

# Engineering the Future of Our Environment

SUSTAINABILITY REPORT 2024

SUSTAINABILITY REPORT

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## BOARD STATEMENT

The Board of Directors at Darco Water Technologies Limited holds a steadfast commitment to exemplary governance, unwavering ethics, rigorous accountability, and comprehensive transparency. Recognizing sustainability as integral to the company's strategic trajectory, we embrace it as a cornerstone of our long-term vision.

We are actively engaged in cultivating sustainable value for stakeholders, skilfully navigating the company's environmental, social, and governance (“**ESG**”) journey. Our ESG Committee works in concert with the Board, meticulously tracking ESG performance, discerning key material issues, and integrating sustainability into our corporate strategy. It is within our purview to establish and approve sustainability objectives and to closely monitor the progress against these targets.

Our leadership is pivotal in guiding the company through climate-related challenges and in seizing opportunities that align with our sustainability strategy. In this Sustainability Report, we present a transparent account of how the Group manages its ESG impact. It features discussions on material topics approved by the Board, reflecting our vigilance in ESG matters. Having rigorously reviewed the report's contents, we not only approve but also wholeheartedly endorse the ESG material topics discussed, confident in the steps we are taking towards sustainable progress.





## CHAIRMAN AND CEO'S MESSAGE

Dear Stakeholders,

As we conclude the Financial Year 2024, I am pleased to share Darco Water Technologies Limited's latest Sustainability Report - an embodiment of our firm commitment to environmental stewardship, social responsibility, and governance excellence.

Sustainability remains at the core of our business philosophy, shaping how we operate, innovate, and contribute to a more resilient future. We recognize that water and environmental solutions play an indispensable role in addressing global sustainability challenges. As such, we continue to drive progress through responsible corporate actions, innovative solutions, and a deep commitment to our people, the communities we serve, and the environment.

In FY2024, our management has continued to strengthen the foundation of sustainability within our company. We have placed a strong emphasis on employee well-being and safety, fostering a culture that prioritizes occupational health and professional development. We take pride in having successfully coached and developed a younger team of middle and junior management, ensuring the continuity of leadership and expertise. Additionally, we have supported our employees in further education, resulting in an overall enhancement of academic qualifications within our workforce.

Aligned with our commitment to diversity and inclusion, we have also taken proactive steps toward improving gender balance, increasing the proportion of male employees within our holding company while maintaining an equitable and inclusive workplace. To enhance operational efficiency, we streamlined our management hierarchy by reducing the size of our board while ensuring that the total workforce remains unaffected. These strategic actions have led to a more agile and resilient organizational structure, enabling us to drive sustainable growth effectively.

Our dedication to sustainability has translated into tangible progress across key areas in FY2024:

- **Climate Action & Carbon Management:** We enhanced environmental impact monitoring by integrating carbon footprint in line with international and Singapore Exchange ("SGX") sustainability requirements and reinforced climate-related disclosures to improve transparency and accountability.
- **Renewable Energy & Emissions Reduction:** Our expanded solar energy initiative has significantly reduced greenhouse gas ("GHG") emissions, advancing our transition to a low-carbon operation.
- **Circular Economy & Waste Management:** We strengthened waste minimization efforts, adopting advanced treatment technologies and expanding automated recycling solutions.
- **Water Conservation & Community Impact:** We improved water efficiency across operations and expanded access to clean water in underserved regions through strategic partnerships.

As we enter FY2025 and beyond, Darco remains focused on expanding our sustainability-driven business strategies in keep investing in green infrastructure, strengthening ESG governance and climate resilience and empowering the next generation of leaders by shaping by our young management team, whose fresh perspectives and drive for innovation will play a crucial role in advancing our sustainability ambitions.

Sustainability is not just an obligation—it is a strategic imperative that defines our long-term success. As we advance our commitment to sustainable business practices, we remain grateful to our employees, investors, customers, and stakeholders for their unwavering trust and support. Your belief in our mission fuels our progress.

Together, let us continue building a future where business growth and sustainability go hand in hand, ensuring lasting value for our planet and future generations.

MR. WANG ZHI

Executive Chairman and Executive Director

DR. ZHANG ZHENPENG

Executive Director and Chief Executive Officer

## SUPPORT THE GLOBAL GOALS

In September 2015, all 193 United Nations member states unanimously adopted the Sustainable Development Goals (“UN SDGs”) during the UN Summit, establishing a transformative global agenda for progress.

At Darco, sustainability is a fundamental pillar of our corporate strategy, and our commitment to the UN SDGs drives our efforts to address the world’s most pressing social and environmental challenges. As a leader in water treatment, waste management, and environmental infrastructure services, we play a crucial role in mitigating water pollution, managing industrial and municipal waste, and promoting sustainable urban development. By aligning our operations with these global priorities, we not only contribute to a more sustainable future but also integrate responsible environmental stewardship into the core of our business, reinforcing our long-term commitment to positive and lasting impact.



Source: Image from United Nations (<https://sdgs.un.org/goals>)

We integrate the SDGs into our initiatives, leveraging them as a strategic framework to address pressing social and environmental issues.

We have pinpointed specific SDGs that resonate strongly with our operations and values, such as SDG 3 (Good Health and Well-being), SDG 5 (Gender Equality), SDG 6 (Clean Water and Sanitation), SDG 8 (Decent Work and Economic Growth), and SDG 13 (Climate Action).





## ABOUT THIS REPORT

This is the seventh annual Sustainability Report for Darco Water Technologies Limited (“Darco”, the “Company”, or “Group” along with its subsidiaries). Our Sustainability Report, published annually, provides an update on our ongoing sustainability commitments and actions, with a focus on the material ESG topics that are important to Darco. Together with our Annual Report, this information gives our stakeholders a comprehensive view of our overall company performance. This report covers the period from 1st January 2024 to 31st December 2024.

This report shall be read together with our FY2024 Annual Report.

### Reporting Scope

Unless otherwise stated, the scope of the report covers the following subsidiaries that represent the major business operations of the Group:

- Darco Water Technologies Limited (“**DWTL**”)
- PV Vacuum Engineering Pte Ltd (“**PVV**”)
- Darco Water Systems Sdn. Bhd. (“**DWS**”)
- Darco Industrial Water Sdn. Bhd. (“**DIW**”)
- Wuhan Kaidi Water Services Co., Ltd. (“**WHKD**”)

For information about the group structure, please refer to page 12 of the Annual Report 2024.

### Reporting Standards

This Report is prepared with reference to the Global Reporting Initiative (“**GRI**”) Standards 2021 Revision and is aligned with the reporting requirements of the SGX Mainboard Rules 711A and 711B.

We applied GRI as the sustainability reporting framework as it is internationally recognised and is widely adopted, enabling us to achieve a comprehensive and comparable disclosure of environmental, social and governance performance in our material topics.

Our Sustainability Report has been prepared and reported the information cited in this GRI content for the reporting period with reference to the GRI standards: 2021 revision.

We have also augmented our reporting framework by integrating UN SDGs into our reporting process to map our contribution to global sustainable development.

Our climate-related disclosures are guided by the commendations of the Task Force on Climate-related Financial Disclosure (“**TCFD**”).

There are no significant changes from the previous reporting period in the material sustainability issues and boundaries list.

### Independent Assurance

The data and insights presented in this report have undergone thorough verification and review by our internal auditor, Virtus Assure Pte. Ltd., reinforcing data uniformity and accuracy. Our commitment to transparency is supported by rigorous internal monitoring processes that validate the accuracy of the information shared within these pages.

To guarantee the quality and accuracy of our data, the Group relies on robust internal verification protocols. As such, this report has not been subject to external assurance, reflecting our confidence in our internal audit systems and processes.

## ABOUT THIS REPORT

### Feedback

Feedback from the Company's stakeholders is imperative to our Group's continued improvement and growth. Please let us have your views and suggestions by contacting us at: [sr@darcowater.com](mailto:sr@darcowater.com).



## CORPORATE PROFILE

### Our Core Business

Darco is a distinguished provider of comprehensive engineering and knowledge-driven solutions for water and wastewater treatment, as well as for environmental and waste management and vacuum systems.

Since its establishment in 1999, the Group has specialized in the design, fabrication, assembly, and installation of engineered systems for water treatment, wastewater management, and environmental applications tailored to municipal and industrial needs. Additionally, Darco undertakes the operation and maintenance of these systems.

In the domain of water and wastewater treatment, the Group leverages a blend of market-available membrane and ion exchange technologies to devise systems. Utilizing in-house fabrication and incorporating third-party components, Darco creates functional, reliable, and cost-efficient solutions that cater to our clients' unique requirements. The design of each system is informed by the specific properties of the feed water, the desired quality of the treated output, and the necessary volume capacity.

With a commitment to cost-efficiency, Darco concentrates on designing systems that bolster energy and pump efficiency while reducing the reliance on manual operations. This approach is integral to achieving our objective of delivering water systems with the lowest possible cost per unit.

Expanding its portfolio, the Group now offers an array of integrated environmental solutions across diverse sectors, including electronics, petrochemicals, pharmaceuticals, and food and beverage industries.

Darco provides enduring maintenance services through its service centres, which are complemented by the trading division responsible for supplying crucial chemicals and ancillary products.

The Group is steadfast in its dedication to environmental stewardship, continually adapting to meet the evolving needs of various industries and enhancing its engineering acumen within the environmental protection sector.

Positioned strategically for advancement, with robust technological capabilities, Darco aspires to be the go-to partner for clients in the water treatment and environmental protection industries.

### Our Value Chain and Supply Chain

At Darco, we engage with a diverse network of suppliers and subcontractors to deliver top-tier projects and services. Our supply chain is meticulously orchestrated to include design, procurement, fabrication, quality assurance, setup, and commissioning. Further, we offer distribution along with comprehensive maintenance and repair services, ensuring our clients experience seamless support for their water treatment and vacuum systems.

Our procurement strategy is systematized, emphasizing cost-efficiency and superior quality across all acquisitions of materials and services. This strategy also extends to processes outsourced to our carefully chosen subcontractors, which fall within Darco's rigorous quality and Occupational Health and Safety ("OHS") standards. Prospective vendors are subjected to a thorough evaluation by our engineering and support teams, requiring endorsement by General Managers prior to onboarding. Our commitment to local economies is evident in our purchasing practices, with local suppliers constituting 86.48% of our total purchases by value in the year 2024.

### Our Mission

To be the environmental company of choice by providing customer-driven multi-technology solution.

To design and manufacture a wide range of high-performance water/wastewater systems and vacuum systems and provide services of the highest quality at affordable prices.

## CORPORATE PROFILE

**Head Office**  
**Darco Water Technologies Limited**  
1 Commonwealth Lane,  
#09-06 One Commonwealth,  
Singapore 149544

The Group also operates locations in Malaysia, China, and Vietnam.



## BUSINESS MEMBERSHIP AND CERTIFICATION

### Membership Association

<b>Darco Water Technologies Limited</b>
Singapore Business Federation Singapore Water Association
<b>Darco Water Systems Sdn. Bhd</b>
Malaysia Semiconductor Industry Association (“MSIA”) Malaysian Employers Federation
<b>Darco Industrial Water Sdn. Bhd</b>
Federations of Malaysian Manufacturers
<b>Wuhan Kaidi Water Services Co., Ltd.</b>
The Membrane Industry Association of China (“MIAC”)

### ISO Certification

The Group follows international standards to benchmark its performance in the areas of quality, occupational health and safety and environment. A summary of our certifications is presented below.

<b>Entity</b>	<b>ISO 9001:2015 Quality Management System</b>	<b>ISO 14001:2015 Environmental Management System</b>	<b>ISO 45001:2018 Occupational Health and Safety Management System</b>
Wuhan Kaidi Water Services Co., Ltd.		X	X
Darco Water Systems Sdn. Bhd.	X		X
Darco Industrial Water Sdn. Bhd.	X	X	X
PV Vacuum Engineering Pte. Ltd.	X		X

### BizSafe Star

PVV is awarded with bizSAFE- Star - the top level in a five-tier scheme that aligns with ISO 45001 standards, enhancing workplace safety and health. Valid for three years, this accolade reaffirms the Group’s dedication to excellent safety measures, increasing client trust and business potential.

## BUSINESS MEMBERSHIP AND CERTIFICATION

### National Certifications

We obtain relevant national certifications where we operate. Our various certifications and permits include the following:

Certification / Permit	Awarded By / Certificate Type
<b>Singapore</b>	
Mechanical Engineering - ME 11, L5	Building and Construction Authority (“BCA”)
<b>Malaysia</b>	
General Building, Civil Engineering Works & Various Mechanical Equipment (Grade 7)	Construction Industry Development Board (“CIDB”)
<b>China</b>	
Certificate of High-tech Enterprise	High-tech Enterprise
Environment Engineering Design Qualification Class A	Engineering Design Qualification Certificate
Water Supply and Discharge Design Qualification Class B	Engineering Design Qualification certificate
Domestic and Industrial Wastewater Treatment Operation Class II	Pollution Control Facility Operation Serviceability Evaluation Certificate
Environmental Protection Engineering Professional Contracting (Grade One)	Construction Enterprise Qualification Certificate

### Awards

In China, Darco has won multiple recognitions for its leading technologies. For example, Darco has been awarded Outstanding Company for Belt and Road Work recognition by the Hubei Association of Environmental Protection Industry (“HBAEPI”). Additionally, our membrane desalination engineering technology won the first Prize certificate of China Electric Power Construction Science and Technology Progress for its application to a large nuclear power plant. Also, our super concentration technology for concentrated salt wastewater treatment has received a certificate of international leading-level customer achievement.



## SUSTAINABILITY DEVELOPMENT APPROACH

We firmly believe that our financial success is deeply interconnected with our ability to generate lasting value for our people, the environment, and society as a whole. A strong commitment to sustainability enables us to mitigate risks, seize new opportunities, and contribute meaningfully to global development goals.

Our sustainability strategy is built on a robust framework that encompasses regulatory compliance, ethical governance, and a forward-thinking approach to ESG priorities. We are committed to:

- **Regulatory Compliance:** Adhering to all applicable laws, regulations, and industry standards to ensure responsible and sustainable business practices.
- **Human Rights:** Upholding internationally recognised human rights principles across our operations and supply chain, ensuring fair and ethical treatment of all stakeholders.
- **Business and Governance Ethics:** Maintaining the highest standards of corporate governance, transparency, and integrity in all business dealings.
- **Materiality Assessment:** Conducting regular assessments to identify and prioritize ESG impacts, ensuring that our sustainability initiatives address the most critical issues.
- **Minimizing Negative Impacts:** Implementing proactive measures to reduce environmental and social risks across our operations and supply chain.
- **Enhancing Positive Impacts:** Striving to create meaningful benefits for the environment and society through innovation, responsible resource management, and community engagement.
- **Precautionary Principle:** Taking a proactive, science-based approach to managing potential risks and preventing harm to people and the environment.
- **Stakeholder Engagement:** Actively collaborating with stakeholders—including employees, customers, investors, and communities—to understand their concerns, align on priorities, and drive continuous improvement.
- **Continuous Improvement:** Regularly reviewing, measuring, and refining our ESG performance to enhance our long-term impact and resilience.
- **Transparency & Accountability:** Disclosing our ESG progress through internationally recognized reporting frameworks such as the GRI, ensuring accountability and trust among our stakeholders.

**Alignment with Global Goals:** Actively contributing to SDGs through our business practices, partnerships, and community initiatives.

This report outlines our commitment to sustainability and details our ongoing efforts to integrate ESG principles into our business strategy, operations, and decision-making processes.



## Sustainability Reporting Policy

We are committed to transparency and accountability in our sustainability efforts, regularly reporting on our environmental impact and progress. While we currently set annual targets, we are exploring multi-time-horizon goals for long-term planning.

Our performance incentives are primarily tied to financial outcomes, but we are considering integrating sustainability metrics to reinforce responsible business practices.

Aligned with internationally recognized standards and the SGX Sustainability Reporting Guide, our reporting focuses on material ESG impacts. We will also provide periodic updates on key initiatives, including product innovation and employee development.

### Anti-Corruption Policy

At Darco, we have a zero-tolerance policy towards corruption in any form. We are committed to conducting our business with integrity, honesty, and transparency, and we expect the same from our employees, suppliers, and business partners. Our anti-corruption policy prohibits bribery, kickbacks, and any other form of unethical conduct. We require all employees to comply with applicable laws and regulations related to anti-corruption and to report any suspected violations immediately. We also strive to foster a culture of ethical behaviour by providing regular training and communication on our anti-corruption policy.

### Environmental Policy

At Darco, we are committed to minimising the environmental footprint of our operations. We recognise that our business has an impact on the environment, and we strive to minimise that impact through responsible management of energy, emissions, water, and waste.

Our environmental policy commitments include the following:

- **Energy:** We will continuously work to reduce our energy consumption by implementing energy-efficient technologies, promoting sustainable behaviours among employees, and setting energy reduction targets.
- **Emissions:** We will aim to reduce our greenhouse gas emissions by measuring and monitoring our carbon footprint, setting emissions reduction goals, and implementing strategies to reduce emissions from our operations, such as optimizing transportation routes and reducing air travel.
- **Water:** We will work to minimise our water usage by implementing water-saving technologies and processes and optimizing our water usage in our operations. We will also monitor and report on our water usage to continuously improve our water efficiency.
- **Waste:** We will strive to reduce our waste generation by adopting a circular economy approach, promoting waste reduction behaviours among employees, and recycling and reusing materials wherever possible. We will also properly dispose of any hazardous waste in compliance with applicable regulations.

### Occupational Health & Safety Policy

At Darco, we provide a safe and healthy environment for employees, visitors, and contractors. We prioritize a strong safety culture by identifying hazards, implementing controls, and preventing accidents. Our occupational health and safety policy includes regular risk assessments, safety training, and the provision of personal protective equipment.

We comply with all relevant health and safety laws, continuously monitor our performance, and encourage employees to actively participate in safety initiatives. Our commitment extends to regularly reviewing safety protocols to ensure a risk-free workplace for all.



## Sustainability Reporting Policy

### Talent Management Policy

At Darco, we are committed to attracting, developing, and retaining top talent to drive our business forward. Our approach emphasizes diversity, equity, and inclusion, believing a diverse workforce is key to success. We provide a supportive environment for professional growth, investing in learning and development to help employees reach their full potential. Additionally, we foster a culture of feedback and recognition to ensure every employee feels valued and engaged, promoting long-term career satisfaction.



