cumulative reduction in water usage per person per capita, which will ultimately put less strain on water resources. NRW can also be effectively addressed if members of the public are proactive to report leakage pipe.

The list of ways that society plays a role in realising greater sustainability is endless. But this is only possible if members of the community have a strong sense of environmental and social consciousness. Hence, it is important for us to maintain a high level of engagement activity to instil this sense of care and concern for the environment.

Given the nature of our business operations, Ranhill has continued to focus its community engagement activities on water conservation and climate change awareness by targeting the future generation – schoolchildren.

## Water Conservation And Consumption Outreach Programme

In FY2018, Ranhill has reached out to the community via participation in exhibitions, roadshows, collaborative programmes with NGOs, the government and the private sector. We have also distributed water saving kits to the general public. These were just some of our initiatives to promote water conservation among various communities in Johor.



*Ranhill to continue the outreach programmes in promoting water conservation awareness.*

Beyond focusing on water consumption, the crux of our efforts was to promote greater environmental consciousness and to encourage more people to develop a stronger commitment to adopting more sustainable practices for a better future.

## NRW Management Awareness Programmes To Targeted Groups

Our NRW Management programme targets our employees and various level of stakeholders – National Water Service Commissions (“SPAN”), Ministry of Water, Land and Natural Resources (“KATS”), consumers and others. Beyond providing a better understanding of the NRW situation in Johor and Malaysia, the programme allows for greater collaboration between all parties – regulators, water operator, the government and also public concerns towards more effectively addressing NRW issues.

Towards enlightening and empowering our own employees, several sessions were held under the NRW Awareness programme. The programme emphasised the physical and commercial loss of NRW and what employees as individuals can do to help address the issue.

## Young Water Professionals

We have continued with our Young Water Professionals (“YWP”) initiative in FY2018, given the positive outcome achieved throughout the years since this programme was first initiated. The YWP is a group of future talents for the water industry in Malaysia, starting with Ranhill’s own staff. Participants are trained to facilitate or implement Ranhill’s community outreach programmes. In FY2018, YWP activities were conducted through Development Programs, Team Building, Speakers Club, Networking Program and Carbon Footprint Activities. More than 88 employees from across the Group attended YWP programmes throughout the year.

## CONTRIBUTION TOWARDS SOCIAL WELLBEING & CAPACITY BUILDING

### Learning Centre At Amata Nakorn Industrial Estate, Thailand

In Thailand, we continue to promote awareness on water conservation and climate change via our Learning Centre at Amata, Bangkok. The centre allows industry professionals and the general public to gain a better understanding of the importance of water and wastewater treatment to their lives, while showcasing Ranhill's technologies and reflecting our commitment to the community of Amata; in producing treated water and providing sustainable wastewater management solutions.

In FY2018, the centre showed a 41% increase in visitors with visitor hours correspondingly rising to 29 hours (FY2017: 20.5 hours).

### INDUSTRY DEVELOPMENT & COLLABORATION

We continued to actively support various industry events in line with promoting greater cross-sharing of expertise and knowledge, while propagating best-practices among industry players; all towards improving overall standards within the Malaysia water industry.

As an industry leader, Ranhill leads the way by continually sharing its experiences with water players via active participation at various events. These included the "Asia Water 2018 (Conference & Exhibition)", "Malaysian Water Engineers Action Committee (Conference & Exhibition)" and also participation at "KIND Malaysia's Exhibition" as the platform to share the importance of creating a culture of kindness among corporations and assist them to develop their CSR initiatives.

Similarly, Ranhill has also initiated an engagement session with senior management participating in a panel discussion at Malaysia Water Infra Corporate Day where the opportunity to share and discuss the broader picture and outlook of the Malaysia water infra sector in the coming years.



Sharing experiences with delegates during Asia Water Exhibition 2018.

### CORPORATE SOCIAL RESPONSIBILITY PROGRAM ("CSR")

#### Access To Water For The Underprivileged (Water Rebate Programme)

We have continued to offer free water supply via our water rebate programme to poor households in Johor. As at 31 December 2018, over 2,980 poor and 78 hard-core poor households have benefitted from the programme. This is an increase of 0.3% y-o-y (FY2017: 2,969 poor and 80 hard-core poor households).



Public may check their eligibility on water rebate during RanhillSaj's community event.



## CONTRIBUTION TOWARDS SOCIAL WELLBEING & CAPACITY BUILDING

In ensuring that only the most deserving enjoy the rebate, the recipients have been verified against the State's e-kasih programme list which provides a comprehensive register of poor and hard-core poor households. The rebated sum in FY2018 amounted to RM784,918.

Ranhill believes that access to clean water is a fundamental human right and we will continue to do our utmost to ensure that every household in Johor is able to enjoy this right as enshrined under United Nations Sustainable Development ("SDG") Goal 6: Clean Water and Sanitation.

### Supporting Underprivileged Communities

#### *Rumah Anak Yatim & Asnaf (RAYA) KG LANGSAT*



In continuing to lend assistance to needy communities in Sabah, RanhillPower, has engaged with Rumah Anak Yatim & Asnaf (RAYA) Kg Langsat, which is located in Lohan, Ranau, Sabah. The staff from RanhillPower contributed both financially as well as their personal time and efforts to help the villagers with their new secondary school and to also help resolve logistics and transportation issues.



*Ihya Ramadhan Programme with orphanages from Rumah Anak Yatim Ar Rayyan, Johor Bahru.*



*A total of 100 orphanage children received school supplies during RanhillSaj "Back to School Programme 2018".*



## CONTRIBUTION TOWARDS SOCIAL WELLBEING & CAPACITY BUILDING

### Aid For Fire Victims

RanhillPower rose to the occasion to build a new house for a family of nine who lost their home in a fire. The house that was built measured 20ft by 30ft and cost RM60,000.00. 80% of the cost was borne by RanhillPower and the balance were received from various corporate sponsors.



*New Hope With a New Home: A handover ceremony was held at the new house site where YB Haji Ahmad Bin Hj Hassan, Member of Parliament for Papar officiated the event as Guest of Honour.*

## Dapat rumah selepas tular di media sosial



**Ahmad Jaafar (kiri) menyerahkan rumah** baharu sumbangan Ranhill Power Division kepada Jainal di Kampung Bambangan, Papar.