## POLICY COMMITMENT

At Darco, we are deeply committed to integrating sustainability into every facet of our operations. Recognizing the critical importance of water conservation and environmental stewardship, we continuously innovate to develop sustainable solutions that drive positive change.

To achieve this, we actively work to reduce our own water consumption, minimize waste, and optimize the responsible use of natural resources. Beyond our internal efforts, we are dedicated to raising awareness among our customers and stakeholders, advocating for sustainable water management practices, and highlighting the long-term benefits of conservation.

Through collaboration, innovation, and a steadfast commitment to sustainability, we strive to make a lasting impact on the environment and contribute to a more sustainable future for generations to come.



## REMEDiate NEGATIVE IMPACTS FROM OUR OPERATION ACTIVITIES

The Group is steadfast in its commitment to minimizing any negative impacts resulting from our operational activities. We understand that while pursuing business growth and development, both environmental and social impacts may arise. As such, we are dedicated to integrating sustainability into every aspect of our operations through the following actions:

- We enforce comprehensive policies to proactively identify, assess, and mitigate potential adverse effects across all areas of our business.
- Stakeholder engagement is a cornerstone of our approach, ensuring that diverse perspectives inform our sustainable practices and decision-making processes.
- We go beyond regulatory requirements to minimize our ecological footprint, focusing on optimizing resource efficiency, reducing waste, and driving innovation in sustainability.









Additionally, we are committed to the continuous adoption of advanced technologies that promote environmental protection, and we maintain transparency in communicating our progress and outcomes to all stakeholders.

We encourage all employees, partners, and stakeholders to embrace this commitment and work collaboratively towards our shared responsibility for ethical, sustainable, and socially responsible business operations.



REPORTING APPROACH

In alignment with the GRI 2021-Foundation guidelines, our FY2024 Sustainability Report is crafted adhering to the eight core reporting principles. These principles guide the presentation and substantiation of the information contained within the report.

 <p>Accuracy</p>	 <p>Balance</p>	 <p>Clarity</p>	 <p>Comparability</p>
 <p>Completeness</p>	 <p>Sustainability Context</p>	 <p>Timeliness</p>	 <p>Verifiability</p>

Principle	Explanation
Accuracy	The information disclosed in this Report is correct and sufficiently detailed to assess the Company’s business impacts towards Governance, Environment, and Social perspective.
Balance	The information is disclosed in an unbiased way and provides a fair representation of the Company’s negative and positive impacts.
Clarity	The information presented in this Report is accessible and understandable
Comparability	The Company endeavours to select and compile the report information consistently to enable an analysis of changes in the Company’s impacts over time.
Completeness	The Company tries its best to provide sufficient information to enable the transparency of its efforts in ESG topics.
Sustainability Context	The Company ensures that the information it discloses in this Report is about its business impacts within the context of sustainable development.
Timeliness	The Company reviews its ESG material topics on a regular basis to ensure that all the information declared in this Report is updated.
Verifiability	This Report is not internally audited, however, our Sustainability Consultant has guided us to ensure the utmost data accuracy.



## GOVERNANCE

A robust corporate governance framework, built on ethical business practices, is essential for enhancing the Company's accountability and driving sustainable long-term performance, ultimately safeguarding and maximizing shareholder value.

Our Board of Directors is steadfast in its commitment to upholding exemplary corporate governance, in full alignment with the Code of Corporate Governance 2018. It ensures strict adherence to relevant regulations set forth by key authorities such as the Monetary Authority of Singapore ("MAS") and Singapore Exchange Securities Trading Limited ("SGX-ST"). The Board's leadership is instrumental in establishing strategic objectives and securing the necessary resources to achieve these goals.

The Board's core responsibility is to protect and increase shareholder value over the long term. It provides strategic guidance, cultivates a strong governance culture, and sets the policies and procedures essential for the Group's success. An effective internal control framework is maintained by the Board to oversee risk management processes, safeguarding shareholder interests and Company assets. It monitors management performance, evaluates business objectives, and ensures progress to enhance shareholder value.

In addition, the Board assumes full responsibility for the holistic governance of the Group, acting in a fiduciary capacity. Directors are continuously updated on regulatory developments, ensuring they remain informed of changes in accounting standards, the listing manual, and other statutory requirements.

In summary, the Board is entrusted with the responsibility of fostering strong corporate governance across the Group, with a focus on risk management and internal control systems, to protect shareholder interests, secure Company assets, and drive sustainable long-term growth.

### Our Governance Structure

Here is the detail of our Board of Directors:

Name	Gender	Position
Wang Zhi	Male	Executive Chairman and Executive Director
Zhang Zhenpeng	Male	Executive Director and Chief Executive Officer
Sim Guan Seng	Male	Lead Independent Director
Wang Yingyang	Male	Independent Non-Executive Director
Lai Hock Meng	Male	Independent Non-Executive Director

### Board Director Diversity

Our Board of Directors consists of 5 male directors, a reflection not of preference but of the specific expertise and skill sets required in our industry sector.

We have two directors below 50 years old, all the other 3 directors are above 50 years old, with their combination ideas and experience which can help the Group to drive more sustainable growth with insightful decision making process.

The composition is structured with 40% serving as non-independent directors and 60% as independent directors, ensuring a balanced oversight.

The Board's collective expertise spans a range of competencies crucial to informed decision-making and the company's success. This includes:



## GOVERNANCE

- Accounting and auditing;
- Corporate finance and law;
- Water and environment design and construction;
- Project management;
- Environmental and renewable energy;

Further elaboration on our commitment to corporate governance can be found in the Corporate Governance Statement within our annual report.

All Board Directors have attended the one-time director sustainability training required by SGX.





## Sustainability Governance Structure

### Sustainability Governance

The Board holds the ultimate responsibility for overseeing key ESG factors within the organization. It is tasked with setting and guiding the Group's sustainability strategy, which encompasses the identification and management of climate-related risks and opportunities. The Board acknowledges that effective governance in sustainability and climate-related matters is integral to fulfilling its fiduciary duties to all stakeholders.

The Board's sustainability-related responsibilities encompass robust governance practices, strategic alignment, comprehensive risk management, performance metrics, and transparent reporting on material ESG factors. Our Chief Executive Officer ("CEO"), the senior management team, and the Board ensures strategic oversight and direction in the identification, management, and execution of sustainability initiatives. This includes addressing environmental considerations linked to climate-related risks and opportunities, as well as overseeing the approval and review of sustainability reporting.

To maintain effective stewardship, the Board regularly evaluates the Group's ESG performance, with particular attention to how climate-related risks and opportunities are managed across short, medium, and long-term horizons. This ongoing review ensures that the Group's sustainability strategy remains responsive, proactive, and aligned with evolving global standards and expectations.

### ESG Committee

To support the Board in its governance of sustainability matters, Darco has established an ESG Committee, which reports directly to the Board and is composed of senior management executives. The Committee is chaired by the CEO and includes the Chief Operating Officer ("COO") and the Financial Controller as key members. Its primary responsibility is to oversee and address critical sustainability matters, including climate-related risks and opportunities that are pertinent to the Group's long-term objectives.

The ESG Committee conducts continuous internal assessments of key ESG factors, performs regular materiality evaluations, and monitors ESG performance to ensure alignment with the company's strategic goals. Additionally, the Committee plays a crucial role in the development of comprehensive sustainability reports that reflect the company's commitment to transparency and accountability.

To ensure informed decision-making, the ESG Committee is further supported by external sustainability experts, who provide specialized insights and guidance on emerging sustainability trends and best practices.



## STAKEHOLDER ENGAGEMENT

Stakeholder trust forms the cornerstone of our sustainability strategy, and we are dedicated to earning and maintaining this trust through transparent and proactive engagement. By actively listening to the concerns of our stakeholders and addressing their expectations, we aim to foster strong, long-lasting relationships. We recognize that the diverse perspectives and input from all stakeholders are instrumental in shaping our sustainability initiatives.

Our approach involves identifying and prioritizing stakeholders who are either impacted by our business activities or have the potential to influence our operations and objectives. Through continuous dialogue with both internal and external stakeholders, we gain a comprehensive understanding of the key sustainability issues that affect not only our business but also the broader economy, environment, and society.

We are committed to creating a culture of collaboration, where ongoing conversations with stakeholders offer valuable insights and feedback, enabling us to enhance and adapt our sustainability efforts. This feedback is considered a critical component in our strategic and operational planning, ensuring that our actions align with stakeholder needs and expectations.

We conduct a thorough internal analysis to identify key stakeholders and ensure their voices are integral to our decision-making processes. By prioritizing their needs and expectations, we continuously refine our approaches to sustainability, strengthening our efforts across the entire value chain and driving long-term positive impact.

Below are the definitions of our Internal and External stakeholders:

Internal Stakeholders	External Stakeholders
Investors & Shareholders Management & Employees	Customers Government and Regulators Suppliers and Business Partners Local Communities

Below is an overview of our stakeholders and how we engage with them.

Our Stakeholders	Purpose of Engagement	Engagement Method	Stakeholder Focus
Customers	<ul style="list-style-type: none"> <li>To constantly improve on technical and technological aspects.</li> <li>To upgrade project infrastructure and operations standards to exceed customers' expectations.</li> </ul>	<ul style="list-style-type: none"> <li>Visits to customers' office.</li> <li>Calls and emails</li> <li>Progress update meetings.</li> <li>Updates on research and development.</li> </ul>	<ul style="list-style-type: none"> <li>On-time delivery.</li> <li>Meet quality requirements.</li> <li>Progress updates on contract execution.</li> <li>Business continuity.</li> </ul>
Management & Employees	<ul style="list-style-type: none"> <li>To understand employees' expectations, aspirations, concerns, and ideas.</li> <li>To promote a fair and open workplace culture.</li> </ul>	<ul style="list-style-type: none"> <li>Employee feedback mailbox.</li> <li>Office Automation system.</li> <li>Chat groups.</li> <li>Employee caring sessions.</li> <li>Training</li> </ul>	<ul style="list-style-type: none"> <li>Competitive salary.</li> <li>Employee welfare and benefits.</li> <li>Business continuity.</li> <li>Career advancement.</li> </ul>

## STAKEHOLDER ENGAGEMENT

Government and regulators	<ul style="list-style-type: none"> <li>• To ensure compliance with regulatory requirements.</li> <li>• To stay updated with new and emerging regulations.</li> </ul>	<ul style="list-style-type: none"> <li>• Regular meetings and consultations.</li> <li>• Subscribe to Government websites.</li> <li>• Calls and enquiries.</li> <li>• Attending training.</li> <li>• Exchange meetings.</li> <li>• Give suggestions via industry association.</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with SGX rules.</li> <li>• Compliance with applicable local laws and regulations.</li> <li>• Pay government taxes and levies diligently</li> </ul>
Suppliers/Business Partners	<ul style="list-style-type: none"> <li>• To build strategic business relationships.</li> <li>• Perform periodic supplier evaluation.</li> </ul>	<ul style="list-style-type: none"> <li>• Visits to suppliers' offices.</li> <li>• Calls/ emails.</li> <li>• Supplier audits and inspections.</li> <li>• Site survey.</li> <li>• Supplier evaluations.</li> <li>• Tenders and Request for Proposals ("RFPs").</li> </ul>	<ul style="list-style-type: none"> <li>• Timely payment.</li> <li>• Adhere to agreement terms.</li> <li>• Business continuity.</li> </ul>
Investors and shareholders	<ul style="list-style-type: none"> <li>• To provide timely information about company performance and significant issues.</li> </ul>	<ul style="list-style-type: none"> <li>• Annual General Meetings.</li> <li>• Annual reports.</li> <li>• Regular financial results announcements.</li> <li>• Sustainability reports.</li> <li>• Company website.</li> <li>• Investor briefings.</li> </ul>	<ul style="list-style-type: none"> <li>• Return on investment, regular dividends.</li> <li>• Business growth.</li> <li>• Good governance.</li> <li>• Timely disclosure of material developments.</li> </ul>
Local communities	<ul style="list-style-type: none"> <li>• To support local community causes.</li> <li>• To build trusted relationships with local communities.</li> </ul>	<ul style="list-style-type: none"> <li>• Community initiatives.</li> </ul>	<ul style="list-style-type: none"> <li>• Make a positive contribution to community development.</li> </ul>

### Engagement with Membership of Associations

Darco engages with relevant industry associations through membership, consultations, and dialogues. Darco is a member of the following associations:

- Malaysia Semiconductor Industry Association
- Malaysian Employers Federation
- Singapore Business Federation
- Singapore Water Association
- The Membrane Industry Association of China

# ESG MATERIAL TOPICS

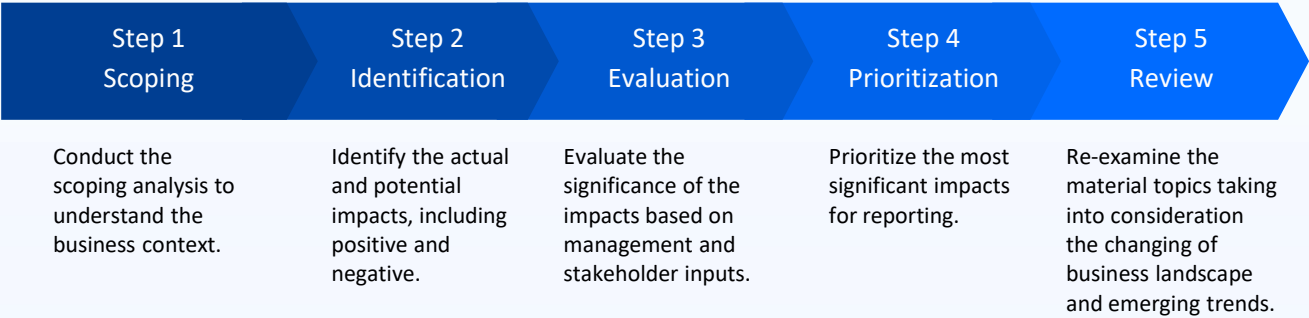
## Material Topic Identification

Our sustainability strategy is built upon a rigorous materiality assessment to identify and address the most significant ESG impacts of our operations. We engage with experts and both internal and external stakeholders to ensure our approach remains relevant, data-driven, and aligned with evolving sustainability challenges. ESG issues are continuously assessed as they emerge, enabling us to adapt proactively.

For reporting purposes, we prioritize ESG issues that represent our most significant actual and potential impacts, considering both risks and opportunities for Darco. We conduct an annual review of our material topics, refining them to reflect the latest industry standards and best practices.

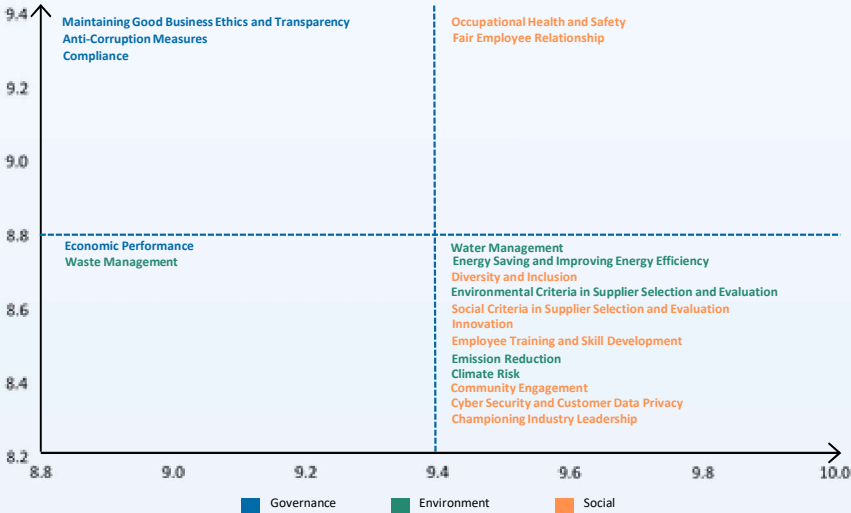
For this report, we engaged a sustainability consulting firm to review our material topics in accordance with the updated GRI Standards (2021 revision) and the latest SGX sustainability reporting guidelines. Additionally, we benchmarked against industry peers, assessed alignment with SDGs, and considered broader sustainability trends relevant to our sector.

As shown below, we adhered to GRI’s five-step materiality process to systematically identify, assess, and prioritize our material topics, reinforcing our commitment to responsible and transparent sustainability practices.



## Material Topic Matrix Assessment

In FY2024, we launched a comprehensive Stakeholder Survey to gain deeper insights into the concerns and expectations of our stakeholders regarding our sustainable development initiatives. We received 31 responses from key stakeholders across diverse groups. The feedback gathered from this survey is invaluable in shaping our sustainability priorities and will be thoroughly detailed in the following sections of the report.



## ESG MATERIAL TOPICS

The determination of the focus areas as listed in the table below took the insights gathered through these ongoing interactions into consideration.

With refer to GRI standard, our material topics have been defined as listed below:

Key ESG Material Topics		
<b>Governance</b> 	1	Business Ethics
	2	Procurement Practices
	3	Regulatory and Legal Compliance
<b>Environment</b>   	4	Response to Climate Change
	5	Energy and Greenhouse Gas Emission
	6	Water Usage
	7	Waste Management
<b>Social</b>   	8	Fair Employment Condition and Employee Diversity
	9	Training and Skill Development
	10	Occupational Health and Safety
	11	Customer Health and Safety

### Material Topic Management Approach

Our Material ESG Topics	
Material Topics	Management Approach
<b>Governance</b>	
Business Ethics	Maintain a zero-tolerance approach toward corruption and bribery
Procurement Practices	Prioritize local supplier development for sustainable growth, ensuring compliance with standards and conducting quarterly evaluations to maintain vendor performance
Regulatory and Legal Compliance	Comply with all applicable laws and regulations in places where we operate.
<b>Environment</b>	
Response to Climate Change	<p>Focus on providing innovative water solutions that will help communities deal with the water scarcity caused by global warming.</p> <p>Strive to use renewable energy to reduce our environmental impact.</p> <p>Strive to improve energy efficiency in our operations.</p> <p>Continuously reduce GHG emissions from our direct business activities.</p>
Energy and Greenhouse Gas Emission	Monitor and document energy consumption and emissions, evaluate annual operational performance, prioritize enhancing energy efficiency, aim to lower emissions, implement renewable energy solutions, and ensure compliance with environmental regulations throughout our company.
Water Usage	<p>Strive to improve access to clean water for communities where we operate.</p> <p>Consistently meet the water quality for customer health and safety.</p>

ESG MATERIAL TOPICS



Waste Management	Managing hazardous waste with trained staff and emergency response readiness, prioritizes employee safety in chemical handling, and actively pursues waste reduction and resource conservation.
	Prioritize paper waste reduction through paperless practices, duplex printing defaults, email over fax, and reusing single-sided paper.
	Automate food waste recycling, addressing the city-state's increasing food waste problem while providing opportunities for student involvement.
Social	
Fair Employment Condition and Employee Diversity	Provide fair employment condition and attract and retain talented and skilled employees.
Training and Skill Development	Maximize employee potential with performance evaluations, career plans, skill-building, and innovation culture for enhanced company success.
Occupational Health & Safety	Establish a health and safety management system to maintain a zero-accident workplace.
Customer’s Health & Safety	Comply with customer health and safety regulations applicable to our products and services.