**Papar:** "Sumbangan rumah ini sangat bermakna buat kami sekeluarga untuk dijadikan tempat berteduh, syukur Alhamdulillah," kata Jainal Masna, 41, penduduk Kampung Bambangan, di sini yang hilang tempat tinggal selepas malam raya pada 14 Jun lalu.

Kejadian itu turut menyebabkan ibu Jainal, Jauya Udin, 77, rentung selain semua barangan termasuk kelengkapan menyambut Aidilfitri musnah sama sekali.

Rumah yang dibina dengan kos RM60,000 adalah sumbangan Ranhill Power Division (RPD) menerusi program tanggungjawab sosial korporat (CSR) syarikat berkenaan.

Jainal, bapa kepada tujuh anak berkata, pendapatannya sebagai pengawal keselamatan dengan isteri suri rumah menyebabkan dia tidak mampu membina kediaman

baharu serta menyewa rumah.

"Mujur kami menerima bantuan Jabatan Kebajikan Papar sebanyak RM450 sebulan, dapatkan mengurangkan beban kewangan.

"Sepanjang tempoh rumah dibina oleh pihak RPD, kami sekeluarga menyewa di luar dan duit sewa dibayar oleh Ranhill," katanya kepada NSTP sempena penyerahan rumah baharu itu di Kampung Bambangan, di sini, kelmarin.

### Serah kunci

Penyerahan kunci rumah disempurnakan Ahli Parlimen Papar, Ahmad Hassan.

Mengimbu semula tragedi kebakaran itu, Jainal berkata, ketika kejadian dia dan isteri pergi ke sebuah pasar raya di pekan ini untuk membeli kelengkapan raya manakala arwah ibu dan anak tinggal di rumah.

"Saya dapat panggilan telefon

daripada jiran memaklumkan kebakaran itu dan kami bergegas pulang. Alangkah sedihnya bila dapat tahu ibu terperangkap, namun saya tetap bersyukur kerana anak sempat diselamatkan oleh saudara-mara," katanya.

Beliau berkata, pihak RPD tampil membantu selepas kesukaran yang dilaluinya tular apabila sepapirnya memuat naik mengenai keadaannya sekeluarga di media sosial hingga mendapat perhatian pelbagai pihak, termasuk RPD.

Sementara itu, Pengurus Besar Kanan Ranhill, Ahmad Jaafar, berkata pembinaan rumah itu dimulakan pada Oktober lalu dan siap sepenuhnya pada awal November.

"Menerusi program CSR ini, pihak kami akan memulangkan sedikit hasil keuntungan untuk disumbangkan dalam pelbagai bentuk kepada golongan memerlukan," katanya.

## CONTRIBUTION TOWARDS SOCIAL WELLBEING & CAPACITY BUILDING

### *Helping Victims Of Natural Disasters*

In September 2018, an earthquake hit the area around Palu on the island of Sulawesi in northern Indonesia. The 7.5-magnitude earthquake produced a tsunami and together the two natural disasters devastated the region, engulfing large parts of Palu and other towns. Ranhill moved swiftly to send an assessment team consisting of engineers and chemists to assess the technical requirements and feasibility to install a mobile water treatment facility at Palu.

Plans are currently in progress to install the facility which is designed to produce 40m<sup>3</sup>/day of RO water. At maximum production, the plant can serve up to 8000 people daily given based on the average human daily consumption of 5 litres per day.

### *Jdt Football Sponsorship*

Sports are one of the building blocks of a sound society. In contributing and supporting towards sports development in Johor and Malaysia, Ranhill continues to lead the way by signing a sponsorship deal with the state's premier football team, Johor Darul Takzim ("JDT") or also known as the Johor Southern Tigers. The choice of sponsoring a football team was based on the strong popularity of the sport, given Malaysia's history as a footballing nation and also the growing appeal of JDT as a leading team both in Malaysia and Asia.

The sponsorship is another demonstration of Ranhill's commitment to support activities that encourage the development of sports as well as contributes indirectly to nation-building and social harmony. Sports, especially football is one of the key unifying themes that brings Malaysia's diverse people of various ethnic and cultural groups together, and hence Ranhill is proud to be associated with football and JDT.



# INSPIRATIONAL WORKPLACE & CULTURE

## EMPLOYEE ENGAGEMENT

The Group continues to develop its most valued asset; the human capital within Ranhill, whose unique experiences, expertise and talent drive our ability to operate efficiently and deliver value to stakeholders. FY2018 has seen a continued effort to develop and retain our team of dynamic professionals while attracting new members to the Ranhill fold.

Among the key strategic components we have focussed on improving in FY2018 were: employee benefits and remuneration, training and development opportunities and organisational culture or esprit de corps. In this regard, in FY2018, the Group has developed a comprehensive human capital strategy to address the following key areas:

- Recruitment & Selection
- Employee's Competency and Career Development
- Succession Planning and Management
- Competency Based Performance Management System
- Promotions & Reward Management
- Management of Underperformance
- Internship and Management Trainee Programme
- Code of Conduct and Business Ethics
- Sexual Harassment
- Grievance Handling
- Fraud & Whistleblowing

## Employee Remuneration & Benefits

Ranhill continues to offer competitive, compensation packages for all employees, which includes various employment benefits. Remuneration is based on merit where employees are duly compensated based on their respective industry related experience, professional qualifications, job performance and also seniority within the Group.

While the actual amount is determined by Company and individual performance, full-time employees are eligible to an annual bonus, with annual salary adjustments to take into account rising living costs and inflation. In addition, all employees are entitled to a salary review every five years. A comprehensive pay grade or salary scale is given in the employee handbook or manual.

Full time employees enjoy the following health benefits:

- Statutory sick pay leave without hospitalisation depending on the period of service:
  - o 14 days for less than two years
  - o 18 days between two and five years
  - o 22 days for more than five years
- A period up to 60 days is granted if hospitalisation is necessary.
- Company supported / subsidised health / medical insurance plan for staff.
- Free medical check-up.
- MY AIA Application Services.

## Employee Medical Trust Fund

RanhillSaj's Medical Trust Fund ("MTF") is a source of financial assistance for members and their dependents to defray the cost of treatment not covered by the company. This is an additional medical benefit beyond the aforementioned health and medical coverage and insurance plans for staff. Members need only contribute RM5 monthly.

Funds collected are managed by a selected committee responsible in providing cash disbursements as and when needed by members.

## Leave Benefits

Employees are entitled to various types of paid and unpaid leave, which include marriage, Hajj leave, study / exam leave and unrecorded leave for sports and social participation. Female employees are entitled to paid maternity leave of 60 consecutive days for each confinement period. Male employees are granted paternity leave of 4 days.

## Work Life Balance

The Group continues to advocate staff to achieve a healthy work-life balance; by doing activities outside of the office environment. This could be family activities, social events or sports activities. This includes using official company channels to organise various social and sports activities for staff.



## INSPIRATIONAL WORKPLACE & CULTURE

In FY2018, work-life balance related activities were the Group annual dinner, hiking, tele matches, festive gatherings and monthly “Tazkirah”. The Group has also refurbished its gym facilities and held various health and wellness talks and initiated a Corporate Wellness programme. A popular annually organised event was the “Safe & Healthy Day”.

Continuing to promote better health, the Group also held a health talk which was conducted by our panel hospital incorporated with blood donation drives and other health related activities.

Beyond activities, the Group has continued to implement flexible working hours for employees.



Employees involvement in #Quranic Hour Campaign during the fasting month.



Employee outdoor activities.

### Employee Engagement – Communication And Interaction

Management continues to have its ear to the ground to garner feedback and solicit opinions from the workforce. This is especially on matters pertaining to staff welfare, health and safety and other issues. Employee engagement is initiated using a variety of mediums such as the company Intranet, electronic memos, publishing of a newsletter, office notice boards and more.

One of the major engagement highlights is the Group Town Hall which is “Forum Satu Ekspresi Letusan Ilmu” (SELI). These are the two-way sessions held for both senior management and staff to directly interact with each other. In these sessions, senior management shares with staff on company development, key industry issues and updates and any relevant matters.

All staff are encouraged to attend the town hall sessions and to ask questions or to share any issues they have freely.

### Grievance Procedures

Ranhill ensures that staff have sufficient mechanisms to voice their grouses, issues or complaints. While employees are encouraged to attempt resolving issues informally, they also have access to official grievance procedures. This includes reporting to their higher-ups, i.e. supervisors or managers. The grievance is considered resolved if the matter is:

- (i) not referred to the highest authority or
- (ii) both the employee and his / her union representatives fail to attend any of the meetings that have been arranged at any stage of the grievance procedure.

### Employee Recognition

Ranhill continues to recognise employee for professional excellence as well as long service. In FY2018, awards were presented for the retire and long serving employees. We also reward employee via Employee Appreciation Activities.

### Performance Based Rewards

Ranhill has adopted a policy of merit, whereby work performance and contributions as well as expertise and experience are the key criteria that determines overall employee compensation and benefits.

## INSPIRATIONAL WORKPLACE & CULTURE

Aside from performance based rewards, the group fosters professional and personal growth through constructive learning and skills development, provision of life-long learning via unique experiences such as managing projects, being part of multi-functional teams, cross-department or cross company interactions, being mentors, participating in community work, training sessions, seminars, webinars and conferences.

### Employee Engagement – Training & Development

We continue to emphasise training as a key component of our human resource development strategy. Training opportunities are also meant to serve as a form of reward or recognition for excellent job performance or in supporting the upward career mobility within Ranhill.

The Group has seen its staff training and development budget increase by 24.79% to RM2.96 million. Training is paid for via funds contributed to the Human Resources Development Fund (“HRDF”). Overall, average training hours per employee has increased to 32.33 hours while average training spend per employee has increased by 20.61% to RM983. Total training man-hours was 97,368.3 hours.

Training programmes in FY2018 consisted of professional and personal programmes, which including technical programmes, soft skills and others.

### Succession Planning

As we develop our employees, we also develop our leadership bench to ensure sustainability for key positions across all organisational levels within the Group. Focus however, was at the C-1 and C-2 levels. The Group’s Learning and Organisational Development section, which is an ambit of the Group Human Resources Department (“GHRD”) has been tasked on managing the Group’s succession planning strategy and pipeline.

In FY2018, we conducted individual leadership assessments for C-1 and C-2 leaders to identify gaps in their professional knowledge and leadership capabilities. Leading human resource and talent development firm DDi was appointed to conduct the assessments. Under the Ranhill Leadership Development Centre (“LDC”) which was introduced in FY2017, the Group identified over 100 potential leaders at varying levels of seniority and readiness.

No.	Title	Total (person)
1.	Leadership Development Center (C-1)	21
2.	Leaders3 Ready (C-2)	30
3.	Leadership Potential Early Identifier	50

The identified employees will be put through a talent development funnel programme that will hone their capabilities while refining them into future leaders for Ranhill against defined Ranhill Business Drivers and Leadership Competencies. At the Company level, our various subsidiaries have or will be initiating their own leadership development programmes.

### Collective Bargaining

Freedom of association and the right to collective bargaining are part of the four core labour standards recognised by the International Labour Organisation (“ILO”) and the Universal Declaration of Human Rights. Ranhill has always enabled staff to exercise their rights to collective bargaining.

RanhillSaj abides by the collective agreement signed for the period of 2016-2018 between the Company and the Union of RanhillSaj (non-executive).

As of 31 December 2018, Ranhill has close to 64.16% of its employees covered by collective bargaining agreements. Employees are constantly updated on their rights and Group Management continues to communicate actively with employees, including employee interest groups and unions.

Where possible, Ranhill has always sought to provide a minimum notice period for major operational changes towards reducing the impact of changes to employees work conditions and their daily lives.



## INSPIRATIONAL WORKPLACE & CULTURE

### Employee Recruitment

We continue to see strong recruitment across Ranhill with a total of 162 new hires made in FY2018. The Group continues to practice a hiring policy based on merit where candidate's professional qualifications and experience and their potential to make a positive contribution to Ranhill is the main criteria for recruitment.