## FY2024 PERFORMANCE REVIEW

ESG INDICATORS	UNIT	FY2022	FY2023	FY2024
<b>Financial Results</b>				
Revenue (from subsidiaries in scope)	S\$ million (“S\$ mil”)	67.6	65.0	58.1
<b>Environment</b>				
Diesel consumption	L	46,420	49,245	49,214
Petrol consumption	L	187,696	120,023	129,653
Electricity consumption	kWh	473,314	438,877	452,311
Total energy consumption <sup>(1)</sup>	GJ	9,915	7,346	7,656
Energy consumption intensity <sup>(1)</sup>	GJ/S\$ mil	147	113	132
Scope 1 emissions	tCO <sub>2</sub> e	560	410	428
Scope 2 emissions	tCO <sub>2</sub> e	271	172	182
Total GHG emissions <sup>(2)</sup>	tCO <sub>2</sub> e	831	581	609
Emission intensity <sup>(2)</sup>	tCO <sub>2</sub> e/S\$ mil	12.3	8.9	10.5
Solar energy used	kWh	168,319	176,899	177,630
Total water consumption	m <sup>3</sup>	77,431	78,910	80,056
Water consumption intensity	m <sup>3</sup> /S\$ mil	1,145.4	1,214.0	1,377.9
Total waste generated	t	-	59.77	85.59
<b>Social</b>				
Number of full-time employees	Number	408	450	441
New hires	Number	150	75	97
Female employees’ representation in the workforce	Percentage	21	20	19
Female employees’ representation in management	Percentage	29	19	8
Average training hours per employee (All)	Hours	16	7	5
Average training hours per employee (Female)	Hours	21	10	10
Average training hours per employee (Male)	Hours	15	7	4
Employee turnover rate <sup>(3)</sup>	Percentage	30	23	24
High-consequence work-related injuries (Employees)	Number	0	0	2
Recordable work-related injuries (Employees)	Number	0	7	7
Work stoppages due to safety incidents	Number	0	0	0
Fatal accidents	Number	0	0	0
<b>Governance</b>				
Women on the Board <sup>(4)</sup>	Percentage	13	14	0
Significant incidents of regulatory non-compliance	Number	0	0	0
Monetary value of fines paid for regulatory non-compliance	\$	0	0	0
Confirmed incidents of corruption	Number	0	0	0

## FY2024 PERFORMANCE REVIEW

Notes:

1. Energy consumption comprises petrol, diesel, grid and solar electricity.
2. GHG emissions include Scope 1 and Scope 2 emissions.
3. Turnover rates in FY2022 were calculated using the formula:

$$\frac{\text{No. of employee who left}}{\text{total No. of employee}}$$

Turnover rate in FY2023 and FY2024 is calculated using a new formula:

$$\frac{\text{No. of employee who left}}{((\text{No. of employee at the beginning} + \text{at the end of FY})/2)}$$

4. Refers to Board at subsidiary company level.



# OUR BUSINESS

## KEY MATERIAL TOPICS

- Business Ethics
- Procurement Practice
- Regulatory and Legal Compliance


## GRI TOPICS

- GRI 205 Anti-Corruption
- GRI 204 Procurement Practices
- GRI 2-27 Compliance with Laws and Regulations

## UN SDGS WE SUPPORT



## Business Ethics

MATERIAL TOPIC	RELEVANT SDG
<b>GRI 205 Anti-Corruption</b> <ul style="list-style-type: none"><li>• 205-2 Communication and training about anti-corruption policies and procedures</li><li>• 205-3 Confirmed incidents of corruption and action taken</li></ul>	

### Why This Is Important

Corporations operate within a complex ecosystem of stakeholders, including employees, communities, regulatory bodies, and the environment. Upholding ethical standards and prioritizing sustainability are not just responsibilities but strategic imperatives that enhance long-term resilience and success.

In a highly regulated landscape, we maintain a zero-tolerance policy for non-compliance, recognizing that integrity and accountability are fundamental to our operations. Responsible business conduct strengthens stakeholder trust, fosters a positive workplace culture, enhances customer loyalty, and mitigates risks. By embedding sustainability and ethical governance into our core practices, we create lasting value and drive sustainable growth.

### Management Approach

Recognizing that ethical management is an ongoing journey, we understand that it extends beyond mere compliance with regulations and protocols. It requires continuous self-reflection, open dialogue, and integration into our strategic planning processes to ensure responsible and sustainable business growth.

The Company remains firmly committed to upholding the highest standards of integrity, fairness, and accountability in all aspects of its operations. We maintain a strict zero-tolerance policy against any breaches of business ethics, including corruption, bribery, and anti-competitive practices. To reinforce this commitment, we have established a comprehensive business ethics framework designed to enhance employee awareness, instil ethical decision-making, and cultivate a culture of transparency and responsibility.

Our ethical approach is further guided by key policies that align with global best practices, ensuring that our business remains principled, trustworthy, and resilient in an evolving corporate landscape.

#### Anti-Corruption

At Darco, we have a zero-tolerance policy towards corruption in any form. We are committed to conducting our business with integrity, honesty, and transparency, and we expect the same from our employees, suppliers, and business partners. Our anti-corruption policy prohibits bribery, kickbacks, and any other form of unethical conduct. We require all employees to comply with applicable laws and regulations related to anti-corruption and to report any suspected violations immediately. We also strive to foster a culture of ethical behaviour by providing regular training and communication on our anti-corruption policy.

We are committed to complying with laws and regulations regarding bribery, extortion, fraud, and money laundering in the countries where we operate, as such breaches can have a significant reputational and financial impact on the Group. The Group strictly prohibits all forms of bribery and corruption. All employees are expected to adhere to professional ethics, avoid any corrupt practices, and act with integrity in discharging their duties. They are also expected to abstain from any activities that may harm the Group's interests.



## Business Ethics

The staff handbook also clearly lays out the Group's expectations and guidelines for the code of conduct, and encourages employees, customers, suppliers, or other parties to report any incidents of conflicts of interest, extortion, bribery, fraud, and money laundering.

### Whistle-Blowing Policy

Whistleblowers are encouraged to report any suspected misconduct directly to senior management, ensuring that full details and supporting evidence are provided for a thorough review. The management is committed to conducting impartial investigations and taking appropriate corrective actions to safeguard the Group's integrity and interests. All reports will be handled with strict confidentiality to protect whistleblowers from any form of retaliation, including unfair dismissal or victimization. If the reported misconduct involves potential criminal activity, management reserves the right to escalate the matter to the relevant authorities as necessary, in compliance with legal and regulatory requirements. Additionally, the Group fosters a culture of transparency and accountability, reinforcing its commitment to ethical business practices.



### FY2024 Performance

In FY2024, the Group had no confirmed incidents of corruption, bribery, extortion, fraud, or money laundering. There were also no significant non-compliance cases resulting in fines over \$20,000 or stop-work orders during the reporting period, covering the current and past two years. We remain committed to strong governance, regulatory compliance, and ethical business practices through robust controls and regular audits.



### Target Setting

Term	Target
<b>Short Term FY2025</b>	<ul style="list-style-type: none"><li>• Maintain zero reports of misconduct across all operational levels, reinforcing the highest standards of ethical practices.</li><li>• Establish clear and accessible whistleblowing channels, promoting transparency and encouraging timely reporting of any ethical concerns.</li></ul>
<b>Medium Term (Till 2030)</b>	<ul style="list-style-type: none"><li>• Continue to achieve zero misconduct cases annually, embedding a culture of integrity and ethical responsibility across the organization.</li></ul>
<b>Long Term (Beyond 2030)</b>	<ul style="list-style-type: none"><li>• Sustain an ongoing zero-tolerance approach to misconduct, maintaining a flawless ethical compliance record indefinitely.</li><li>• Conduct mandatory annual ethics and anti-corruption training for all employees to strengthen awareness and prevention of misconduct.</li><li>• Build a robust ethical culture through consistent stakeholder engagement, transparency, and periodic ethical conduct assessments, reinforcing a shared organizational commitment to integrity and accountability.</li></ul>



## Procurement Practices

MATERIAL TOPIC	RELEVANT SDG
<b>GRI 204 Procurement Practices</b> <ul style="list-style-type: none"><li>• 204-1 Proportion of spending on local suppliers</li></ul>	

### Why This Is Important

Effective procurement practices are essential for maximizing value, strengthening regulatory compliance, and ensuring operational resilience. For the Group, procurement is not simply a transactional function—it is a strategic driver of sustainability, community development, and long-term growth.

By adopting responsible sourcing principles, the Group strengthens regional economic linkages and contributes to local development in the areas where it operates. Prioritizing local suppliers and service providers enhances supply chain agility, reduces environmental impacts through shorter transportation distances, and fosters inclusive growth by supporting small and medium enterprises (“SMEs”).

Through a robust procurement strategy, the Group also minimizes the risk of supply disruptions, promotes environmental stewardship, and ensures the reliable delivery of quality goods and services. These efforts contribute to a more sustainable and efficient supply chain, reinforcing the Group’s commitment to ethical business and community well-being.

### Management Approach

Procurement across the Group is managed in a decentralized manner, allowing subsidiaries to tailor sourcing activities to their operational needs while maintaining consistency with Group-wide governance standards. This model balances flexibility with oversight, ensuring that all purchasing decisions reflect the Group’s values of integrity, responsibility, and transparency.

Vendor selection is guided by clearly defined criteria, including product quality, pricing competitiveness, service availability, compliance with health, safety and environmental requirements, and alignment with the Group’s code of conduct. In some cases, customer-specific requirements also influence supplier selection.

To uphold high standards, the Group actively evaluates its supply chain and prioritizes local procurement wherever feasible. This includes:

- **Supporting Local Economies:** The Group aims to maximize local sourcing to stimulate economic development and foster inclusive growth in the communities where it operates.
- **Supplier Diversification:** To ensure resilience in dynamic market conditions, the Group continuously seeks to broaden its supplier base and build strong regional partnerships.
- **Performance Evaluation:** Top-performing suppliers are assessed on a regular basis to ensure continued quality and alignment with sustainability values. The evaluation criteria include quality, cost-effectiveness, on-time delivery, service standards, and adherence to safety and environmental regulations.
- **Vendor Transparency and Accountability:** Supplier performance is reviewed systematically and documented to determine continued approval. Poor performance may result in removal from the approved vendor list. All assessments are reviewed by management to uphold procurement integrity and accountability.

## Procurement Practices

To enhance procurement effectiveness and risk management, the Group implements internal controls that ensure:

- Quality verification and service validation at the point of receipt or project execution;
- Prompt identification and resolution of non-conformance issues;
- Timely recordkeeping to support traceability and audit readiness;

Procurement personnel are trained to ensure compliance with financial authorization rules, delivery protocols, and ethical sourcing practices. All transactions are tracked using digital systems that support consistent data integrity and real-time oversight.

## FY2024 Performance

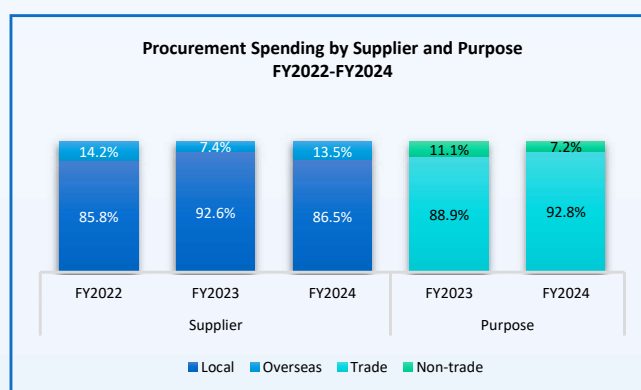
In FY2024, Darco sourced 86.5% of its procurement from local suppliers and 13.5% from overseas suppliers. Of the total procurement spend, 92.8% was allocated for trade purposes, while the remaining 7.2% was designated for non-trade purposes.

### Procurement Budget Spent by Supplier FY2022-FY2024

Supplier	Procurement Spending		
	FY2022	FY2023	FY2024
Local	85.8%	92.6%	86.5%
Overseas	14.2%	7.4%	13.5%

### Procurement Budget Spent by Purpose FY2022-FY2024

Purpose	Procurement Spending	
	FY2023	FY2024
Trade	88.9%	92.8%
Non-trade	11.1%	7.2%



## Procurement Practices

### Target Setting

Term	Target
<b>Short Term FY2025</b>	<ul style="list-style-type: none"><li>• Maintain adequate support to the local suppliers and contractors to actively support the local economy and community.</li><li>• Evaluate supplier and contractor base to improve resilience, reduce dependency on current pool of vendors, and enhances competitiveness.</li></ul>
<b>Medium Term (Till 2030)</b>	<ul style="list-style-type: none"><li>• Establish regular communication channels with local suppliers to reinforce expectations around sustainability practices, compliance, and performance standards.</li></ul>
<b>Long Term (Beyond 2030)</b>	<ul style="list-style-type: none"><li>• Sustainably maintain procurement from local suppliers at or above 40%, continuously reinforcing support for local economic development.</li><li>• Introduce capacity-building programs for diversified local suppliers, focusing on improving their ESG practices and readiness to meet the Group's sustainability standards.</li></ul>



## Regulatory and Legal Compliance

MATERIAL TOPIC	RELEVANT SDG
<b>GRI 2 General Disclosures</b> <ul style="list-style-type: none"><li>2-27 Compliance with laws and regulations</li></ul>	

### Why This Is Important

Compliance with laws and regulations is fundamental to maintaining business integrity and long-term success. For the Group, it provides the foundation for ethical, transparent, and sustainable business practices. Adhering to applicable legislation protects the public interest, mitigates legal and financial risks, strengthens stakeholder confidence, and enhances credibility in a competitive and increasingly regulated marketplace.

In a global business environment where expectations for corporate accountability and governance continue to rise, ensuring regulatory compliance is not only a statutory obligation but also a strategic imperative. It enables the Group to stay ahead of industry expectations, foster investor trust, and support sustainable business growth across all operational regions.

### Management Approach

The Group is firmly committed to complying with all applicable legal and regulatory requirements across its operations in Singapore, Malaysia, China, and other jurisdictions. This includes laws and standards related to environmental protection, workplace safety, anti-corruption, financial reporting, and corporate governance.

#### Key Elements of Our Compliance Approach:

- **Regulatory Identification and Access:** Each department is responsible for identifying relevant laws, regulations, permits, and industry codes of practice that apply to their operations. This includes regulatory frameworks issued by authorities such as Malaysia's Department of Environment ("DOE"), Department of Occupational Safety and Health ("DOSH"), CIDB, and National Water Services Commission ("SPAN"), as well as Singapore's Ministry of Manpower (MOM), National Environment Agency ("NEA"), Public Utilities Board ("PUB"), and Accounting and Corporate Regulatory Authority ("ACRA").
- **Ongoing Review and Monitoring:** Applicable laws and regulatory updates are monitored regularly. Any changes or new obligations are reviewed and incorporated into the Group's compliance registers and communicated to the relevant teams for implementation.
- **Communication and Training:** Regulatory updates and compliance responsibilities are shared across departments through structured internal communications and staff briefings. Managers are responsible for ensuring their teams are aware of and trained on applicable legal requirements.
- **Evaluation of Compliance:** The Group conducts periodic evaluations to assess its compliance with environmental, health and safety, and governance-related obligations. Any non-compliance identified is addressed promptly, with corrective actions implemented and, if necessary, notifications made to relevant authorities.
- **Documentation and Records:** All compliance-related documentation, including permits, licenses, inspection records, and internal assessments, are maintained in accordance with regulatory and customer requirements. Records are stored securely and are readily retrievable for audits or official inspections.



## Regulatory and Legal Compliance

### Management and Oversight

The Group's management receives timely updates on legal, listing, and corporate governance developments. The Company Secretary ensures that the management is informed of changes to SGX-ST Listing Rules, ACRA regulations, and other legal developments that may affect the Group. In parallel, the Chief Executive Officer provides updates on emerging business and regulatory risks through structured board engagements.

Recognizing the importance of continuous professional development, the Group actively encourages Board members to participate in governance, legal, and compliance-related seminars and training sessions. These programs are fully sponsored to equip directors with the skills and knowledge necessary to meet their fiduciary responsibilities effectively.



### FY2024 Performance

In FY2024, we ensured full adherence to all relevant local anti-corruption laws, regulations, and compliance standards, maintaining a strong commitment to ethical conduct. We are proud to report zero incidents of significant regulatory non-compliance, demonstrating our ongoing dedication to upholding the highest standards of integrity and transparency in all our operations.



### Target Setting

Term	Target
<b>Short Term FY2025</b>	<ul style="list-style-type: none"><li>• Maintain zero incidents of non-compliance with applicable laws and regulations across all operational jurisdictions.</li><li>• Continue to receive regular regulatory updates to uphold best governance practices, further embedding a culture of compliance and accountability throughout the organization.</li></ul>
<b>Medium Term (Till 2030)</b>	<ul style="list-style-type: none"><li>• Maintain continuous annual records with no significant non-compliance incidents, ensuring sustained compliance performance.</li></ul>
<b>Long Term (Beyond 2030)</b>	<ul style="list-style-type: none"><li>• Maintain a sustained record of non-significant regulatory violations, reflecting the long-term institutionalization of compliance and accountability in all operational aspects.</li><li>• Regularly benchmark and update governance and compliance frameworks against global and industry best practices, fostering an adaptive, resilient, and robust compliance culture.</li></ul>

# ENVIRONMENT

## KEY MATERIAL TOPICS

- Response to Climate Change
- Energy and Greenhouse Gas Emission
- Water Usage
- Waste Management



## GRI TOPICS

- GRI 302 Energy
- GRI 303 Water and Effluents Management
- GRI 305 Emissions
- GRI 306 Waste Management

## UN SDGS WE SUPPORT



## Response to Climate Change

MATERIAL TOPIC	RELEVANT SDG
<b>Response to Climate Change (TCFD)</b> <ul style="list-style-type: none"><li>• Governance</li><li>• Strategy</li><li>• Risk Management</li><li>• Metrics and Target</li></ul>	 

### Why This Is Important

The accelerating impacts of climate change, driven by rising greenhouse gas emissions, are increasingly disrupting ecosystems and threatening the stability of our planet. Rising global temperatures are melting polar ice caps, contributing to rising sea levels, and intensifying the frequency and severity of extreme weather events such as hurricanes, floods, droughts, and heatwaves. Additionally, the changing distribution and abundance of plant and animal species are further altering the natural balance. These disruptions are impacting critical sectors such as agriculture, water resources, infrastructure, and coastal communities, leading to displacement, economic losses, and significant social challenges. If left unaddressed, the consequences of global warming will continue to escalate, with far-reaching consequences for future generations. To mitigate these risks, it is vital to limit the global temperature increase to 1.5°C, as outlined in the Paris Agreement.

As a leader in providing innovative water solutions and design, Darco is uniquely positioned to make a meaningful contribution in addressing the challenges posed by climate change. The effects of global warming on water resources are particularly alarming, with shifting precipitation patterns and an increased frequency of droughts putting both potable water supplies and agricultural productivity at risk. These challenges can exacerbate water scarcity and heighten the potential for conflicts over resources, particularly in vulnerable regions. It is therefore essential to prioritize the sustainable management of water resources to ensure long-term ecological and societal resilience.

Darco remains committed to advancing water technology innovation while simultaneously reducing greenhouse gas emissions and building climate resilience across our operations. In line with the recommendations of the TCFD, we are systematically assessing the risks and opportunities climate change presents to our business.

### Management Approach

Our commitment is to thoroughly assess the risks and opportunities associated with climate change, both for our company and ongoing projects, integrating these insights into our decision-making processes based on their potential impact and significance. Furthermore, we recognize the increasing demand from stakeholders for sustainable, low-carbon, and energy-efficient technologies and services. In line with this, we ensure transparency by providing our TCFD disclosures below, outlining our approach to addressing climate-related financial risks and opportunities.



# Response to Climate Change

## Governance

Role	Responsibility
Board	The Board of Directors holds ultimate responsibility for Darco's sustainability strategy, including the management of climate-related risks and opportunities. As part of its broader risk governance framework, the Board integrates climate risks into strategic decision-making and maintains oversight of key ESG factors such as climate-related metrics, targets, and regulatory compliance. To strengthen its approach to sustainability governance, the Board actively engages in continuous learning, including attending an ESG training workshop conducted by the Singapore Institute of Directors in 2022. This training enhanced their understanding of ESG principles, regulatory developments, and industry best practices, ensuring informed decision-making in sustainability matters.
Management	The execution of Darco's climate strategies and policies is overseen by the ESG Committee, which is chaired by the CEO and comprises senior management executives. This committee plays a pivotal role in implementing sustainability initiatives, monitoring climate-related risks, and ensuring alignment with the company's long-term objectives. It provides periodic updates to the Board, facilitating informed decision-making on ESG matters. Additionally, the committee is responsible for preparing the company's sustainability reports, including compliance with the TCFD framework, for the Board's review and approval.

## Strategy

### Climate-Related Risks and Opportunities

Physical risk refers to the direct impact of environmental, climatic, or operational factors that can cause damage to infrastructure, supply chains, assets, and business continuity.

- Acute Physical Risks – Sudden events like hurricanes, earthquakes, or industrial accidents that cause immediate disruption.
- Chronic Physical Risks – Long-term climate effects such as rising temperatures, water stress, and gradual infrastructure degradation.

Transition Risk means transitioning to a lower-carbon economy may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change.

Physical Risks	
Category	Impact
Acute Risks (Near-Term: 2025–2035)	Extreme weather events (e.g., floods, storms) could disrupt operations, delay projects, damage infrastructure, and cause supply chain interruptions.
Chronic Risks (Long-Term: 2035–2100)	Rising temperatures, sea level rise, and increased frequency of droughts may affect operational efficiency, impact water availability, and reduce asset lifespan due to environmental degradation.



# Response to Climate Change

Transitional Risks	
Category	Impact
Policy and Regulatory Risks	Rising carbon pricing (e.g., Singapore’s increasing carbon tax) and stricter emission controls may raise operating costs. Compliance with ISO 14064, Greenhouse Gas Protocol, and new disclosure requirements (e.g., International Sustainability Standards Board (“ISSB”) /TCFD) is increasingly expected.
Market & Reputational Risks	As clients and investors increasingly prioritize ESG performance, companies not aligned with low-carbon and transparent operations may lose contracts and financing opportunities.
Technological Risks	Adoption of more energy-efficient or decarbonized treatment systems may require significant Research and Development (“R&D”) investment and make legacy systems obsolete.

Opportunity	
Opportunity	Impact
Resilience to Climate Change	Investing in adaptive technologies and resilient infrastructure can help Darco continue operations during extreme weather events, ensuring business continuity and attracting eco-conscious clients.
Market Growth (Sustainable Products)	As demand for sustainable water treatment and purification technologies rises, Darco can capitalize on this growing market by offering environmentally friendly solutions, enhancing revenue streams.
Innovation in Green Technologies	Developing and implementing energy-efficient or water-saving technologies can position Darco as an industry leader, reduce operational costs, and increase competitiveness in a low-carbon economy.
Strategic Partnerships (Sustainability)	Collaborating with governments, NGOs, and other businesses focused on sustainability can open new business opportunities, secure funding for green projects, and enhance Darco’s credibility in the marketplace.



## Climate Scenario Analysis

1.5°C Scenario		
Rapid Decarbonization / Low Physical Risk / High Transition Pressure		
Category	Impact	Opportunities & Responses
Regulatory & Policy Changes	Stricter discharge standards, high carbon taxes (e.g., Singapore: \$50–80 per tonne of CO <sub>2</sub> equivalent (“tCO <sub>2</sub> e”) by 2030), mandatory ESG disclosures.	Invest in low-energy water treatment systems, energy recovery units, and compliance with ISSB/GRI climate disclosures.
Technology Adoption	Market shifts to zero-discharge systems, solar-assisted filtration, green building certifications.	Accelerate R&D in membrane efficiency, automation, and circular water reuse systems
Customer Expectations	Industries demand carbon-neutral water services; preference for vendors with monitored GHG reporting system.	Leverage green certifications and ESG scores to win competitive bids and public-private partnerships



## Response to Climate Change

Green Finance	High access to green bonds, ESG-linked loans, and government grants in all three countries	Expand access to concessional funding for project deployment and digital water infrastructure upgrades.
Physical Risk	Lower exposure to extreme weather events due to global climate mitigation success	Limited adaptation costs; focus remains on energy efficiency and emissions mitigation.

2°C Scenario Slower Decarbonization / Higher Physical Risk / Moderate Transition Pressure		
Category	Impact	Opportunities & Responses
Extreme Weather Events	More frequent floods, droughts, and heatwaves affect project delivery.	Build flood-resistant infrastructure, update project planning to include climate buffers, and design modular/mobile systems.
Sea Level Rise	Coastal vulnerability increases in Singapore and Malaysia; resilience planning becomes critical.	Invest in elevation design, coastal resilience planning, and decentralization of infrastructure.
Cooling Demand	Rising temperatures drive higher energy use. Darco must improve cooling efficiency.	Optimize building energy management systems (“EMS”), upgrade to low-energy cooling systems
Health & Safety Risks	Greater exposure of field staff to heat stress and vector-borne diseases	Redesign work shifts, invest in wearables/heat monitoring, strengthen Emergency Response Team (“ERT”) protocols
Regulatory Delay	Carbon pricing and ESG frameworks adopted inconsistently; increased scrutiny from international investors	Prepare dual-track compliance: local adaptation + global disclosure (e.g., Carbon Disclosure Project (“CDP”), TCFD, ISSB), differentiate through voluntary leadership
Business Continuity	Supply chain disruptions and delayed project schedules due to environmental instability	Build redundancy into sourcing, localize critical parts, and implement AI-powered project risk forecasting.

### Geographic Observations

Location	1.5°C Scenario	2°C Scenario
Singapore	Strong regulatory alignment; carbon tax ramp-up and water reuse innovation (NEWater).	Likely to face heatwaves, flash floods, and pressure on infrastructure resilience; government investment in coastal protection will rise.
Malaysia	Growing momentum via National Water Balance Management System (“NAWABS”); need to support utility modernization.	Higher likelihood of monsoon variability, water stress, and flood events in industrial zones.
China	Tightening rules under the Dual Carbon Goals; focus on smart water grids and zero-discharge industrial zones.	North-south water stress divide worsens; stricter enforcement of industrial effluent standards amid pollution concerns.



## Response to Climate Change

### **Strategic Response Across Both Scenarios**

Regardless of the pathway, Darco is committed to future-proofing its business by:

- Scaling low-carbon technologies in industrial and municipal water treatment
- Designing modular and adaptive systems for use in climate-vulnerable regions
- Investing in digital twins, remote monitoring, and early warning platforms for water security
- Expanding green finance eligibility and partnerships with global ESG-conscious clients
- Integrating climate scenario planning into our enterprise risk and investment framework

### **Climate Risk Management**

#### **Risk Management Framework**

Darco integrates climate-related risks into its broader enterprise risk management (“ERM”) system, ensuring that climate issues are considered alongside financial, operational, and reputational risks. This integrated framework enables cross-functional decision-making and long-term scenario planning.

#### **Process for Identifying and Assessing Climate Risks**

The identification and assessment of climate-related risks at Darco follow a structured and forward-looking approach. This process includes:

- **Stakeholder Engagement:** Inputs are gathered from internal stakeholders (senior management, operations, finance, and sustainability teams) and external stakeholders (customers, regulators, industry associations, investors) to ensure broad-based understanding of risk exposure.
- **Scenario Analysis:** Darco conducts climate scenario modelling using the 1.5°C and 2°C pathways to assess potential financial and operational impacts under varying climate futures. These scenarios help evaluate both acute physical risks (e.g., flooding, typhoons) and long-term transition risks (e.g., carbon taxation, fuel transition in marine logistics).
- **Predictive Analytics:** To stay ahead of climate trends, the Group employs industry data and regulatory forecasts to analyse changes in emissions legislation, energy costs, material sourcing risks, and customer expectations across Singapore, Malaysia, and China.

This risk identification approach supports project-level risk reviews, capital investment assessments, and ESG strategy development.

#### **Integration into Enterprise Risk Management**

Darco embeds climate risk into its QEHS Management Systems and broader ERM through:

- **Cross-functional Coordination:** Climate risk management is integrated across sustainability, finance, and operations teams to ensure alignment in procurement, design, logistics, and capital planning decisions.
- **Continuous Monitoring:** Risks such as regulatory tightening, operational disruption from weather extremes, and carbon pricing exposure are regularly tracked and updated in risk registers.
- **Stress Testing and Emergency Preparedness:** Regular drills, site-level climate risk assessments, and emergency response planning reinforce readiness for climate-related disruptions, including coastal flooding and heat-related work hazards.
- **Investment and Procurement Alignment:** Capital planning incorporates climate resilience criteria, and procurement teams evaluate suppliers on their environmental performance and climate preparedness.

#### **Supplier and Supply Chain Climate Risk Management**

Darco’s supply chain is critical to its delivery of infrastructure projects and logistics services. To manage climate-related supply chain disruptions, the Group has implemented:

- **Climate-Resilient Procurement:** Supplier selection includes assessments of ESG credentials, environmental compliance, and resilience to climate-related events (e.g., flooding, droughts affecting material availability).
- **Supplier Diversification:** Key components and logistics routes are diversified geographically to minimize dependence on climate-vulnerable regions. Contingency sourcing and alternative shipping arrangements are embedded in strategic procurement plans.



## Response to Climate Change

- **Vendor Engagement:** Darco works closely with suppliers and contractors to raise climate awareness, implement environmental protection measures, and co-develop sustainability initiatives that strengthen overall value chain resilience.

### Climate Risk Management

Component	Description	Relevance to Darco
Risk Identification	The first step is identifying both physical and transition risks that could affect Darco's operations, supply chain, and market position	Map out potential physical risks and transition risks. Conduct scenario analyses.
Risk Assessment	Assess the likelihood and impact of the identified risks, prioritizing the most critical ones to address first.	Quantify potential financial impacts of water scarcity and extreme weather events. Evaluate potential regulatory compliance costs. Conduct a vulnerability assessment for key assets.
Adaptation Strategies	Develop strategies to reduce vulnerability and increase resilience against identified climate risks.	Implement water-saving technologies and improve resource efficiency. Adapt infrastructure to withstand extreme weather events. Develop contingency plans for disruptions in water availability.
Mitigation Strategies	Take proactive measures to reduce the company's carbon footprint and other environmental impacts to help avoid worsening climate change.	Implement energy-efficient systems in water treatment processes. Shift to renewable energy sources where possible. Develop carbon-neutral solutions
Stakeholder Engagement	Engage stakeholders such as investors, clients, governments, and communities to communicate the company's climate risk management efforts and build collaborative solutions.	Engage with customers and suppliers to promote sustainable practices. Participate in industry groups focused on sustainability. Work with governments on climate adaptation policies.
Monitoring & Reporting	Continuously track climate risks, the effectiveness of mitigation and adaptation strategies, and evolving regulations. Provide regular updates on climate risk management efforts.	Implement systems to monitor climate-related metrics (e.g., water usage, carbon emissions). Report on progress toward sustainability goals in annual reports or sustainability disclosures.
Climate Risk Governance	Assign responsibilities for climate risk management within the organization and integrate climate risk into overall corporate governance and decision-making.	Establish a climate risk committee or designate a sustainability officer. Ensure that climate risks are integrated into strategic planning and business operations.

### Climate Risk Management

We have performed a qualitative analysis based on the TCFD risk types and classification.



## Response to Climate Change

### Acute Physical Risks (Near-Term: 2025–2035)

Type of Risk	Description	Potential Impacts	Mitigation Measures
Heavy Rainfall & Flash Floods	Sudden downpours could damage construction sites, project facilities, and test areas.	Equipment and material damage, project delays, higher maintenance costs, safety hazards.	Site-specific drainage improvements, elevated storage areas, flood barriers, emergency SOPs.
Storm Surges & Coastal Flooding	Increased storm intensity and tidal flooding, especially at coastal and low-lying facilities in Malaysia and Singapore.	Infrastructure inundation, project suspension, logistics interruption.	Relocation planning, early warning systems, collaboration with local authorities for zoning awareness.
Lightning & Thunderstorms	Frequent storms disrupt field work, expose teams to injury risk, and damage sensitive testing equipment.	Productivity loss, increased insurance costs, health and safety exposure.	Weather monitoring apps, staff training, personal protective policies, resilient site design.
Heatwaves	Frequent high-temperature days can reduce worker productivity and equipment reliability, especially at exposed project sites.	Heat stress, dehydration risks, equipment overheating, downtime.	Adjusted work shifts, shaded rest zones, hydration protocols, use of heat-resistant materials.

### Chronic Physical Risks (Long-Term: 2035–2100)

Type of Risk	Description	Potential Impacts	Mitigation Measures
Sea Level Rise	Anticipated 0.5–1.0m sea rise by 2100 in Southeast Asia.	Threat to coastal facilities, flooding of pump stations, wastewater treatment plant basins.	Long-term site planning, coastal elevation studies, reinforced embankments, backup pumping systems.
Rising Ambient Temperatures	Higher baseline temperatures raise energy needs for cooling and reduce material lifespan.	Increased energy costs, heat-related worker illnesses, premature corrosion of structures.	Energy-efficient building retrofits, improved HVAC systems, climate-robust design in new builds.
Water Stress	Reduced rainfall and unpredictable monsoons could stress water sources in some regions.	Potential project disruptions in water-dependent processes, especially in membrane filtration and rinsing.	Water reuse technology, treated wastewater recycling, adaptive water sourcing models.
Ecosystem Degradation	Climate-induced shifts in water quality (e.g., eutrophication, salinity).	Reduced availability of clean source water for treatment, more complex treatment requirements.	Integration of advanced treatment technologies (e.g., ozone, membrane bioreactors), monitoring programs.



## Response to Climate Change

### Transition Risks (2025–2050)

Type of Risk	Description	Potential Impacts	Mitigation Measures
Policy & Regulatory Risk	Increasing carbon pricing, tighter discharge/emission limits, and mandatory ESG disclosures	Higher compliance costs, operational upgrades required, project delays due to permitting.	Early compliance with ISO 14064/50001, investment in low-emission systems, adoption of TCFD/ISSB reporting standards.
Technology Risk	Rapid shift toward low-emission and digitalized infrastructure may render older systems less competitive.	R&D expenditure to update systems, stranded asset risk.	Ongoing R&D, modular design philosophy, partnerships with green tech providers.
Market Risk	Shift in customer and investor preference toward ESG-aligned vendors and certified sustainable solutions.	Loss of market share, difficulty in accessing green financing.	Green branding, certifications, sustainability-linked service offerings, active.
Reputation Risk	Perception of poor climate leadership or environmental violations could impact stakeholder trust.	Damage to brand equity, reduced customer retention, difficulty hiring/retaining talent.	Transparent disclosure (GRI/TCFD), proactive sustainability campaigns, employee engagement on climate leadership.
Financing Risk	ESG screening criteria from lenders and investors could limit access to capital for carbon-intensive activities.	Higher borrowing costs, limited eligibility for funding.	Green bonds, ESG-linked loans, early alignment with banks' sustainable finance criteria.

### Metrics and Target

The Group tracks the following climate performance indicators:

- Energy Consumption (kWh, gigajoules ("GJ"))
- Total Annual Carbon Emissions (Scope 1 and 2)
- Carbon Intensity
- Operational Disruptions Due to Climate Events

Increase the percentage of renewable energy usage, ensure zero operational disruptions caused by climate events. Tracking our Scope 1, 2 and 3 carbon emission.

More details of Metrics and Target are being disclosed under Energy and Greenhouse Gas Emission Section.