NUMBER OF STAFF RECRUITED FY 2018		NUMBER OF STAFF ATTRITION FY 2018	
RANHILL CAPITAL SDN. BHD.	19	RANHILL CAPITAL SDN. BHD.	3
RANHILL SAJ SDN. BHD.	90	RANHILL SAJ SDN. BHD.	89
RANHILL POWERTRON SDN. BHD.	0	RANHILL POWERTRON SDN. BHD.	0
RANHILL WATER SERVICES SDN. BHD.	29	RANHILL WATER SERVICES SDN. BHD.	36
RANHILL WATER TECHNOLOGIES SDN. BHD.	24	RANHILL WATER TECHNOLOGIES SDN. BHD.	7

### ACCULTURATION

Developing a high-performance organisation culture is one of Ranhill's main strategic thrust towards realising sustainability. Hence, we continued to focus in FY2018 to inculcate a strong culture of ownership and personal responsibility across the Group. A high-performance culture is in line with our four strategic sustainability pillar: Inspirational Workplace & Culture. Proactively building a high-performance culture is indeed an important foundation to Ranhill's longer-term success.

We are cognisant that the cultivation of such a culture requires strong and exemplary leadership; with Senior Management and Management setting the tone for desired behaviour and attitudes for staff to emulate. Another key factor for success is regular and relevant employee engagement, that facilitates two-way communication and that we continue to have our ear close to the ground to encourage strong employee accountability and ownership while cascading the desired corporate values to our people across the Group.

The High-Performance Culture Programme was first conducted by Ranhill Capital Sdn Bhd in FY2017 and in FY2018, was followed by Ranhill Water Services Sdn Bhd ("RWS"). The RWS HPC programmes start with HPC for Leaders (Leading Workshop HPC Structure) in February 2018 and ends with the Living Workshop.

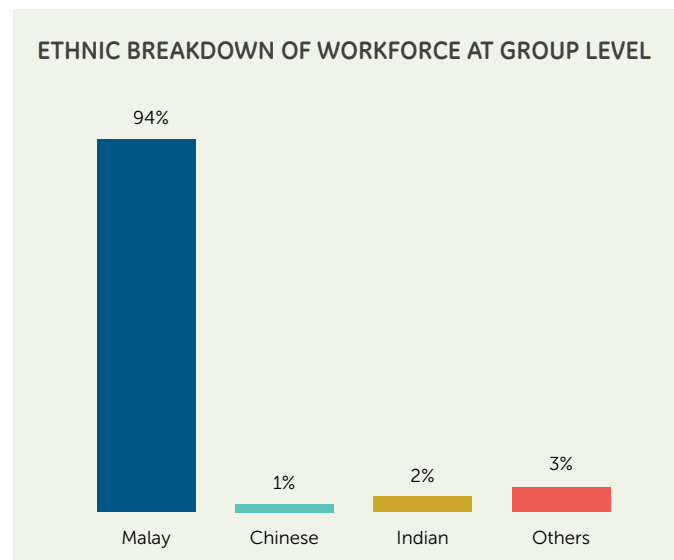
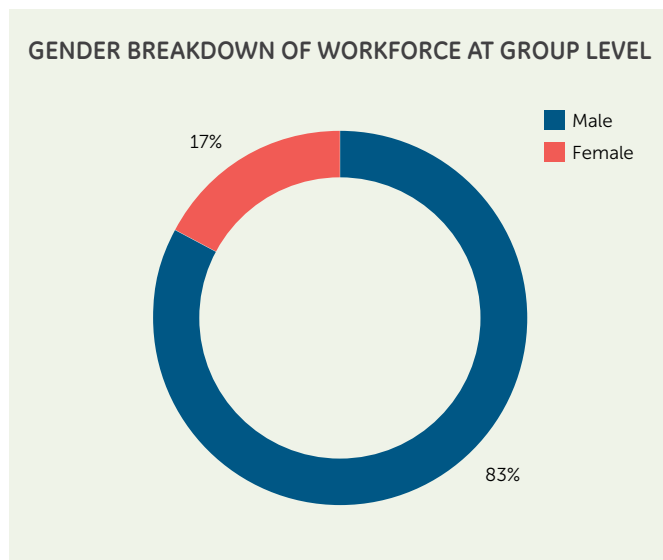
### HPC Team Structure

Chairman				
Sponsors				
SECRETARIAT	LEAD	CAMPRO	SHARP	TAAT
Change Management Team	Learning & Development Team	Campaign & Promotion Team	SHARP Project	Tracking & Assessment Team
Roadmap & Timeline	Retraining	Weekly/Montly Campaign	HPC Practices - Organisation - Functional	Tracking Promoter & Facilitator
Tracking Sponsors	Counseling Member/ Promoter	Newsletter & E/Newsletter	SHARP Project	Assessing Members
Reporting	Best-Practice B/Marking	Communication Board & Bunting	SHARP Convention	Rewards & Recognition
INTEGRITY & DISCIPLINE	LEARNING	TEAMWORK	CUSTOMER ORIENTED	PASSION

## INSPIRATIONAL WORKPLACE & CULTURE

### DIVERSITY & INCLUSIVITY

Ranhill's multi-ethnic and multi-cultural workforce is a clear reflection of our Group philosophy of providing equal employment opportunity. The varied demographic of our workforce is a result of our recruitment and retention policies that emphasises merit as the sole determinant for hiring and rewarding staff. The Group does not practice any form of preferential treatment based on gender, ethnicity or other demographic factors.



### WORKFORCE BREAKDOWN BY AGE GROUPS

The age group of our staff is diverse in nature providing us with an ideal mix of talents. The bulk of our people are aged between 30-50 years old. This is a positive factor as employees within this age group offers the right mix of experience and also dynamism and drive.

We also have a growing number of young hires – those below 30 years who represent the future of the Group. Equally important, we value our older employees those exceeding 50 years old, who enrich the Group's with their vast knowledge and experience.

# ENHANCING GOVERNANCE ACROSS THE GROUP

## HEALTH & SAFETY

Safeguarding the safety and health of the Group’s people, contractors as well as local community wherever it operates globally is of utmost importance and the Group is working towards its overall goal of No Harm to People.

Given the importance of health and safety (“H&S”) within our operations, the Group continues to uphold the highest H&S standards, which we deem as our license to operate.

The Group adheres to the Occupational Health and Safety Assessment Series, (OHSAS 18001) certification with nine (9) locations under RANHILLSAJ and two (2) locations under RANHILLPOWER in compliance with the standard.