### FY2024 Performance

In FY2024, the Group reported zero operational disruptions due to the adverse climate event, thus meeting our target for FY2024.



## Response to Climate Change

### Target Setting

Term	Target
<b>Short Term FY2025</b>	<ul style="list-style-type: none"> <li>• Monitor and track Scope 1 and 2 greenhouse gas (“GHG”) emissions performance.</li> <li>• Kick off Scope 3 emissions data collection process to assess supply chain emissions.</li> <li>• Ensure no significant operational disruptions or project delays due to adverse climate conditions.</li> </ul>
<b>Medium Term (Till 2030)</b>	<ul style="list-style-type: none"> <li>• Collect data for Scope 3 emissions to assess supply chain emissions.</li> <li>• Identify and incorporate sustainable technologies and design solutions in operational activities.</li> <li>• Maintain zero significant operational disruptions or project delays due to adverse climate conditions.</li> </ul>
<b>Long Term (Beyond 2030)</b>	<ul style="list-style-type: none"> <li>• Align the Group’s emission reduction efforts with Singapore’s national carbon reduction strategy and targets.</li> <li>• Continue comprehensive monitoring, reporting, and managing of GHG emissions across all scopes.</li> <li>• Strengthen resilience to climate risks, ensuring continuous operational stability.</li> </ul>



## Energy and Greenhouse Gas Emission

MATERIAL TOPIC	RELEVANT SDG
<b>GRI 302 Energy</b> <ul style="list-style-type: none"> <li>302-1 Energy consumption within the organization</li> </ul> <b>GRI 305 Emissions</b> <ul style="list-style-type: none"> <li>305-1 Direct (Scope 1) GHG emissions</li> <li>305-2 Energy indirect (Scope 2) GHG emissions</li> </ul>	 

### Why This Is Important

The urgency of reducing GHG emissions has never been greater, as these emissions are a major contributor to global warming and climate change. The resulting environmental consequences—including extreme weather events, biodiversity loss, water scarcity, and disruptions to food systems—represent not only ecological threats but also material risks to business operations and global supply chains.

As a forward-thinking company engaged in shipping, logistics, marine engineering, and infrastructure services, Darco Water Systems Sdn Bhd recognizes its responsibility to lead in climate action. Our approach to managing energy consumption and emissions is rooted in the principles of sustainability, regulatory compliance, and long-term resilience. By minimizing our carbon footprint, we not only ensure adherence to global environmental standards but also mitigate financial risks associated with volatile energy prices and emerging carbon tax regimes.

Beyond regulatory requirements, our energy and emissions strategies reflect a broader commitment to marine ecosystem protection, operational efficiency, and leadership in low-carbon industrial solutions. Our efforts contribute to a healthier environment and reinforce our position as a responsible and sustainable business in a rapidly evolving global economy.

### Management Approach

Darco adopts a systematic, data-driven approach to managing energy use and greenhouse gas emissions across its facilities and operations. Our strategy includes:

- **Energy Efficiency:** We continuously optimize energy performance through better equipment design, efficient technologies, and behavioural improvements across all functions—from project engineering and construction to administrative operations.
- **GHG Monitoring:** We measure, monitor, and manage Scope 1 and Scope 2 GHG emissions using internationally recognized methodologies including the TCFD framework and Greenhouse Gas Protocol. Scope 1 emissions mainly arise from fuel usage in company vehicles and machinery, while Scope 2 emissions stem from electricity consumption in our offices and operations.
- **Sustainable Infrastructure:** Our Malaysian facility participates in the Net Energy Metering (NEM) scheme, generating clean electricity through rooftop solar PV systems. This supports both on-site renewable energy use and export of excess power to the grid, effectively reducing our reliance on fossil fuel-based electricity.

### Key Initiatives and Practices

To reduce emissions and improve energy performance, the Group has implemented the following measures:

- **Resource Optimization:** Unused workspaces are strategically closed off, with air-conditioning systems deactivated to minimize unnecessary energy draw.
- **Smart Cooling Systems:** Modular air-conditioning units are deployed in administrative spaces, allowing precise control of cooling loads and reducing overall electricity consumption.



## Energy and Greenhouse Gas Emission

- Solar Integration: Rooftop solar panels are installed to support renewable energy goals and reduce Scope 2 emissions in facilities where infrastructure permits.
- Data Governance: We maintain a comprehensive GHG tracking and reporting system, allowing us to assess performance, identify reduction opportunities, and set achievable targets.

In FY2024, we are focusing on enhancing the accuracy and consistency of our GHG inventory to establish robust baselines for medium- and long-term targets.

### **Environmental Management and Compliance**

Darco's energy and emissions programs are managed through our certified Environmental Management System based on ISO 14001:2015. This system facilitates identification of environmental aspects and risks—including energy use, pollution, and chemical handling—and ensures implementation of mitigation measures at each project site.

Each project undergoes a detailed Environmental Aspects and Impacts Assessment, encompassing energy consumption, waste and water management, land use, biodiversity, and spill prevention. Based on these evaluations, our environmental teams set performance targets, implement protection measures, and track improvements over time.



### **FY2024 Performance**

#### **Energy Consumption Performance**

In FY2024, the Group's total energy consumption amounted to 7,656.20 GJ, comprising 6,027.88 GJ from diesel and petrol combustion by vehicles, and 1,628.32 GJ from grid and solar electricity consumption.

As compared to FY2023, our diesel consumption decreased slightly by 0.1%, while petrol consumption increased by 8.0%. Electricity consumption also rose by 3.1%. Altogether, these changes contributed to a 4.2% increase in overall energy consumption in FY2024.

Correspondingly, our energy consumption intensity rose from 113.0 to 131.8 GJ per S\$ mil revenue, representing a 16.6% increase year-on-year.

#### **Fuel Consumption (L) FY2022-FY2024**

Fuel	Consumption (L)		
	FY2022	FY2023	FY2024
Diesel	46,419.98	49,244.67	49,213.98
Petrol	187,695.96 <sup>(1)</sup>	120,022.66	129,652.64

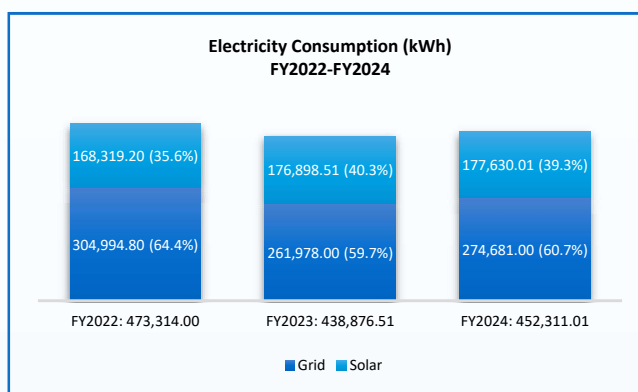
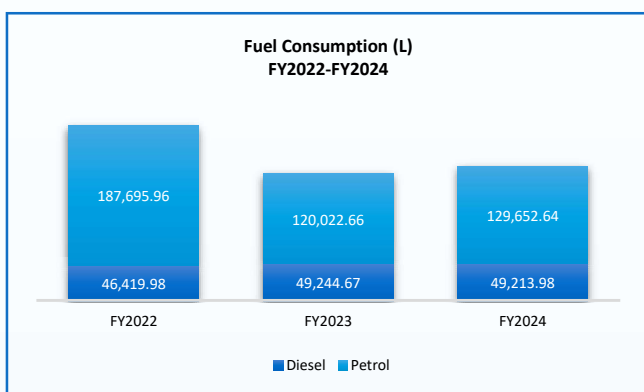
Note: (1) The decrease in petrol consumption from FY2022 was attributed to the exclusion of employee fuel allowances from the overall petrol usage calculations for WHKD.



## Energy and Greenhouse Gas Emission

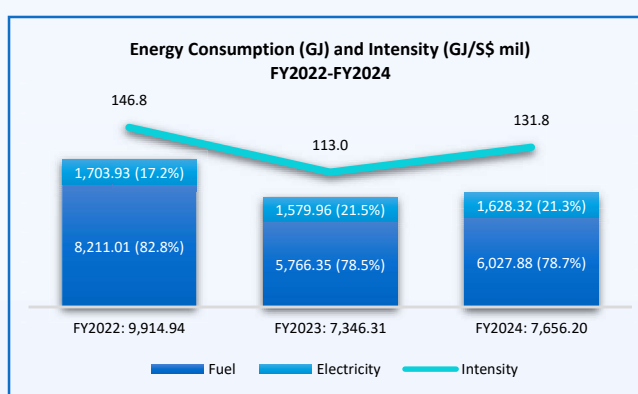
### Electricity Consumption (kWh) FY2022-FY2024

Electricity	Procurement Spending		
	FY2022	FY2023	FY2024
Grid	304,994.80	261,978.00	274,681.00
Solar	168,319.20	176,898.51	177,630.01
<b>Total</b>	<b>473,314.00</b>	<b>438,876.51</b>	<b>452,311.01</b>



### Energy Consumption (GJ) FY2022-FY2024

Energy Source	Energy Consumption (GJ)		
	FY2022	FY2023	FY2024
Fuel	8,211.01	5,766.35	6,027.88
Electricity	1,703.93	1,579.96	1,628.32
<b>Total</b>	<b>9,914.94</b>	<b>7,346.31</b>	<b>7,656.20</b>



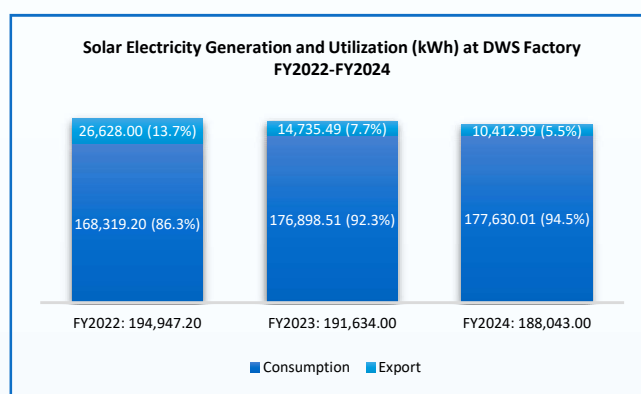
### Solar Electricity Generation and Utilization Performance

In FY2024, our solar electricity generation reached 188,043.00 kWh. Of this, 94.5% was utilised to meet our internal energy needs, while the remaining surplus was exported to the grid, contributing to renewable energy adoption and grid decarbonisation.

## Energy and Greenhouse Gas Emission

### Solar Electricity Generation and Utilization (kWh) at DWS Factory FY2022-FY2024

Generation/Utilization	Solar Electricity (kWh)		
	FY2022	FY2023	FY2024
Generation	194,947.20	191,634.00	188,043.00
Consumption	168,319.20	176,898.51	177,630.01
Export	26,628.00	14,735.49	10,412.99



### Emission Performance

In FY2024, the Group's total GHG emissions amounted to 609.47 tCO<sub>2</sub>e. Scope 1 emissions from fuel consumption contributed 427.73 tCO<sub>2</sub>e, while Scope 2 emissions from grid electricity usage accounted for 181.74 tCO<sub>2</sub>e. The Group's emissions intensity stood at 10.5 tCO<sub>2</sub>e per S\$ mil revenue.

Compared to FY2023, Scope 1 emissions increased by 4.4%, and Scope 2 emissions rose by 5.8%. Altogether, this led to a 4.8% increase in total GHG emissions and an 17.3% rise in emissions intensity in FY2024.

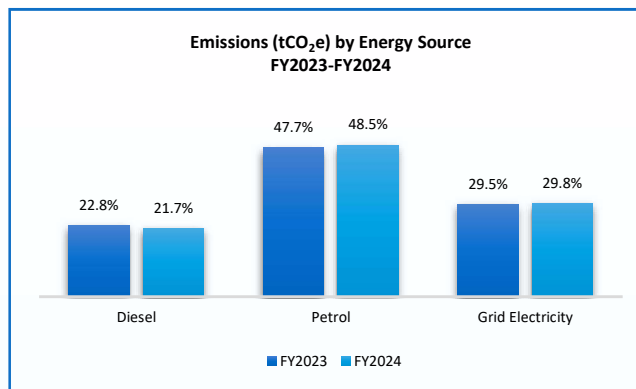
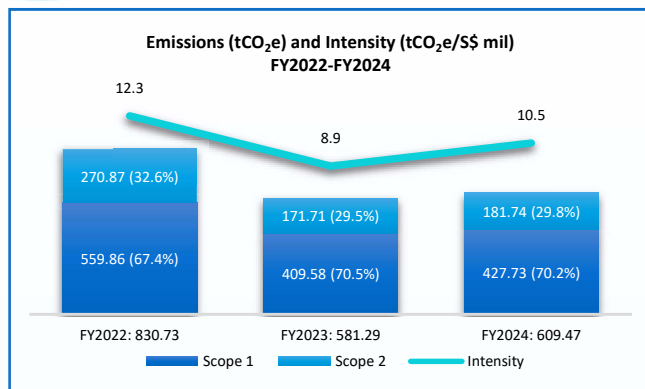
### Emissions (tCO<sub>2</sub>e) by Category FY2022-FY2024

Category	Emissions (tCO <sub>2</sub> e)		
	FY2022	FY2023	FY2024
Scope 1	559.86 <sup>(1)</sup>	409.58	427.73
Scope 2	270.87 <sup>(2)</sup>	171.71	181.74
Total	830.73	581.29	609.47

(1) The over-estimated Scope 1 emissions in FY2022 were attributed to the inclusion of employee fuel allowances under WHKD, which have since been excluded from the company's reported petrol usage and GHG emissions starting FY2023.

(2) The over-estimated Scope 2 emissions in FY2022 resulted from the erroneous inclusion of a significant portion of DWS factory's electricity consumption generated from solar panels, which do not emit greenhouse gases. This has been corrected in subsequent reporting years.

## Energy and Greenhouse Gas Emission



We have adopted GHG Protocol for calculate our energy consumption and emission:

**Scope 1:** We adopted Singapore NEA Reckonable GHG Emissions Calculator (<https://www.nea.gov.sg/our-services/climate-change-energy-efficiency/climate-change/carbon-tax>), which is based on the 2006 IPCC Guidelines.

**Scope 2:** We adopted GHG Protocol calculation methodology. Singapore purchased electricity were calculated using the grid emission factor (“EF”) for Singapore (0.412 kg CO<sub>2</sub>e/kWh in 2023) as per Energy Market Authority (“EMA”)’s Singapore Energy Statistics 2024 (<https://www.ema.gov.sg/resources/singapore-energy-statistics/chapter2>); Malaysia grid EF was based on 0.774 Gg CO<sub>2</sub>/GWh for Peninsular Malaysia in 2022, obtained from MyEnergyStats (<https://myenergystats.st.gov.my/documents/d/guest/grid-emission-factor-gef-in-malaysia>); China grid EF was based on 0.5366 kg CO<sub>2</sub>/kWh in 2022 from Ministry of Ecology and Environment of the People’s Republic of China ([https://www.mee.gov.cn/xxgk2018/xxgk/xxgk01/202412/t20241226\\_1099413.html](https://www.mee.gov.cn/xxgk2018/xxgk/xxgk01/202412/t20241226_1099413.html)).

### Target Setting

Term	Target
<b>Short Term FY2025</b>	<ul style="list-style-type: none"> <li>Monitor and track Scope 1 and 2 GHG emissions performance.</li> <li>Collect data for Scope 3 emissions to assess supply chain emissions.</li> </ul>
<b>Medium Term (Till 2030)</b>	<ul style="list-style-type: none"> <li>Maintain ongoing monitoring and reporting of Scope 1, 2, and Scope 3 emissions.</li> <li>Identify and understand emission hotspots within operations and supply chain to implement emission reduction initiatives.</li> </ul>
<b>Long Term (Beyond 2030)</b>	<ul style="list-style-type: none"> <li>Align the Group’s emission reduction efforts with Singapore’s national carbon reduction strategy and targets.</li> <li>Continue comprehensive monitoring, reporting, and managing of GHG emissions across all applicable scopes.</li> </ul>



## Water Usage

MATERIAL TOPIC	RELEVANT SDG
<b>GRI 303 Water and Effluents</b> <ul style="list-style-type: none"><li>• 303-2 Management of water discharge- related impacts</li><li>• 303-5 Water consumption</li></ul>	  



### Why This Is Important

Water management is a fundamental pillar of the Group, deeply embedded in our operational ethos and strategic vision. As a leader in the field of water and wastewater treatment, we recognize that effective water management extends far beyond conservation and efficiency—it is about safeguarding the resilience, sustainability, and security of water resources that are essential to industrial progress, economic growth, and societal well-being.

With our specialized expertise in engineering and deploying advanced treatment solutions, Darco plays a pivotal role in ensuring the availability and quality of water across a wide range of applications. Our technologies are designed to meet the rigorous water quality standards required by key sectors while preserving water ecosystems and minimizing pollution risks. As water scarcity becomes an increasingly urgent global concern, we continue to pioneer sustainable water management approaches that address both current demands and future challenges.

Our commitment goes beyond delivering technical solutions—it reflects a responsibility to protect natural water systems and serve the needs of communities and ecosystems. Through innovation, operational excellence, and a deep-rooted sustainability mindset, we empower industries and municipalities to reduce their water footprint, lower environmental impacts, and build long-term water security.



### Management Approach

At Darco, our water management strategy is anchored in risk mitigation, resource conservation, and full regulatory compliance. We deliver a wide array of industrial water and wastewater treatment services designed to meet the growing demand for clean, sustainable water use. These services include zero-discharge systems, municipal water treatment solutions, and proprietary technologies deployed across more than 2,000 projects worldwide.

Our team of skilled engineers and operators leverages state-of-the-art technologies to ensure that water and wastewater are treated efficiently, removing harmful substances while safeguarding public health and environmental quality. All treatment processes are designed to comply fully with applicable environmental laws and guidelines.

Internally, we source water solely from municipal supplies and implement conservation-focused practices to minimize our own water use. Water is consumed mainly in equipment rinsing, system testing, and operational hygiene. To further support sustainable water use, we have launched a Water Management Program that documents and monitors all water inflows and outflows, characterizing source quality, usage patterns, and discharge points. This system ensures optimal usage efficiency and environmental responsibility across all operational sites.

Wastewater generated during our activities is either treated in-house or discharged in compliance with the Environmental Quality (Industrial Effluent) Regulations 2009, following strict sampling and monitoring protocols. Where required, effluents are pre-treated to meet regulated discharge standards. Discharge points are regularly assessed under the Environmental Aspect Evaluation Procedure to prevent contamination of natural water bodies, especially under abnormal or emergency operating conditions.



### **Responsible Chemical and Emergency Management**

Recognizing the potential risks of water contamination through chemical leaks or improper handling, DWS has implemented a robust Chemical Control Procedure. This procedure governs the safe receipt, storage, use, and disposal of all chemicals used in water treatment processes. Each chemical is supported by an up-to-date Safety Data Sheet (“SDS”), and personnel are trained in proper handling techniques and emergency response measures.

To reinforce our commitment to zero chemical spills, we have established a comprehensive Emergency Preparedness and Response Procedure. This protocol equips our Emergency Response Team to respond quickly and effectively in the event of any spill, leakage, or release of hazardous substances, minimizing environmental impact and safeguarding human health.

### **Performance Monitoring and Continuous Improvement**

Our Water Management Program includes scheduled inspections, internal audits, and performance evaluations to ensure that all water-related activities remain within target thresholds. Discharge quality is routinely monitored for parameters such as pH, COD, TSS, and other pollutants, with results documented and reviewed by environmental and operations personnel.

To cultivate a water-conscious culture within the organization, we conduct regular employee training and awareness programs focused on water conservation, pollution prevention, and operational efficiency. We also conduct evaluations to identify high-usage areas and introduce reduction initiatives, such as equipment upgrades, improved rinsing methods, and process optimization.

### **Providing Access to Clean Water in Vietnam**

Access to clean water in Vietnam, the third most populous country in Southeast Asia with over 90 million people remains a significant challenge, particularly for the rural poor. The gap between the provision of water supply and sanitation services for the rural poor and urban non-poor is widening, with 72% of the rural population using non-piped water compared to 55% of the national population and 20% of the urban population. To close these gaps, more innovative financing and increased effectiveness are needed. However, access to private sector finance is limited due to low tariffs, which do not cover investment costs and the high volume of non-revenue water.

### **Our Project**

Darco and InfraCo Asia are jointly developing a Water Supply Portfolio to enhance private sector involvement in water supply projects in Vietnam, thereby meeting its goals of universal access to safe drinking water by 2030. InfraCo Asia is part of the Private Infrastructure Development Group, which deploys funding and expertise to de-risk the early-stage development of socially responsible and sustainable infrastructure projects that make a lasting impact on people and economies, in alignment with the UN Sustainable Development Goals.

The Portfolio comprises a water distribution system aimed at providing 24x7, treated and piped water to 16 communes and one industrial area in Ben Tre province, serving individuals who are highly reliant on rainwater collection for daily use. Following the completion of the development, the portfolio is expected to deliver 15,000 m<sup>3</sup>/day of clean water supply directly to rural households and industrial facilities.

### **Our Impact**

The portfolio is set to deliver better water supply services and initial access to a dependable piped water supply to several households, especially those residing in areas with high reliance on rainwater collection for daily use.

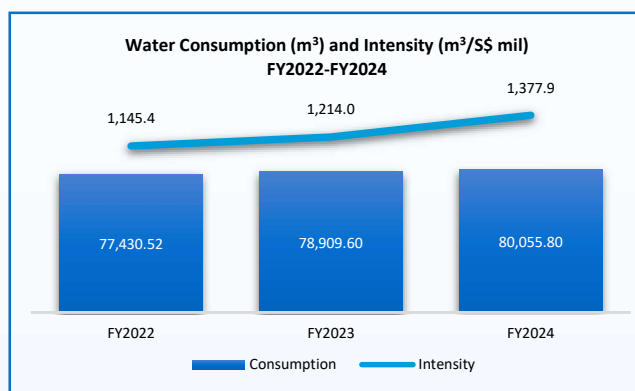
## Water Usage

### FY2024 Performance

In FY2024, the Group's overall water consumption amounted to 80,055.80 cubic metres ("m<sup>3</sup>"), marking a 1.5% increase compared to FY2023, while our water consumption intensity increased by 13.5%.

#### Water Consumption (m<sup>3</sup>) FY2022-FY2024

Water Consumption (m <sup>3</sup> )		
FY2022	FY2023	FY2024
77,430.52	78,909.60	80,055.80



In 2024, we recorded zero instances of non-compliance with water-related discharge regulations, thus meeting our target.

### Target Setting

Term	Target
<b>Short Term FY2025</b>	<ul style="list-style-type: none"> <li>Maintain zero incidents of illegal discharge or spillage, continuously maintaining full compliance with all water-related regulatory standards and ensuring zero penalties or fines from regulatory bodies.</li> </ul>
<b>Medium Term (Till 2030)</b>	<ul style="list-style-type: none"> <li>Set up water consumption reduction target.</li> <li>Maintain zero incidents of illegal discharge or spillage, continuously maintaining full compliance with all water-related regulatory standards and ensuring zero penalties or fines from regulatory bodies.</li> </ul>
<b>Long Term (Beyond 2030)</b>	<ul style="list-style-type: none"> <li>Lead industry initiatives for water conservation practices and share best practices with industry partners to foster sector-wide improvements in water resource management.</li> </ul>



## Waste Management

MATERIAL TOPIC	RELEVANT SDG
<b>GRI 306 Waste</b> <ul style="list-style-type: none"><li>• 306-2 Management of significant waste-related impacts</li><li>• 306-3 Waste generated</li></ul>	 



### Why This Is Important

A comprehensive waste management system is a cornerstone of the Group's commitment to sustainable development and responsible corporate citizenship. By implementing efficient waste management practices, the company not only minimizes its environmental impact but also enhances cost efficiency, ensuring long-term economic sustainability.

Beyond cost reduction, a well-structured waste management approach reinforces the Group's dedication to environmental stewardship, helping to preserve natural ecosystems and reduce its ecological footprint. Additionally, it fosters regulatory compliance, mitigates risks associated with waste disposal, and strengthens the company's reputation among stakeholders, including customers, investors, and regulatory bodies.

By integrating economic, environmental, and social considerations, the Group demonstrates industry leadership in sustainability, setting a high standard for peers while fostering goodwill within the communities it serves. This holistic approach aligns with the Group's vision of responsible growth, ensuring that its operations contribute positively to both business success and societal well-being.



### Management Approach

DWS generates several types of waste through its fabrication, installation, blending, and servicing activities. These include scheduled waste, which is hazardous and subject to strict regulatory control, and non-scheduled waste, which includes general office, packaging, and recyclable materials. The most significant environmental impacts arise from scheduled wastes such as used chemical containers, contaminated rags and filters, sludge from metal-containing wastewater, and spent activated carbon.

To identify and evaluate waste-related impacts, we use a structured environmental aspect identification and assessment process. This involves process flow analysis, site observation, lifecycle evaluation, expert consultation, and employee input. Environmental impacts are assessed across normal, abnormal, and emergency operating conditions, taking into account both past and potential future activities. Any waste-related factor with the potential for significant harm is recorded as a significant environmental aspect and prioritized for control.

The Group also implements a comprehensive waste management system as documented in our Waste Management System Procedure. Waste is classified into several categories: recyclable waste, normal waste, scrap, and scheduled waste. Our management strategy is structured as follows:

#### For Scheduled Waste

A Scheduled Waste Competent Person is appointed to identify waste types, confirm DOE codes, and notify changes through the eSWIS platform.

Waste is stored in designated, labelled areas with appropriate signage and segregated according to compatibility risks. Staff handling hazardous waste are provided with personal protective equipment ("PPE") and trained in accordance with SDS recommendations and the Chemical Control Procedure.



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The Group also implements a comprehensive waste management system as documented in our Waste Management System Procedure. Waste is classified into several categories: recyclable waste, normal waste, scrap, and scheduled waste. Our management strategy is structured as follows:

#### **For Scheduled Waste**

A Scheduled Waste Competent Person is appointed to identify waste types, confirm DOE codes, and notify changes through the eSWIS platform.

Waste is stored in designated, labelled areas with appropriate signage and segregated according to compatibility risks. Staff handling hazardous waste are provided with personal protective equipment (“PPE”) and trained in accordance with SDS recommendations and the Chemical Control Procedure.

Licensed contractors collect and dispose of scheduled wastes according to the national guidelines. In the event of a chemical spill or accidental release, the Emergency Preparedness and Response Procedure is activated. Our ERT is trained to respond swiftly to minimize risk to people and the environment.

#### **For Non-Scheduled Waste**

Waste such as cardboard, plastic, and uncontaminated materials is sorted into recyclable and non-recyclable categories. Proper containers are provided throughout operational areas, and contracted service providers collect and dispose of general waste responsibly. All staff receive awareness training on proper waste segregation, handling, and the importance of reducing environmental impact.

Waste management responsibilities are clearly assigned at every level of the organization, from department heads to line staff. Waste control measures for significant environmental aspects follow the hierarchy of elimination, reduction, prevention, and control. These are defined in our Important Environmental Aspects Control Plan and reviewed periodically to ensure relevance and effectiveness.

#### **Paper Recycling**

The Group is committed to minimizing paper waste as part of our broader sustainability efforts. To achieve this, we have implemented a comprehensive recycling initiative across our offices. Our key strategies for reducing paper usage include transitioning to digital platforms, promoting mindful and necessity-based printing, setting double-sided printing as the default, and prioritizing emails over faxes to minimize paper dependency. Additionally, we ensure proper segregation of paper waste to enhance recycling efficiency. To further optimize resource utilization, we repurpose the reverse side of single-sided printed documents for internal drafts and non-official use. Through these initiatives, we aim to foster an environmentally responsible workplace while improving operational efficiency.



## Waste Management

### Food Waste Management

The Group's subsidiary, PVV, has entered into a Memorandum of Understanding ("**MOU**") with Insect Feed Technologies ("**Insect Feed**") and Republic Polytechnic ("**RP**") to jointly develop an advanced, fully automated recycling solution that transforms food waste into commercially viable products.

This collaboration aims to integrate PVV's Pneumatic Waste Conveyance System with Insect Feed's proprietary black soldier fly (*Hermetia illucens*) bioconversion technology to create a seamless, automated food waste recycling system tailored for districts and large-scale commercial and industrial developments. As part of the agreement, PVV and Insect Feed will co-own the Intellectual Property rights associated with these integrated technologies.

Beyond technology development, the partnership will focus on research, testing, and industry applications, providing RP students with valuable learning opportunities, including internships, hands-on projects, and specialized workshops. This initiative supports Singapore's national efforts to address the escalating issue of food waste, which has surged by 20% over the past decade, as reported by the Ministry of Sustainability and the Environment. By leveraging innovation and education, this collaboration contributes to a more sustainable and circular economy.

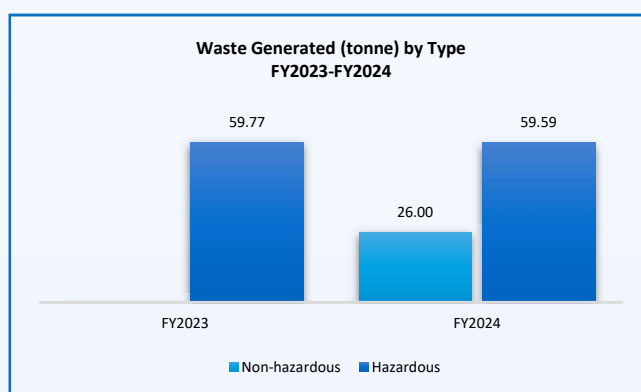


### FY2024 Performance

In FY2024, the Group continued to enhance data collection for waste generation. From DWS and DIW, we recorded 26.00 tonnes of non-hazardous general waste and 59.59 tonnes of hazardous waste from wastewater treatment. The hazardous waste was properly treated through methods such as physical/chemical treatment, recovery, cementation, and incineration, in accordance with the Malaysia DOE regulations, based on the specific waste type.

### Waste Generation (tonne) by Type FY2023-FY2024

Type	Waste Generated (tonne)	
	FY2023	FY2024
Non-hazardous	-	26.00
Hazardous	59.77	59.59





Term	Target
Short Term FY2025	<ul style="list-style-type: none"><li>• Ensure compliance with all waste management and disposal regulations.</li><li>• Implement systematic collection of waste generation data across all operational locations.</li></ul>
Medium Term (Till 2030)	<ul style="list-style-type: none"><li>• Maintain consistent compliance with waste management and disposal standards.</li><li>• Continuously monitor and analyse waste generation data to inform reduction strategies.</li></ul>
Long Term (Beyond 2030)	<ul style="list-style-type: none"><li>• Focus on maximizing waste recycling and exploring opportunities for upcycling.</li><li>• Support the national goal of achieving a circular economy as per Singapore Green Plan 2030.</li></ul>

# SOCIAL

## KEY MATERIAL TOPICS

- Fair Employment Condition and Employee Diversity
- Training and Skill Development
- Occupational Health and Safety
- Customer Health and Safety


## GRI TOPICS

- GRI 401 Employment
- GRI 403 Occupational Health and Safety
- GRI 404 Training and Education
- GRI 405 Diversity and Equal Opportunity
- GRI 406 Non-discrimination
- GRI 416 Customer Health and Safety

## UN SDGS WE SUPPORT



## Fair Employment Condition and Employee Diversity

MATERIAL TOPIC	RELEVANT SDG
<b>GRI 401 Employment</b> <ul style="list-style-type: none"> <li>• 401-1 New employee hires and employee turnover</li> <li>• 401-3 Parental leave</li> </ul> <b>GRI 405 Diversity and Equal Opportunity</b> <ul style="list-style-type: none"> <li>• 405-1 Diversity of governance bodies and employees</li> </ul> <b>GRI 406 Non-discrimination</b> <ul style="list-style-type: none"> <li>• 406-1 Incidents of discrimination and corrective actions taken</li> </ul>	

### Why This Is Important

Employees are the foundation of the Group's long-term success. We are committed to creating a fair, inclusive, and supportive workplace where individuals are treated with respect and empowered to thrive. Attracting, developing, and retaining skilled employees is not only essential for our operations but also central to our sustainability commitments. As a responsible employer, we uphold global labour standards, embrace workforce diversity, and reject all forms of discrimination.

### Management Approach

At the heart of our organization lies a steadfast commitment to fostering an environment that drives both individual and corporate growth. Our strategic approach to talent management encompasses comprehensive recruitment, continuous training, and well-structured reward systems, all designed to enhance our employees' capabilities and optimize the Group's overall operational efficiency.

As we expand regionally, we recognize the critical importance of developing local talent within their respective markets. Localization is a key pillar of our success, ensuring that we remain agile and attuned to the unique dynamics of each region. We also acknowledge the invaluable role of youth in shaping the future and are dedicated to equipping them with the necessary skills and opportunities to become the next generation of leaders.

Understanding the growing need for specialized expertise in an increasingly complex business landscape, we continuously refine our talent development framework. This ensures that we not only attract top-tier professionals but also nurture their growth, empowering them to excel in leadership and execution. Our structured career pathways and leadership development programs are tailored to groom high-potential employees for key positions within the Group. We take pride in our distinctive management approach, which places a strong emphasis on active employee engagement and a culture of open communication. Our employment policies are meticulously documented in the employee handbook, outlining the organization's values, behavioural expectations, and professional standards. These policies are readily accessible to all employees, and before commencing their roles, every employee undergoes a comprehensive briefing and targeted training to ensure alignment with the Group's expectations and operational excellence.

By prioritizing a dynamic and supportive workplace, we remain committed to attracting, retaining, and developing exceptional talent, ensuring sustainable growth for both our employees and the organization.

#### Fair Employment

Darco maintains a structured and transparent employment framework as outlined in our Employee Handbook. We are committed to fair recruitment practices and provide equal opportunities to all candidates regardless of gender, race, age, religion, or other characteristics.



## Fair Employment Condition and Employee Diversity

Our recruitment and onboarding processes are designed to ensure new hires are welcomed, oriented, and integrated efficiently. During orientation, employees are introduced to our core policies, workplace safety procedures, job expectations, and company culture.

We offer permanent, probationary, and contract-based employment arrangements, providing clarity in terms of appointment, probation, and confirmation timelines. Employees are issued employment letters and handbooks outlining their duties, rights, and obligations. Salaries are paid on time, and statutory contributions are fully complied with.

Employee welfare is further supported through paid annual leave, medical benefits, marriage leave, maternity leave, and compassionate leave. Resignation procedures are guided by notice period terms and exit interviews to ensure smooth transitions. We also provide opportunities for internal transfers and role adjustments when required by business needs or employee preferences. Our policies emphasize continuous engagement, performance review, and training as part of our broader talent development strategy.

### **Diversity and Equal Opportunity**

Darco values diversity as a strength and is committed to creating an inclusive work environment. Our workforce comprises individuals from diverse educational backgrounds, age groups, and nationalities, contributing to innovation and team synergy. Recruitment, promotion, and training opportunities are based solely on merit, performance, and job requirements. We do not tolerate any form of favouritism or bias in employment decisions.

All employees are treated equitably, and we actively avoid discrimination in salary, benefits, access to development programs, and career advancement. Our performance appraisal process is standardized and conducted periodically to ensure fairness in recognition, promotion, and reward. Supervisors are trained to evaluate performance based on objective criteria and to provide constructive feedback that supports individual growth.

Our HR department tracks relevant diversity indicators internally and ensures that all company actions are aligned with equal opportunity principles. Going forward, we aim to improve transparency by reporting key diversity metrics in future sustainability disclosures.

### **Non-Discrimination**

Non-discrimination is a cornerstone of our employment philosophy. Darco strictly prohibits any form of discrimination, harassment, or abuse based on race, gender, religion, language, age, disability, nationality, or marital status. This is clearly stated in the Employee Handbook and forms part of the code of conduct that all staff are expected to uphold.

Employees who feel they have been subject to unfair treatment or discriminatory practices have access to a grievance procedure through which they may raise concerns in confidence. Complaints are handled with seriousness, and retaliation against complainants is strictly forbidden. Investigations are carried out fairly, and appropriate disciplinary actions are taken when necessary to maintain a respectful and safe workplace for all.

### **Talent Retention**

Darco Water Systems Sdn Bhd recognizes that retaining talented employees is fundamental to our long-term growth and success. Our talent retention strategy is rooted in creating a positive, inclusive, and high-performance work environment where employees feel valued, motivated, and empowered. We place a strong emphasis on professional development by providing structured training, opportunities for job enrichment, and clear career progression pathways.