Overall stewardship of Health and Safety comes under the purview of Occupational Safety & Health Act 1994 and Factory & Machinery Act 1967. Beyond compliance, we are happy to report that in FY2018, we have continued to bolster our track record to continue registering excellence in Health and Safety.

Occupational Incident Case	Rate*	Unit
Fatality	0	per 1,000 employees
Incidence	16.24	per 1,000 employees
Frequency	7.88	per 1,000,000 man-hours
Severity	11.09	per 1,000,000 man-hours

### Number of Lost Time Injury (“LTI”) Cases

2018	2017	2016
4	12	3

We are pleased to note a strong reduction in Lost Time Injury cases from 12 in FY2017 to four (4) in FY2018. Initiatives such as the introduction of the Environment, Safety & Health Manual and Procedures, continuous safety awareness and capacity building programmes, we believe, have contributed to the decline in LTIs.

Another notable contributory factor is the Group’s continued emphasis on ensuring No Harm that is working in a safe environment and taking every care possible to ensure that no one works in a risky or dangerous environment. Importantly, everyone must go home safely to their families.

In line with this, special effort was focused on the identification of the top eight (8) critical hazards. These have been marked as “isolation”, “work at height”, “suspended loads”, “safety devices”, “safe systems of work”, “people, plant and vehicle interaction”, “operating plant and equipment” and “excavation”. By identifying these major hazards, we are able to share with employees on how to recognize these potential dangers in everyday work situations and how to either stop work or to take corrective action to eliminate the hazards accordingly.

The reduction in health and safety incidences is attributed to the strong commitment of both management and workers to ensure a safe working environment by adhering to our set management approach and adopting a health and safety-first mind-set in the execution of duties. In addition, the management continues to listen closely to staff feedback on health and safety matters and such input is constantly incorporated into existing systems and processes to ensure greater effectiveness.

Following are the percentage of our employees that have worker representation in formal joint management-worker health and safety committees:

SUBSIDIARY	Worker ( % )
RANHILLSAJ	5
RWS	1.3
RANHILLPOWER	31
RWT	2.4

The Group has identified areas or issues that are prone or more susceptible to H&S issues. These are:

- Facilities / structure failure (dam / reservoir / pipeline ruptured)
- Operational failure (Chlorine leak)
- Water Quality non-compliance / sabotage (water supply)
- Contractor Management failure (especially traffic management)
- Operational mis-management (release of sludge during scouring / tank cleaning process)

## CORPORATE GOVERNANCE & INTEGRITY

The Group continues to improve its corporate governance practices harnessing greater accountability, transparency and improved oversight across the Group. The Group is guided by the Malaysia Code of Corporate Governance (“Principles”) 2017

## ENHANCING GOVERNANCE ACROSS THE GROUP

in its effort to implement corporate governance best practices. The Board's role is clearly defined in its Board Charter and the roles and responsibilities of each Board subcommittee is clearly provided for in their respective Terms of Reference ("TOR"). Ranhill has also established policies in relation to the following:

- Code of Conduct and Business Ethics
- Business Continuity Management
- Third Party Dealings
- Risk Management
- Fraud and Whistleblowing
- Corporate Disclosure

More disclosure and details on Ranhill's corporate governance practices is given in the Group's FY2018 Corporate Governance Report ("CG Report") and also in the CG Overview Statement in the Ranhill Group Holdings Berhad FY2018 Annual Report.

From an industry perspective, Ranhill is guided by the Water Services Industry Act ("WSIA") 2006 and subsidiary laws. Water supply services agreements signed between customers and RanhillSaj clearly states the responsibilities of the water distribution licensee and customers' obligations. The Company's policies and procedures are consistent with SPAN's.

With regard to our power division, RanhillPower has inked the Gas Supply Agreement ("GSA") with Petronas and Contractual Service Agreement with GE.

Group subsidiary, RanhillSaj has published its Customer Charter and signed the government's Corporate Integrity Pledge ("CIP") as the company's commitment to guarantee the best service to its customers. As at 31 December 2018, Ranhill has not received any whistle blowing reports or incidents of corruption.

The Group also screens suppliers for good corporate governance practices. All 3<sup>rd</sup> party contracts across the Group include an anti-bribery section.

The procurement process is centred on an open tender approach where any qualified contractor or vendor may submit a bid. In line with providing opportunities to growing the value chain, the Group continues, where possible to facilitate local vendor development. Hence, in FY2018, the Group continues to see a strong local procurement across all subsidiaries. Local suppliers are defined as supplier / vendors who are incorporated within the country of origin in which Ranhill operates in.

- RanhillSaj: 99% local suppliers / vendors
- RWT: 97% from local suppliers / vendors
- RanhillPower: 96% Local with balance being foreign suppliers
- RWS: 100% local suppliers / vendors preferred

### CUSTOMER ENGAGEMENT (CUSTOMER SATISFACTION & TRUST)

Customer engagement implies a willingness to listen; to discuss issues of interest to customer and critically has to be prepared to consider changing what it aims to achieve and how to operates, as a result of customer engagement.

#### Customer Satisfaction Survey

RanhillSaj has implemented a customer satisfaction survey since 2007. It is held every year to ensure that the Customer Charter is able to meet customer needs and satisfaction. This study was carried out by focusing on water delivery operations and services that is a reflection of the services offered to customers.

#### ISO Certification

RanhillSaj has obtained ISO Certification for the Head Office, the water treatment plants and the Central Laboratory in our effort to improve customer services. The certification covers planning, development, operations and other support services relating to water supply.

In improving our corporate governance through implementation of best practices, RWT has received the ISO 9001:2015 certification, which was obtained in early FY2018. This highlights the commitment to ensuring proper business governance, quality assurance and readiness in supporting bids across the region.

#### Customer Service Efficiency Program

For the year 2018, RanhillSaj has established the customer Service Standards and Practices ("SSP") to enhance customer service efficiency. RanhillSaj has made progress on some of the strategies and is moving forward with the remaining actions as we work toward customer service efficiency and excellence by the year 2019.