We offer competitive compensation, comprehensive benefits, and recognition programs that reward outstanding performance. Open communication is actively encouraged through feedback mechanisms, town hall meetings, and direct engagement between staff and leadership.



## Fair Employment Condition and Employee Diversity

Additionally, work-life balance is a key focus, supported through flexible work arrangements, wellness initiatives, and leave policies that reflect family and personal needs. By fostering a culture of trust, continuous learning, and mutual respect, we aim to strengthen employee loyalty and retain our top performers, ensuring organizational continuity and long-term resilience.

### **Human Rights**

Darco is fully committed to respecting and promoting internationally recognized human rights, as enshrined in the United Nations Universal Declaration of Human Rights and the International Labour Organization (“ILO”) Core Labour Standards. We uphold and integrate these principles within our operations, policies, and supplier expectations. In accordance with Malaysian labour laws and best practices, we ensure that all employment is voluntary and that employees are hired, retained, and compensated fairly.

We maintain a zero-tolerance policy for child labour, forced labour, discrimination, harassment, and any behaviour that undermines the dignity of individuals. Our recruitment processes include age verification, and our contractual terms ensure that workers are free to leave their employment without coercion. All employees are treated with equality, regardless of gender, ethnicity, religion, nationality, or other personal characteristics.

We also conduct due diligence to assess the potential risk of human rights violations within our operations and consider the risk of child or forced labour to be minimal, given our industry, geographic location, and employment practices. Moreover, we extend our expectations to our supply chain partners and contractors, requiring them to align with our human rights commitments through contracts, audits, and ethical declarations.

### **Freedom of Association and Collective Bargaining**

Darco fully respects the right of all employees to freedom of association and collective bargaining, as stipulated in Malaysian labour law and international conventions. We believe that employees should have the freedom to organize, join associations, or form unions to advocate for their rights and welfare without fear of retaliation or discrimination.

While none of our employees are currently represented under a formal collective bargaining agreement, we are committed to maintaining open lines of communication and dialogue. We ensure that employee voices are heard through engagement forums, direct supervisor access, and grievance mechanisms. Feedback and concerns are taken seriously and addressed in a timely and transparent manner. Through these practices, we cultivate a collaborative work culture where trust, fairness, and mutual understanding prevail.



## FY2024 Performance

### **Total Employees**

#### **Total Employees by Gender FY2022-FY2024**

As of 31 December 2024, Darco’s total workforce consisted of 441 employees, reflecting a 2.0% decrease compared to FY2023. Of the total headcount, 80.7% were male and 19.3% were female.

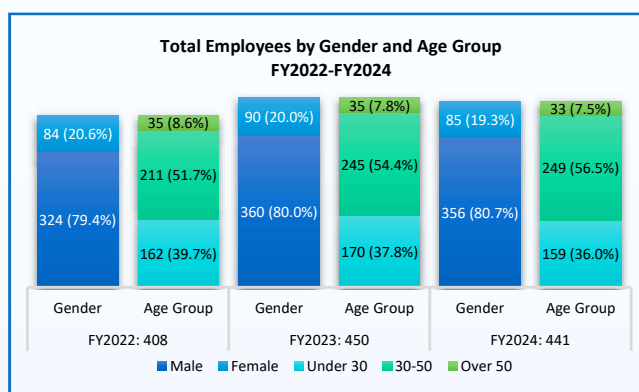
Gender	Total Employees		
	FY2022	FY2023	FY2024
Male	324	360	356
Female	84	90	85
<b>Total</b>	<b>408</b>	<b>450</b>	<b>441</b>

## Fair Employment Condition and Employee Diversity

### Total Employees by Age Group FY2022-FY2024

In FY2024, we had 159 employees under the age of 30, 249 employees aged between 30 and 50, and 33 employees over the age of 50. The 30–50 age group represented the largest proportion of our workforce, accounting for 56.5% of the total headcount.

Age Group	Total Employees		
	FY2022	FY2023	FY2024
Under 30	162	170	159
30-50	211	245	249
Over 50	35	35	33
<b>Total</b>	<b>408</b>	<b>450</b>	<b>441</b>



### Total Employees by Employee Category FY2022-FY2024

In FY2024, senior management positions constituted 11.3% of our total workforce. Executive roles made up 28.4%, while non-executive, site operation, and worker positions accounted for the remaining 60.3%.

Employee Category	Total Employees		
	FY2022	FY2023	FY2024
Senior Management	24	59	50
Executive	127	128	125
Non-executive/Site Operation/Workers	257	263	266
<b>Total</b>	<b>408</b>	<b>450</b>	<b>441</b>

### Total Employees by Region FY2022-FY2024

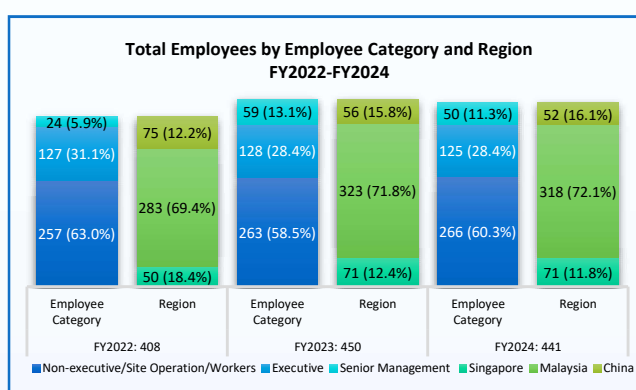
In FY2024, the majority of our employees were based in Malaysia, comprising 72.1% of our workforce with a total of 318 individuals. Employees based in Singapore accounted for 16.1%, while those based in China made up 11.8%.

## Fair Employment Condition and Employee Diversity

### Total Employees by Region FY2022-FY2024

In FY2024, the majority of our employees were based in Malaysia, comprising 72.1% of our workforce with a total of 318 individuals. Employees based in Singapore accounted for 16.1%, while those based in China made up 11.8%.

Region	Total Employees		
	FY2022	FY2023	FY2024
Singapore	50	71	71
Malaysia	283	323	318
China	75	56	52
<b>Total</b>	<b>408</b>	<b>450</b>	<b>441</b>



### Total Employees by Contract Type FY2022-FY2024

In FY2024, 366 of our employees were on permanent contracts, while 75 were employed on a temporary basis. 83.0% of our workforce were permanent employees with the Group.

Contract Type	Total Employees	
	FY2023	FY2024
Permanent	399	366
Temporary	51	75
<b>Total</b>	<b>450</b>	<b>441</b>

### Total Employees by Working Type FY2022-FY2024

In FY2024, the Group employed 439 full-time and 2 part-time employees, with full-time employees making up 99.65% of our total workforce.

Working Type	Total Employees	
	FY2023	FY2024
Full Time	448	439
Part Time	2	2
<b>Total</b>	<b>450</b>	<b>441</b>



## Fair Employment Condition and Employee Diversity

### New Hires

#### New Hires by Gender FY2022-FY2024

In FY2024, we welcomed 97 new hires, comprising 76 males and 21 females.

Gender	New Hires		
	FY2022	FY2023	FY2024
Male	116	62	76
Female	34	13	21
<b>Total</b>	<b>150</b>	<b>75</b>	<b>97</b>

#### New Hires by Age Group FY2022-FY2024

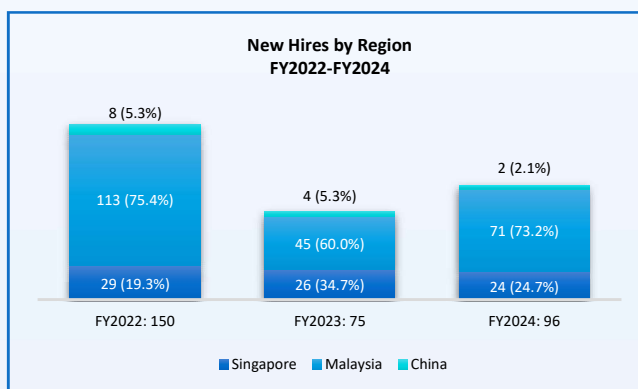
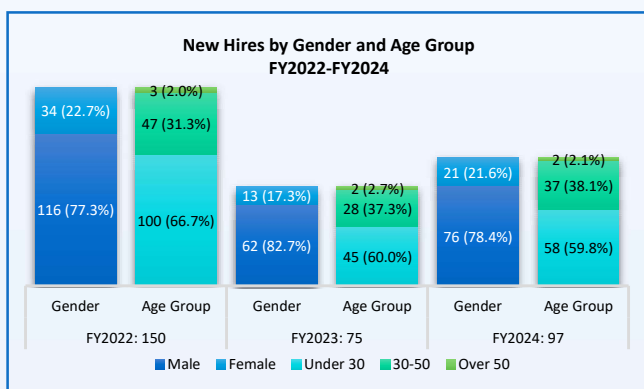
In FY2024, our new hires comprised 58 individuals under the age of 30, 37 individuals aged between 30 and 50, and 2 individuals over the age of 50.

Age Group	New Hires		
	FY2022	FY2023	FY2024
Under 30	100	45	58
30-50	47	28	37
Over 50	3	2	2
<b>Total</b>	<b>150</b>	<b>75</b>	<b>97</b>

#### New Hires by Region FY2022-FY2024

In FY2024, we onboarded 24 new hires based in Singapore, 71 in Malaysia, and 2 in China.

Region	New Hires		
	FY2022	FY2023	FY2024
Singapore	29	26	24
Malaysia	113	45	71
China	8	4	2
<b>Total</b>	<b>150</b>	<b>75</b>	<b>97</b>



## Fair Employment Condition and Employee Diversity

### Employee Turnover

#### Employee Turnover by Gender FY2023-FY2024

In FY2024, the Group recorded an overall employee turnover rate of 24.0%, resulting from 107 employee departures. When broken down by gender, the turnover rate was 20.3% for male employees and 37.7% for female employees.

Gender	Employee Turnover (No. (Rate))	
	FY2023	FY2024
Male	78 (22.6%)	74 (20.3%)
Female	22 (25.1%)	33 (37.7%)
<b>Total</b>	<b>100 (23.1%)</b>	<b>107 (24.0%)</b>

#### Employee Turnover Rate by Age Group FY2023-FY2024

In FY2024, the employee turnover rate for those under the age of 30 was 24.9%, while employees aged between 30 and 50 experienced a turnover rate of 23.9%. For employees over the age of 50, the turnover rate stood at 20.6%.

Age Group	Employee Turnover (No. (Rate))	
	FY2023	FY2024
Under 30	14 (21.9%)	41 (24.9%)
30-50	67 (22.1%)	59 (23.9%)
Over 50	19 (29.0%)	7 (20.6%)
<b>Total</b>	<b>100 (23.1%)</b>	<b>107 (24.0%)</b>

#### Employee Turnover Rate by Region FY2023-FY2024

In FY2024, the turnover rate among employees based in Singapore was 39.4%, while those based in Malaysia experienced a turnover rate of 22.8%. Employees based in China had the lowest turnover rate at 11.1%.

Region	Employee Turnover (No. (Rate))	
	FY2023	FY2024
Singapore	14 (21.9%)	28 (39.4%)
Malaysia	67 (22.1%)	73 (22.8%)
China	19 (29.0%)	6 (11.1%)
<b>Total</b>	<b>100 (23.1%)</b>	<b>107 (24.0%)</b>

#### Employee Parental Leave FY2024

In FY2024, one female employee was entitled to parental leave. The return-to-work and retention rates following the leave were both 100%

#### Total Employees by Nationality FY2023-FY2024

In FY2024, our workforce comprised individuals from five different countries. Malaysians made up the majority at 72.8%, followed by Chinese nationals at 12.0%, Bangladeshi at 8.0%, Singaporeans at 5.4%, and Burmese nationals at 1.8%.

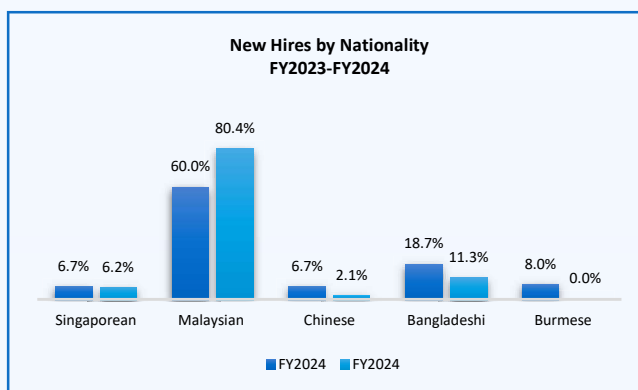
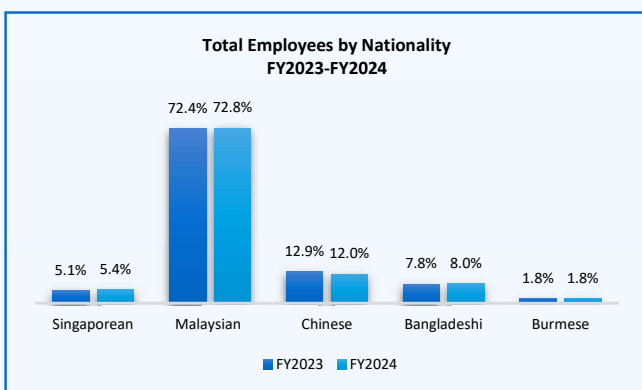
## Fair Employment Condition and Employee Diversity

Nationality	Total Employees	
	FY2023	FY2024
Singaporean	23	24
Malaysian	326	321
Chinese	58	53
Bangladeshi	35	35
Burmese	8	8
<b>Total</b>	<b>450</b>	<b>441</b>

### New Hires by Nationality FY2023-FY2024

In FY2024, our new hires came from four different countries. Malaysians constituted the majority at 80.4%, followed by Bangladeshi nationals at 11.3%, Singaporeans at 6.2%, and Chinese nationals at 2.1%.

Nationality	New Hires	
	FY2023	FY2024
Singaporean	5	6
Malaysian	45	78
Chinese	5	2
Bangladeshi	14	11
Burmese	6	0
<b>Total</b>	<b>75</b>	<b>97</b>



In 2024, there were no substantiated incidents of discrimination reported at DWS. Nevertheless, we continue to promote a culture of respect, empathy, and accountability across all levels of the organization. Training on workplace ethics, cultural sensitivity, and appropriate behaviour is provided periodically as part of our broader HR development initiatives.




## Fair Employment Condition and Employee Diversity

### Target Setting

Term	Target
<b>Short Term FY2025</b>	<ul style="list-style-type: none"><li>• Maintain zero substantiated complaints regarding employment conditions or unfair treatment.</li></ul>
<b>Medium Term (Till 2030)</b>	<ul style="list-style-type: none"><li>• Maintain zero substantiated complaints regarding employment conditions or unfair treatment.</li></ul>
<b>Long Term (Beyond 2030)</b>	<ul style="list-style-type: none"><li>• Achieve external recognition or certification (e.g., "Great Place to Work").</li><li>• Continuously refine and update employment practices and policies based on evolving industry standards and feedback.</li></ul>



## Training and Skill Development

MATERIAL TOPIC	RELEVANT SDG
<b>GRI 404 Training and Education</b> <ul style="list-style-type: none"> <li>• 404-1 Average hours of training per year per employee</li> <li>• 404-2 Programs for upgrading employee skills and transition assistance programs</li> <li>• 404-3 Percentage of employees receiving regular performance and career development reviews</li> </ul>	

### Why This Is Important

At the Group, we view training and development as a strategic investment essential to sustaining business excellence, ensuring workplace safety, and fostering employee engagement and career growth. As the technologies, regulations, and expectations surrounding water and wastewater treatment evolve, so must our workforce's knowledge and competencies. Continuous learning allows us to remain competitive while supporting employee retention, adaptability, and long-term success. This aligns with our sustainability objectives under the social pillar—developing people, protecting wellbeing, and cultivating a high-performance workforce.

### Management Approach

#### Employee Training

At DWS, we conduct both structured and on-the-job training across all employee categories, covering technical competencies, health and safety, environmental management, and soft skills. While the total number of training hours varies by function and project phase, each employee is provided access to both formal and informal training throughout the year. Training needs are identified through job scope analysis, changes in job assignments, statutory compliance requirements, and performance appraisals. The company ensures that every employee receives adequate time and resources for skill development in alignment with their role.

Training categories include:

- Induction and orientation for new hires
- Occupational health and safety training
- Regulatory and environmental compliance
- Technical and process-specific competencies
- Soft skills such as communication and teamwork
- Leadership development for supervisors and managers

#### **Upgrading Employee Skills and Transition Assistance**

The Group maintains a comprehensive framework for employee training and skill development. As outlined in the Employee Handbook, employees may undergo training for various reasons, including job role transitions, changes in operational requirements, new compliance obligations, and overall competency enhancement. Training may be initiated by line managers based on skills gap analysis or mandated by statutory requirements. The company also recognizes the value of internal expertise—Darco employees may be appointed as in-house trainers to transfer knowledge to their peers, contractors, or clients.

On-the-job training is emphasized as a practical method of learning, supplemented by workshops, seminars, certification programs, and safety briefings. Employees are expected to fully participate in training sessions, demonstrate punctuality, complete assignments, and disseminate acquired knowledge when required. Training assessments are conducted by facilitators to evaluate learning outcomes.



## Training and Skill Development

In addition, Darco provides support for employee transitions, such as:

- Orientation and job rotation during induction;
- Skill-matching and training when employees are reassigned to new roles;
- Medical fitness certification prior to role assumption for safety-sensitive positions;
- Guidance and support during probation and promotion reviews;

By prioritizing upskilling and career support, we empower our employees to meet new challenges while remaining productive and motivated.

### **Performance Review**

Darco conducts formal performance appraisals for all permanent employees every 12 months. These reviews are conducted by the employee's immediate superior and provide a platform for constructive dialogue on achievements, challenges, and professional growth. Employees are encouraged to share their aspirations and provide feedback. The appraisal outcomes may inform development plans, salary reviews, and promotion opportunities but are primarily aimed at individual improvement and alignment with organizational goals.

All eligible employees are covered by the performance review process, and participation rates will be disclosed in the performance data section, including breakdowns by gender and employment category.



### **FY2024 Performance**

#### **Employee Training Hours**

In FY2024, 5.07 average training hours were received per employee in the Group. In FY2024, we have set up the training target average 7 hours per employee, hence, we didn't achieve the target.