# RANHILL PERFORMANCE DATA TABLE

Description	2017	2018
<b>Employees</b>		
Total Number	2916	3012
Permanent	2538	2877
Contract	375	135

New Hires	101	162
% of new hires attended the on the boarding programme	100%	100%
Staff Attrition	NIL	135

Diversity		
Bumiputera	2731	2844
Chinese	30	33
Indian	47	44
Others	108	91

Region/Nationality		
Local	2916	2922
Other Nationality	NIL	90

Gender		
Male	2441	2508
Female	475	504

Age Group		
<30	614	616
30-50	1733	1724
>50	569	672

Composition of governance (Board), by gender		
Male	9	28
Female	2	6

Composition of governance (Top Management), by gender		
Male	11	8
Female	4	0

Composition of governance (Board), by age group		
<30	0	0
30-50	1	8
>50	10	26

Composition of governance (Top Management), by age group		
<30	NIL	NIL
30-50	9	6
>50	6	2

Proportion of senior management hired from the local community as significant locations of operation	100%	100%
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Women in management		
Top Management (Vice President and above)	3	3
Senior Management (Assistant General Manager, General Manager, Senior General Manager)	1	2
Middle Management (Assistant Manager to Senior Manager)	50	49



## RANHILL PERFORMANCE DATA TABLE

Employee Participation in Training		
Training Hours - Male	57277	78686
Training Hours - Female	15762	18682.3
Total Spent	RM2,373,238	RM2,961,679.80
Average Training Spent per Employee	RM815	RM983.28
Average number of Training Hours Per Employee	NIL	32.33

Performance review towards career enhancement		
Employees who are formally appraised (annually)	100%	100%*
One-on-one performance review for year-end evaluation	100%	100%*

Occupational Safety and Health ("OSH")		
Lost Time Injury ("LTI")	12	4
Work related injuries	12	4
Workers who are involved in occupational activities who have a high incidence or high risk of specific diseases	NIL	NIL
Work related fatalities	NIL	NIL
Total employees covered by collective bargaining agreements	66%**	64.16%**

Employee Engagement Survey Results (Satisfaction Category)		
1) Ranhill Powertron	94.33%	79.00%
2) Ranhill SAJ Sdn Bhd	85.80%	92.07%
3) Ranhill Water Technologies	77.00%	77.00%
4) Ranhill Water Services	77.00%	84.00%

Non-Discrimination		
Number of incidents of discrimination during the reporting period	Nil	Nil

Customer Privacy		
Number of substantiated complaints received concerning breaches of customer privacy	Nil	Nil

Note:

\* Based on employee who are eligible to participate in the year-end- appraisal

\*\* Applicable to RanhillSaj

# GRI STANDARDS CONTENT INDEX

GRI Standard	Disclosure	Page number(s)	Reference/Link	Omission
<b>GRI 101: Foundation 2016</b>				
<b>General Disclosures</b>				
<b>GRI 102: General Disclosures 2016</b>	<b>Organizational profile</b>			
	102-1 Name of the organization	Cover Page	Cover Page	-
	102-2 Activities, brands, products, and services	Ranhill Fact Sheet	Fact Sheet	-
	102-3 Location of headquarters	Page 11	Our Presence	-
	102-4 Location of operations	Page 10	Our Presence	-
	102-5 Ownership and legal form	Page 6	Annual Report 2018 (Corporate Information)	-
	102-6 Markets served	Page 10 Page 12	Our Presence Group Financial Highlights	-
	102-7 Scale of the organization	Page 10	Our Presence	-
	102-8 Information on employees and other workers	Ranhill Fact Sheet Page 41 Page 48	Fact Sheet Inspirational Workplace & Culture Ranhill Performance Data Table	-
	102-9 Supply chain	Page 14 Page 23 Page 47	About This Report Stakeholder Engagement Enchancing Governance Across The Group	-
	102-10 Significant changes to the organization and its supply chain	-	No significant changes reported	-
	102-11 Precautionary Principle or approach	Inside Cover Page 15	Vision, Mission and Values Sustainability At Ranhill	-
	102-12 External initiatives	Page 14	About This Report (Scope & Material Boundary)	-
	102-13 Membership of associations	Page 37	Contribution Towards Social Well-being & Capacity Building	-
	<b>Strategy</b>			
102-14 Statement from senior decision-maker	Page 13	Message from the President / Chief Executive	-	
<b>Ethics and integrity</b>				
102-16 Values, principles, standards, and norms of behavior	Inside Cover	Vision, Mission & Values	-	
102-17 Mechanisms for advice and concerns about ethics	Page 17	Governance & Leadership	-	
<b>Governance</b>				
102-18 Governance structure	Page 61 Page 17	AR FY2018 (How We Are Governed) & SR FY2018 (Governance & Leadership)	-	

## GRI STANDARDS CONTENT INDEX

GRI Standard	Disclosure	Page number(s)	Reference/Link	Omission	
<b>GRI 101: Foundation 2016</b>					
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<b>GRI 102: General Disclosures 2016</b>	102-19 Delegating authority	Page 61 Page 17	AR FY2018 (How We Are Governed) & SR FY2018 (Governance & Leadership)	-	
	102-20 Executive-level responsibility for economic, environmental, and social topics	Page 65 Page 17	AR FY2018 (How We Are Governed) & SR FY2018 (Governance & Leadership)	-	
	102-21 Consulting stakeholders on economic, environmental, and social topics	Page 73 Page 18	AR FY2018 (How We Are Governed) & SR FY2018 (Governance & Leadership)	-	
	102-22 Composition of the highest governance body and its committees	Page 61 Page 17	AR FY2018 (How We Are Governed) & SR FY2018 (Governance & Leadership)	-	
	102-23 Chair of the highest governance body	Page 61 Page 17	AR FY2018 (How We Are Governed) & SR FY2018 (Governance & Leadership)	-	
	102-24 Nominating and selecting the highest governance body	Page 64	AR FY2018 (How We Are Governed)	-	
	102-26 Role of highest governance body in setting purpose, values, and strategy	Page 63 Page 18	AR FY2018 (How We Are Governed) & SR FY2018 (Governance & Leadership)	-	
	102-29 Identifying and managing economic, environmental, and social impacts	Page 73 Page 17	AR FY2018 (How We Are Governed) & SR FY2018 (Governance & Leadership)	-	
	102-31 Review of economic, environmental, and social topics	Page 73 Page 17	AR FY2018 (How We Are Governed) & SR FY2018 (Governance & Leadership)	-	
	102-32 Highest governance body's role in sustainability reporting	Page 37 Page 17	AR FY2018 (Sustainability Statement) & SR FY2018 (Governance & Leadership)	-	
	<b>Stakeholder engagement</b>				
	102-40 List of stakeholder groups	Page 20	Stakeholder Engagement	-	
	102-41 Collective bargaining agreements	Page 43 Page 49	Inspirational Workplace & Culture Ranhill Performance Data Table	-	
102-42 Identifying and selecting stakeholders	Page 20	Stakeholder Engagement	-		
102-43 Approach to stakeholder engagement	Page 20	Stakeholder Engagement	-		
102-44 Key topics and concerns raised	Page 20	Stakeholder Engagement	-		

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<b>GRI 102: General Disclosures 2016</b>	<b>Reporting practice</b>			
	102-45 Entities included in the consolidated financial statements	Page 12	Group Financial Highlights	-
	102-46 Defining report content and topic Boundaries	Page 14	About This Report (Scope & Material Boundary)	-
	102-47 List of material topics	Page 24	Materiality Prioritisation & Materiality Matrix	-
	102-48 Restatements of information	Page 61 Page 17	AR FY2018 (How We Are Governed) & SR FY2018 (Governance & Leadership)	-
	102-49 Changes in reporting	-	No significant changes reported	-
	102-50 Reporting period	Page 14	About This Report	-
	102-51 Date of most recent report	-	Available at <a href="http://www.ranhill.com.my">www.ranhill.com.my</a>	-
	102-52 Reporting cycle	Page 14	About This Report	-
	102-53 Contact point for questions regarding the report	Page 14	About This Report (Group Corporate Communication)	-
	102-54 Claims of reporting in accordance with the GRI Standards	Page 14	About This Report	-
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<b>Economic Performance</b>				
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Page 11	AR FY2018 (President's Message)	-
	103-2 The management approach and its components	Page 15	Ranhill's Four Pillars of Sustainability	-
	103-3 Evaluation of the management approach	Page 15	Ranhill's Four Pillars of Sustainability	-
<b>GRI 201: Economic Performance 2016</b>	201-1 Direct economic value generated and distributed	Page 32 Page 83 Page 12	AR FY2018 (Group Financial Highlights & Financial Statements) & SR FY2018 (Group Financial Highlights)	-
	201-2 Financial implications and other risks and opportunities due to climate change	Page 39 Page 26	AR FY2018 (Sustainability Statement) & SR FY2018 (Environmental Awareness & Perseverance)	-

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<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Page 4 Page 10	AR FY2018 (Our Presence) & SR FY2018 (Our Presence)	-
	103-2 The management approach and its components	Page 4 Page 10	AR FY2018 (Our Presence) & SR FY2018 (Our Presence)	-
	103-3 Evaluation of the management approach	Page 16	AR FY2018 (Management Discussion & Analysis)	-
<b>GRI 202: Market Presence 2016</b>	202-2 Proportion of senior management hired from the local community	Page 48	Ranhill Performance Data Table	-
<b>Indirect Economic Impacts</b>				
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Page 11 Page 13	AR FY2018 (President's Message) & SR FY2018 (President's Message)	-
	103-2 The management approach and its components	Page 36	Contribution Towards Social Wellbeing & Capacity Building	-
	103-3 Evaluation of the management approach	Page 36	Contribution Towards Social Wellbeing & Capacity Building	-
<b>GRI 203: Indirect Economic Impacts 2016</b>	203-2 Significant indirect economic impacts	Page 36	Contribution Towards Social Wellbeing & Capacity Building	-
<b>Procurement Practices</b>				
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Page 46	Enhancing Governance Across The Group	-
	103-2 The management approach and its components	Page 46	Enhancing Governance Across The Group	-
	103-3 Evaluation of the management approach	Page 46	Enhancing Governance Across The Group	-
<b>GRI 204: Procurement Practices 2016</b>	204-1 Proportion of spending on local suppliers	Page 47	Enhancing Governance Across The Group	-
<b>Anti-Corruption</b>				
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Page 61 Page 46	AR FY2018 (Corporate Governance Overview Statement) & SR FY2018 (Enhancing Governance Across The Group)	-
	103-2 The management approach and its components	Page 61 Page 46	AR FY2018 (Corporate Governance Overview Statement) & SR FY2018 (Enhancing Governance Across The Group)	-



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<b>GRI 103: Management Approach 2016</b>	103-3 Evaluation of the management approach	Page 61 Page 46	AR FY2018 (Corporate Governance Overview Statement) & SR FY2018 (Enhancing Governance Across The Group)	-
	<b>GRI 205: Anti-corruption 2016</b>	205-1 Operations assessed for risks related to corruption	Page 61 Page 46	AR FY2018 (Corporate Governance Overview Statement) & SR FY2018 (Enhancing Governance Across The Group)
205-3 Confirmed incidents of corruption and actions taken		-	Nil reported	-
<b>GRI 300 Environmental Standards Series</b>				
<b>Materials</b>				
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Page 25	Environmental Awareness & Perseverance	-
	103-2 The management approach and its components	Page 25	Environmental Awareness & Perseverance	-
	103-3 Evaluation of the management approach	Page 25	Environmental Awareness & Perseverance	-
<b>GRI 301: Materials 2016</b>	301-2 Recycled input materials used	Page 25	Environmental Awareness & Perseverance	-
<b>Energy</b>				
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Page 34	Environmental Awareness & Perseverance	-
	103-2 The management approach and its components	Page 34	Environmental Awareness & Perseverance	-
	103-3 Evaluation of the management approach	Page 34	Environmental Awareness & Perseverance	-
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organization	Page 35	Environmental Awareness & Perseverance	-
	302-3 Energy intensity	Page 34	Environmental Awareness & Perseverance	-
	302-4 Reduction of energy consumption	Page 35	Environmental Awareness & Perseverance	-
	302-5 Reductions in energy requirements of products and services	Page 35	Environmental Awareness & Perseverance Water	-