#### **Employee Training Hours by Gender FY2022-FY2024**

In FY2024, our male employees received an average of 3.90 training hours, while female employees received a higher average of 9.96 training hours.

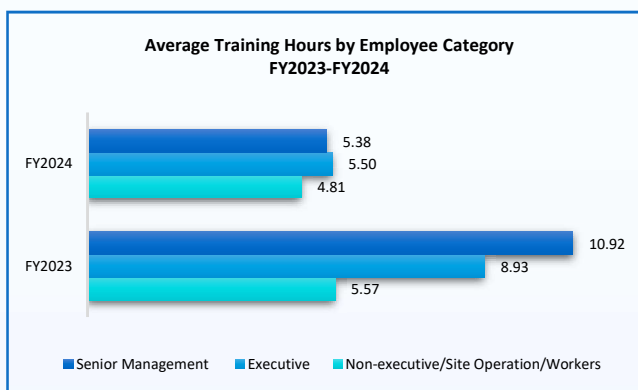
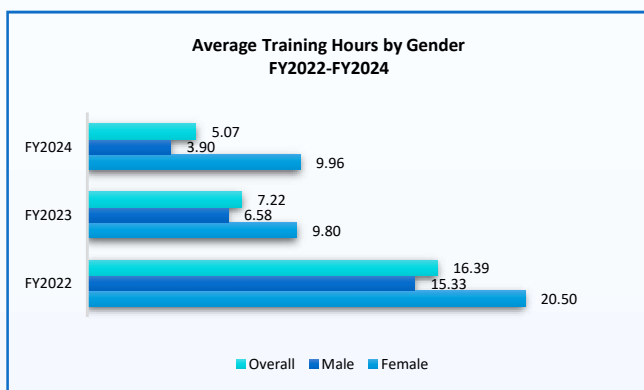
Gender	Average Training Hours		
	FY2022	FY2023	FY2024
Male	15.33	6.58	3.90
Female	20.50	9.80	9.96
Overall	16.39	7.22	5.07

## Training and Skill Development

### Employee Training Hours by Employee Category FY2023-FY2024

In FY2024, employees in senior management positions received an average of 5.38 training hours. Those in executive positions received an average of 5.50 hours, while employees in non-executive, site operations, or worker roles received an average of 4.81 training hours.

Employee Category	Average Training Hours	
	FY2023	FY2024
Senior Management	10.92	5.38
Executive	8.93	5.50
Non-executive/Site Operation/Workers	5.57	4.81
<b>Overall</b>	<b>7.22</b>	<b>5.07</b>




### Performance Review

In FY2024, every employee underwent annual performance reviews, with WHKD going a step further by conducting quarterly reviews to maintain the highest standards of accountability and foster professional growth.

### Target Setting

Term	Target
<b>Short Term FY2025</b>	<ul style="list-style-type: none"> <li>Achieve an average of at least 5 training hours per employee annually.</li> <li>Systematically monitor total training hours quarterly for all employees.</li> </ul>
<b>Medium Term (Till 2030)</b>	<ul style="list-style-type: none"> <li>Maintain an average of at least 5 training hours per employee annually.</li> <li>Systematically monitor total training hours quarterly for all employees</li> </ul>
<b>Long Term (Beyond 2030)</b>	<ul style="list-style-type: none"> <li>Extend awareness programs to suppliers and contractors to enhance overall competency and align them with the Group's standards.</li> </ul>

## Occupational Health and Safety

MATERIAL TOPIC	RELEVANT SDG
<b>GRI 403 Occupational Health and Safety</b> <ul style="list-style-type: none"> <li>• 403-1 Occupational health and safety management system</li> <li>• 403-2 Hazard identification, risk assessment, and incident investigation</li> <li>• 403-3 Occupational health services</li> <li>• 403-4 Worker participation, consultation, and communication on occupational health and safety</li> <li>• 403-5 Worker training on occupational health and safety</li> <li>• 403-6 Promotion of worker health</li> <li>• 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships</li> <li>• 403-9 Work-related injuries</li> <li>• 403-10 Work-related ill health</li> </ul>	

### Why This Is Important

OHS is at the heart of the Group's operational philosophy, embodying our steadfast commitment to safeguarding our most valuable asset—our workforce. We recognize that the well-being of our employees is directly linked to our long-term success, which is why we prioritize creating a workplace environment where health and safety risks are consistently identified, assessed, and proactively mitigated. A strong OHS framework not only ensures compliance with regulatory standards but also cultivates a culture of care that enhances productivity, boosts employee morale, and strengthens our corporate reputation.

By prioritizing OHS, the Group is actively advancing sustainable development goals, aligning with the social pillar of sustainability, and reinforcing our commitment to responsible business practices. We believe that a robust approach to occupational health and safety is essential to fostering employee motivation, engagement, and overall productivity. Our ultimate goal is to achieve zero incidents of high-consequence injuries across all our workplaces, underscoring our unwavering dedication to the health and safety of our employees. Through these efforts, we demonstrate that a safe and healthy working environment is not just a legal obligation but a strategic imperative for business success.

### Management Approach

#### Occupational Health & Safety Policy

At Darco, we are fully committed to fostering a safe and healthy working environment for all employees, visitors, and contractors. We understand the critical importance of upholding a robust safety culture and are dedicated to proactively identifying, assessing, and managing potential hazards to prevent accidents and injuries. Our comprehensive occupational health and safety policy includes regular risk assessments, ongoing safety training, and the provision of suitable personal protective equipment to ensure the well-being of everyone on site.

We maintain full compliance with all relevant health and safety laws and regulations and continually strive to improve our safety standards. Employees are encouraged to actively participate in identifying safety risks and implementing corrective actions, reinforcing our shared responsibility in maintaining a safe workplace. Through continuous monitoring and improvement of our safety performance, we aim to set a benchmark for excellence in workplace health and safety practices.



## Occupational Health and Safety

### **Occupational Health and Safety Management System**

Our Occupational Health and Safety Management System (“OHSMS”) is aligned with ISO 45001:2018 and designed for continuous improvement and the consistent delivery of high safety performance across all markets. The system applies to all employees and workers at our operational sites and project locations, including contractors and subcontractors. Our Health and Safety Policy is regularly reviewed and accessible to all relevant stakeholders, including suppliers and visitors.

Contractors are required to adhere to our safety management protocols, including conducting risk assessments and implementing preventive and mitigative measures. We have established a robust framework for monitoring and evaluating safety performance, with standardized procedures for hazard identification, risk assessment, and internal audits. Regular inspections are conducted to ensure compliance and to proactively address emerging safety concerns.

At the operational level, Health and Safety Committees composed of both management and worker representatives convene regularly to review safety performance, assess the effectiveness of safety controls, and identify opportunities for improvement. Additionally, we provide healthcare benefits through a group medical insurance program that covers both outpatient and hospitalization services for all eligible employees.

### **Hazard Identification, Risk Assessment, and Incident Investigation**

At the Group, we have implemented a comprehensive risk management policy that outlines our approach to identifying hazards and managing occupational health and safety risks. This system is fully embedded into our organizational philosophy and aligns with our corporate objectives, planning, and management systems. We recognize that compliance with legislative requirements represents only a baseline standard; our commitment goes beyond that.

The purpose of our risk management framework is to proactively support the achievement of business goals while creating a safe and healthy environment for all employees. We follow a structured and systematic process to identify workplace hazards, assess risks, and implement appropriate control measures. All incidents, including near-misses and unsafe conditions, are reported, classified, and investigated. Root causes are analysed, and corrective actions are tracked and implemented to prevent recurrence.

### **Occupational Health Services**

To support our commitment to occupational health, we have implemented comprehensive procedures to prevent, manage, track, and report workplace injuries and illnesses. These procedures encourage transparent employee reporting and support full traceability throughout the investigation and recovery processes.

In the event of an injury or illness, immediate and appropriate medical treatment is provided. Each incident is thoroughly investigated, with corrective actions developed to eliminate root causes and mitigate future risks. Our system includes rehabilitation and reintegration plans to support injured employees in safely returning to work.

We also support employee wellness through periodic health examinations, team-building events, and physical activity programs such as group exercise sessions. In China, employees benefit from access to a dedicated fitness centre. On Children’s Day, we provided employees with coupons to buy storybooks for their children, demonstrating our commitment to holistic family well-being.

### **Worker Participation, Consultation, and Communication**

At Darco, we prioritize engaging workers across all levels and functions to ensure the effectiveness of our OHSMS. We have formal mechanisms in place for involving workers and their representatives in key aspects of OHS planning and decision-making. Adequate time, training, and resources are provided to support active participation and consultation.



## Occupational Health and Safety

Employees are given timely access to clear and up-to-date safety information and are encouraged to contribute ideas and raise concerns. We continuously assess and address barriers to participation, promoting inclusivity in all safety matters.

Consultation with non-managerial workers takes place on matters such as defining OHS policies, assigning roles and responsibilities, understanding stakeholder expectations, ensuring legal compliance, and setting OHS objectives. Workers also contribute to decisions on outsourcing and contractor management, safety monitoring, and internal audits. Furthermore, they help define control measures, determine training needs, communicate safety expectations, and investigate incidents. Their involvement is instrumental in driving continuous improvement across the OHS function.

### **Worker Training on Occupational Health and Safety**

We are committed to cultivating a strong safety culture through regular and comprehensive training programs focused on OHS. All new employees receive orientation on key OHS topics, including company safety policies, emergency response, and safe work practices.

Ongoing training includes behaviour-based safety programs, risk management principles, operational safety protocols, and the use of OHS tools. Specialized courses are conducted for different roles and risk levels, including training for emergency response teams and first aiders. The training programs are designed to equip our workforce with the knowledge and competencies necessary to identify hazards, prevent injuries, and respond effectively to incidents. Training records are maintained and monitored for completion and effectiveness, ensuring that all employees and contractors remain updated on the latest safety standards and practices.

### **Prevention and Mitigation of OHS Impacts in the Value Chain**

We work closely with our business partners and suppliers to ensure that occupational health and safety expectations are consistently met across the value chain. Contractors must comply with Darco's OHS requirements, which include risk assessments, the use of PPE, and participation in safety briefings before project commencement. Site supervision teams conduct routine inspections and audits to verify contractor compliance and to ensure that preventive measures are effectively implemented.

### **Workers Covered by the OHS Management System**

Our OHSMS covers all employees and workers engaged at Darco-controlled facilities and project sites. This includes full-time employees, contract staff, and third-party contractors operating under our supervision. The system ensures that all individuals working under our control are protected by safety protocols, trained appropriately, and included in emergency preparedness and response strategies.



## FY2024 Performance

### **Our Employees**

#### **Total Working Hours and Work-related Injuries FY2022-FY2024**

In FY2024, the total working hours of our employees amounted to 779,458 hours, reflecting an 11.7% decrease compared to FY2023. There were no fatalities reported across the Group. However, we recorded 2 cases of major injuries and 7 cases of minor injuries in FY2024, resulting in a total loss of 167 man-days. The Rate of High-Consequence Work-Related Injuries stood at 2.57, while the Recordable Work-Related Injuries rate was 11.55.

## Occupational Health and Safety

Financial Year		FY2022	FY2023	FY2024
Total Working Hour		558,199	883,214	<b>779,458</b>
No. of Occurrence	Fatality(1)	0	0	<b>0</b>
	Major Injury(2)	0	0	<b>2</b>
	Minor Injury(3)	0	7	<b>7</b>
No. of Lost Days		0	0	<b>167</b>
Rate of high-consequence work-related injuries(4)		0.00	0.00	<b>2.57</b>
Rate of recordable work-related injuries(5)		0.00	7.93	<b>11.55</b>

(1) Fatality: Fatalities as a result of work-related injury

(2) Major injury: High-consequence work-related injuries (excluding fatalities), including injuries where the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months.

(3) Minor injury: Recordable work-related injuries, including medical treatment beyond first aid, restricted work or days away from work.

(4)(5) The injury rate is based on per 1,000,000 working hours

Work-related Ill Health

### Work-related Ill Health

In FY2024, none of our operating sites reported work-related ill health issues.

### Our Contractors

#### Total Working Hours and Work-related Injuries FY2022-FY2024


In FY2024, our contractors under DIW recorded a total of 1,242,058 working hours, representing a significant increase compared to the previous two years. This rise was primarily driven by the larger scale and manpower demands of a major project, as well as extended daily working hours. Despite the increased workload, we are pleased to report zero injury cases and zero man-day losses among our contractors.

Financial Year	FY2022	FY2023	FY2024
Total Working Hour	338,100	111,313	<b>1,242,058</b>

### Target Setting

Term	Target
<b>Short Term FY2025</b>	<ul style="list-style-type: none"> <li>• Maintain zero fatalities.</li> <li>• Zero major injury.</li> <li>• Maintain zero Stop Work Order from authorities.</li> </ul>
<b>Medium Term (Till 2030)</b>	<ul style="list-style-type: none"> <li>• Maintain zero fatalities.</li> <li>• Zero major injury.</li> <li>• Maintain zero Stop Work Order from authorities.</li> </ul>
<b>Long Term (Beyond 2030)</b>	<ul style="list-style-type: none"> <li>• Maintain zero fatalities.</li> <li>• Zero major injury.</li> <li>• Maintain zero Stop Work Order from authorities.</li> <li>• Create a safe work organisation recognised as an industry leader.</li> </ul>

## Customer Health and Safety

MATERIAL TOPIC	RELEVANT SDG
<b>GRI 416 Customer Health and Safety</b> <ul style="list-style-type: none"><li>416-2 Incidents of non-compliance concerning the health and safety impacts of products and services</li></ul>	

### Why This Is Important

Ensuring the safety and well-being of individuals is a core objective enshrined in numerous national and international regulations. Consumers rightfully expect products and services to not only fulfil their intended functions but also to do so in a manner that ensures their safety. They are entitled to products that are free from hazards, with health and safety being prioritized above all. In the event that their health or safety is compromised, consumers have the right to seek appropriate remedies and compensation.

As a leading water technology company, we place the highest priority on health and safety. We are acutely aware of the potential risks posed by untreated wastewater and are unwavering in our commitment to providing effective, reliable, and safe solutions to mitigate these risks. Our focus extends beyond compliance with regulations; it encompasses proactive efforts to safeguard both environmental and human health. Through continuous innovation, rigorous testing, and adherence to global standards, we ensure that our solutions are not only efficient but also sustainable, contributing to a safer and healthier future for all.

### Management Approach

The Group adopts a comprehensive and systematic approach to assessing and managing the health and safety impacts of our products and services. In alignment with GRI 416-1, we evaluate 100% of our product and service categories for health and safety risks during key lifecycle stages, including design, development, fabrication, testing, installation, and post-delivery support. These assessments are guided by internal procedures and aligned with national regulations.

The design of water and wastewater treatment systems begins with a rigorous planning and testing process. Under our Process and Design Procedure, every proposed system is analysed for its technical feasibility, environmental compliance, and public safety impact. Treatability studies, site visits, and sample analyses are conducted to determine the most appropriate treatment technology and design configuration. These findings are reviewed by technically competent personnel and approved by our Technical Manager to ensure that all health and safety implications have been addressed before the system enters fabrication.

During the fabrication phase, our Fabrication Procedure ensures that only components that meet safety and performance specifications are used. Quality inspections and tests are conducted at multiple stages, with oversight from a Quality Person-in-Charge. All fabricated systems must be verified against customer-approved drawings and safety criteria before delivery. At the same time, occupational safety is maintained for internal personnel through hazard identification, risk controls, and compliance with project-specific safety plans.

Our commitment to customer health and safety continues beyond delivery. For all systems under maintenance contracts, we apply the Service Contract Review and Performance Monitoring Procedure, which includes quarterly performance reviews to monitor discharge quality, system performance, and compliance with environmental limits. Customer feedback is actively sought and used to improve services and address emerging risks. The Customer Related Procedure further supports this framework by ensuring accurate communication of customer expectations, transparent service contracts, and the prompt handling of any concerns.



## Customer Health and Safety

Health and safety expectations are also clearly communicated to customers through user manuals, technical documents, and site briefings. Preventive maintenance and technical support are made available to ensure that our systems remain effective and safe throughout their operational lifespan. We recognize that customers often operate in sensitive environments such as industrial plants, residential areas, or environmentally protected zones, and we tailor our support accordingly to mitigate all potential risks.



### FY2024 Performance

In FY2024, the Group successfully met the objectives outlined in the previous year. We are pleased to report that there were no incidents of non-compliance with applicable customer health and safety regulations, reflecting our commitment to upholding the highest standards of safety and compliance. This achievement underscores our dedication to providing a safe environment for our customers and maintaining regulatory adherence across all operations.



### Target Setting

Term	Target
Short Term FY2025	<ul style="list-style-type: none"><li>• Maintain zero complaints from customers regarding health and safety on project</li></ul>
Medium Term (Till 2030)	<ul style="list-style-type: none"><li>• Maintain zero complaints from customers regarding health and safety on project delivery.</li></ul>
Long Term (Beyond 2030)	<ul style="list-style-type: none"><li>• Regularly update safety training and emergency response protocols based on latest standards and customer feedback.</li><li>• Continuously review and improve processes based on project outcomes and customer feedback.</li></ul>



## GLOBAL REPORTING INITIATIVE INDEX

### Statement of Use

The Group has reported the information cited in this GRI content index for the period 1 January 2024 to 31 December 2024 with reference to the GRI Standards.

GRI Foundation 2021 Revision have been used.

Disclosure Reference	Disclosure Title	Header	Page Reference & Remarks
<b>General Disclosures</b>			
2-1	Organizational details	About This Report	Pg. 04
2-2	Entities included in the organisation's sustainability reporting	About This Report	Pg. 04
2-3	Reporting period, frequency and contact point	About This Report	Pg. 04
2-4	Restatements of information	Nil	Nil
2-5	External assurance	Nil	Nil
2-6	Activities, value chain and other business relationships	Our Value Chain and Supply Chain	Pg. 06
2-7	Employees	Fair Employment Condition and Employee Diversity	Pg. 57
2-8	Workers who are not employees	Nil	Nil
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2-10	Nomination and selection of the highest governance body	Board Composition and Guidance	Annual Report Pg. 21
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2-13	Delegation of responsibility for managing impacts	Sustainability Governance Structure	Pg. 18
2-14	Role of the highest governance body in sustainability reporting	Sustainability Governance Structure	Pg. 18
2-15	Conflicts of interest	Nil	Nil
2-16	Communication of critical concerns	Nil	Nil
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