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<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Page 28	Environmental Awareness & Perseverance	-
	103-2 The management approach and its components	Page 28	Environmental Awareness & Perseverance	-
	103-3 Evaluation of the management approach	Page 28	Environmental Awareness & Perseverance	-
<b>GRI 303: Water 2016</b>	303-1 Water withdrawal by source	Page 30	Environmental Awareness & Perseverance	-
	303-2 Water sources significantly affected by withdrawal of water	Page 30	Environmental Awareness & Perseverance	-
	303-3 Water recycled and reused	Page 25	Environmental Awareness & Perseverance	-
<b>Emissions</b>				
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Page 34	Environmental Awareness & Perseverance	-
	103-2 The management approach and its components	Page 34	Environmental Awareness & Perseverance	-
	103-3 Evaluation of the management approach	Page 34	Environmental Awareness & Perseverance	-
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	Page 34	Environmental Awareness & Perseverance	-
	305-2 Energy indirect (Scope 2) GHG emissions	Page 34	Environmental Awareness & Perseverance	-
	305-3 Other indirect (Scope 3) GHG emissions	Page 34	Environmental Awareness & Perseverance	-
	305-4 GHG emissions intensity	Page 34	Environmental Awareness & Perseverance	-
	305-5 Reduction of GHG emissions	Page 34	Environmental Awareness & Perseverance	-
	305-7 Nitrogen oxides ("NO <sub>x</sub> "), sulfur oxides ("SO <sub>x</sub> "), and other significant air emissions	Page 34	Environmental Awareness & Perseverance	-
<b>Effluents and Waste</b>				
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Page 35	Environmental Awareness & Perseverance	-

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<b>GRI 306: Effluents and Waste 2016</b>	103-2 The management approach and its components	Page 35	Environmental Awareness & Perseverance	-
	103-3 Evaluation of the management approach	Page 35	Environmental Awareness & Perseverance	-
<b>GRI 306: Effluents and Waste 2016</b>	306-1 Water discharge by quality and destination	Page 29	Environmental Awareness & Perseverance	-
	306-2 Waste by type and disposal method	Page 29	Environmental Awareness & Perseverance	-
	306-4 Transport of hazardous waste	Page 29	Environmental Awareness & Perseverance	-
	306-5 Water bodies affected by water discharges and/or runoff	Page 29	Environmental Awareness & Perseverance	-
<b>Environmental Compliance</b>				
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Page 25	Environmental Awareness & Perseverance	-
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	103-3 Evaluation of the management approach	Page 25	Environmental Awareness & Perseverance	-
<b>GRI 307: Environmental Compliance 2016</b>	307-1 Non-compliance with environmental laws and regulations	-	No cases reported	-
GRI 400 Social Standards Series				
<b>Employment</b>				
<b>GRI 103: Management Approach 016</b>	103-1 Explanation of the material topic and its Boundary	Page 41	Inspirational Workplace & Culture	-
	103-2 The management approach and its components	Page 41	Inspirational Workplace & Culture	-
	103-3 Evaluation of the management approach	Page 41	Inspirational Workplace & Culture	-
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	Page 44	Inspirational Workplace & Culture	-
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<b>GRI 402: Labor/Management Relations 2016</b>	402-1 Minimum notice periods regarding operational changes	Page 41	Inspirational Workplace & Culture	-
<b>Occupational Health and Safety</b>				
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Page 46	Enhancing Governance Across The Group	-
	103-2 The management approach and its components	Page 46	Enhancing Governance Across The Group	-
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<b>GRI 403: Occupational Health and Safety 2016</b>	403-1 Workers representation in formal joint management-worker health and safety committees	Page 46	Enhancing Governance Across The Group	-
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Page 46	Enhancing Governance Across The Group	-
	403-3 Workers with high incidence or high risk of diseases related to their occupation	Page 46	Enhancing Governance Across The Group	-
	403-4 Health and safety topics covered in formal agreements with trade unions	Page 46	Enhancing Governance Across The Group	-
<b>Training and Education</b>				
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Page 43	Inspirational Workplace & Culture	-
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<b>GRI 404: Training and Education 2016</b>	404-1 Average hours of training per year per employee	Page 43 Page 49	Inspirational Workplace & Culture Ranhill Performance Data Table	-
	404-2 Programs for upgrading employee skills and transition assistance programs	Page 43	Inspirational Workplace & Culture	-
<b>Diversity and Equal Opportunity</b>				
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Page 45	Inspirational Workplace & Culture	-
	103-2 The management approach and its components	Page 45	Inspirational Workplace & Culture	-
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<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	Page 48	Ranhill Performance Data Table	-
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	103-2 The management approach and its components	Page 45	Inspirational Workplace & Culture	-
	103-3 Evaluation of the management approach	Page 45	Inspirational Workplace & Culture	-
<b>GRI 406: Non-discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken	-	None reported	-
<b>Freedom of Association and Collective Bargaining</b>				
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Page 43	Inspirational Workplace & Culture	-
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	103-3 Evaluation of the management approach	Page 43	Inspirational Workplace & Culture	-
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Page 43	Inspirational Workplace & Culture	-



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<b>Child Labor</b>				
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	103-2 The management approach and its components	Page 45	Inspirational Workplace & Culture	-
	103-3 Evaluation of the management approach	Page 45	Inspirational Workplace & Culture	-
<b>Local Communities</b>				
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	103-2 The management approach and its components	Page 36	Contribution Towards Social Wellbeing & Capacity Building	-
	103-3 Evaluation of the management approach	Page 36	Contribution Towards Social Wellbeing & Capacity Building	-
<b>GRI 413: Local Communities 2016</b>	413-1 Operations with local community engagement, impact assessments, and development programs	Page 36	Contribution Towards Social Wellbeing & Capacity Building	-
	413-2 Operations with significant actual and potential negative impacts on local communities	-	None reported	-
<b>Public Policy</b>				
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	Page 46	Enhancing Governance Across The Group	-
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	103-3 Evaluation of the management approach	Page 46	Enhancing Governance Across The Group	-
<b>GRI 415: Public Policy 2016</b>	415-1 Political Contributions	-	None made during the year	-

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<b>Customer Health and Safety</b>				
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	103-2 The management approach and its components	Page 46	Enhancing Governance Across The Group	-
	103-3 Evaluation of the management approach	Page 46	Enhancing Governance Across The Group	-
<b>GRI 416: Customer Health and Safety 2016</b>	416-1 Assessment of the health and safety impacts of product and service categories	Page 46	Enhancing Governance Across The Group	-
<b>GRI 418: Customer Privacy 2016</b>	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	-	None reported.	-
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	None reported.	-



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